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June 29, 2012

Ronnie V. Simpson
Manager, Honolulu Airports District Office
Federal Aviation Administration
300 Ala Moana Blvd. Room 7-128
P.O. Box 50244
Honolulu, HI 96850-0001

Re: Amata Kabua International Airport Runway Safety Area Project

Dear Mr. Simpson:

Thank you for your letter January 30, 2012, addressed to RMI Ports Authority Jack Chong-Gum, recommending that further documentation be compiled to detail and record the decision making process that was carried out for the RSA Project dredge site. The following is in response to your January 30 letter.

Introduction

The Republic of Marshall Islands Ports Authority (RMIPA) is seeking to further improve the safety of the Amata Kabua International Airport (AKIA) through the development of a Runway Safety Area (RSA) and consequential realignment of the airport perimeter road. The RMIPA has made application for funding from the US Department of Transportation, Federal Aviation Administration (FAA). The project and its FAA funding are contingent on the RMIPA being granted approval under the Marshall Island's environmental legislation by the Republic of the Marshall Island's Environmental Protection Authority (RMIEPA). Following an extensive and comprehensive process over the past 5 years, the RMIEPA granted the necessary approvals in December 2011. The attached report is a summary compilation of information used to inform the RMIEPA Board in reaching its decision. The report has been reviewed and endorsed by the RMIEPA. The following is a summary of the report, highlighting the salient points.

Need for the Project

The AKIA is an important transportation link for the Republic of the Marshall Islands (RMI). It connects the RMI to Hawaii in the east and Guam to the west and is the only international airport in the RMI. AKIA has one runway which is used for regular

domestic and international flights and is an important emergency facility for aircraft flying in the western Pacific.

A Runway Safety Area (1,000 feet long and 500 feet wide) to the west of the runway is required to provide a buffer zone in the event that aircraft under or over shoot the runway. Furthermore it provides separation of the runway from the airport perimeter road thereby avoiding the hazard of jet blast on vehicles and the public using the road. The lack of an appropriately sized RSA does not comply with FAA airport design standards.

Proposed works

To develop a compliant RSA requires reclamation to the west of the runway. A source of fill material is needed to construct the reclamation. The quantity of fill material required was initially estimated at 94,000 cubic yards. This volume was later revised through more detailed design to be 142,000 cubic yards. To protect the fill from wave attack, a 2,000 feet long rock revetment is proposed to be constructed along the length of the reclamation. The revetment will cover the entire portion of new road that is constructed over what is currently open water. A total of 29,900 ton of rock is required to construct this revetment.

The proposed works also include the installation of a security fence that complies with ICAO and TSA standards on the west end of the runway. The length of the proposed security fence will be approximately 2,500 feet.

Legislative Framework

The Project is within the territorial waters of the RMI and will be undertaken in accordance with the laws and regulations of the RMI. The RMI environmental legislation requires the project proponent to characterize the impacts, consider alternatives and provide mitigation.

The relevant statutes are the National Environmental Protection Act 1984 (NEPA), the Coast Conservation Act 1988 (CCA) and their implementation regulations. This legislative framework is consistent with other frameworks internationally. The Environmental Impact Assessment Regulations 1994 (EIA Regs) establish the framework to implement the NEPA and the CCA by setting out standard procedures for the preparation and evaluation of an EIA for proposed public and private development activities that may affect the quality of the environment of the Republic.

Having considered all of the information on the Project, its potential environmental effects and mitigation and monitoring provided by the proponent and deemed necessary by the General Manager of the RMIEPA, the Chairman of the RMIEPA either approves or disapproves the EIA.

The management of potential environmental effects during the implementation phase of the Project will be undertaken in accordance with an Environmental Management Plan (EMP). The EMP is to be approved, and its implementation monitored, by the RMIEPA.

Project Development to Date

The report provides a detailed chronology of the events and processes undertaken since the inception of the project in 2006. The original draft EIA was submitted in 2007 and, following a period of public comment, was approved in 2008 by the RMIEPA on the basis that the fill material for the reclamation would be imported.

Invitations to bid for the project were sought in 2009. Only one bid was received. The sole bidder was Pacific International Incorporated (PII). The bid price was considered high by the FAA because it exceeded available funds. Therefore, the project was deferred in order for the RMIPA to rescope its methodology with the intent of lowering the bid price closer to budget.

As the costs were prohibitive, primarily due to the high costs of importing material, an alternative methodology was developed relying on sourcing the fill material from locally derived dredge sites. The project was then re-bid with this alternative methodology in 2010. Again, PII was the sole bidder. This time the bid price was within budget, and the FAA concurred to award a construction contract to PII.

PII sought advice from experienced dredging contractors on the best practicable dredging methodology and dredge site location. This included consideration of various studies on aggregate extraction sites undertaken by the Secretariat of the Pacific Community Applied Geoscience and Technology Division (SOPAC). A permit was issued by the RMIEPA in April 2011 to dredge from a site immediately adjacent to the RSA project site. Dredging preparations commenced at this site shortly thereafter. However, in light of concerns raised by the public about the site of the dredging, the RMIPA put the project on hold pending further consideration of the dredging sites and methodologies.

A key issue of concern by the public was the potential adverse effects on coral of the dredging, both in the short term and the longer term effects on the local marine ecology. Fiscal constraints of the available dredging equipment due to the relatively small project size and the impracticality of alternatives restricted the operation to dredging in water depths of generally less than 30 feet.

A revised site plan was submitted to the RMIEPA in October 2011 showing a dredging site inside the airport leased area. The dredging methodology proposed for this revised site plan called for dredging the reef hardpan adjacent to the shoreline. This was based on the lagoon side quarry that PII had been operating for a number of years under RMIEPA oversight at Lojemwa. Because the shoreline of the area was severely being eroded, threatening the water reservoirs and the access road to and from the airport, the new site plan proposed to utilize leftover rocks from the dredged hardpan to install armor stone revetment as shoreline protection. As the nature of the proposed works had changed significantly to those originally proposed, the RMIEPA advised the RMIPA that a public hearing would need to be conducted on the alternative site adjacent to the airport water reservoirs.

A range of conflicting views were raised through the hearing process. The principal conflict arose through the balancing of the social and economic values of the project proceeding verses the potential local effects on the marine ecology, specifically coral. It was noted that there will be localized impacts of the dredging and reclamation on the coral. Some considered this effect to be too significant. However, others felt the coral resource in Majuro had already been severely impacted by other human impacts and that the loss of coral needed to be considered in the broader context of the RMI's extensive and well documented coral resources.

The issues raised were subsequently carefully considered by the RMIEPA and its advisors, culminating in the RMIEPA Board deciding to approve the works at the

reservoir site, but without the dredging of the hard pan. The approval was also subject to a condition requiring an Environmental Management Plan be developed that would ensure the project is undertaken with consideration of current best practices to avoid, remedy and mitigate the environmental effects.

The RMIEPA Board's decision was:
"To allow near shore dredging at the recently revised site located lagoon side of the airport reservoirs (Lot A and B) with additional conditions to address the comments received by members of the public during the comment period."

Sincerely,

Hon. Rien Morris
Minister of Transportation & Communications
Government of the Republic of the Marshall Islands

Cc: Hon. Tony deBrum, Minister in Assistance to the President
Hon. Phillip Muller, Minister of Foreign Affairs
Mr. Almo Momotaro, Chairman, RMIPA Board of Directors
Mr. Reginald White, Chairman, RMIEPA Board of Directors
Mrs. Deborah Manase, General Manager, RMIEPA
Mr. Jack Chong-Gum, Executive Director, RMIPA