

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
GUAM ECONOMIC DEVELOPMENT AUTHORITY

May 16, 2013

Call to Order

§1. The regular meeting of the Board of Directors of the **Guam Economic Development Authority** (referred to as “GEDA” or the “Authority”) was held May 16, 2013 at the hour of 1:30 p.m. at the Guam Economic Development Authority Conference Room, Fifth Floor Suite 511, ITC Building, Tamuning Guam. The meeting was called to order to consider several items on the agenda.

Attendance and Quorum

§2. Roll Call. As determined by the roll call, the following directors were present:

Directors:

Ramona L.E. Jones
Arlene P. Bordallo
George Chiu
David J. John
Monte Mesa

Offices or Positions:

Secretary
Assistant Secretary

Absent and excused:

Edward J. Calvo

Acting Chairman

Also present were:

GEDA Officials:

Mana Silva Taijeron
Genevieve P. Rapadas

Deputy Administrator
GEDA Legal Counsel
(Calvo, Fisher & Jacob LLP)

Larry Toves
Diego Mendiola

Real Property Manager
Real Property Assistant
Manager

Antoinette Leon Guerrero
Rachel Leon Guerrero
Jha'Aunie Leon Guerrero
Raeann Lefever
Gloria Molo

Public Finance Officer
Loan Management Officer
Administrative Assistant
Administrative Aide
Industry Development Specialist I

John SanNicolas
Carl Quinata
Christina D. Garcia

Claire L. Cruz
Greg Sablan

Bernice Torres
Lori Villaverde
Mike Cruz
JoyJean Mantanona

Compliance Supervisor
Industry Development Specialist
Acting Deputy Administrator /
Business Development Manager
Programs & Compliance Manager
Business Development & Marketing
Assistant Manager
Finance and IT Manager
Research & Ops Special Assistant
Project Director
Executive Assistant

Approval of Agenda

§3. The first item considered was approval of the agenda. On motion duly made by Director Chiu and seconded by Director Mesa, the agenda was unanimously approved.

Approval of Minutes

§4. The next item on the agenda was approval of the minutes of the March 28, 2013 regular board meeting. Director Mesa requested that the attachments from the last board meeting regarding the report on the hotel development opportunity be included with the minutes. On motion made by Director Mesa and seconded by Director Jones, the following resolution was unanimously approved.

Resolution No. 13-024

Resolved, that the Board approves the minutes of the March 28, 2013 meeting, with the attachments regarding the hotel development opportunity included.

Communications

§5. The next item on the agenda was Communications. Deputy Administrator Tajjeron informed the Board of Executive Order 2013-03: RELATIVE TO CREATING A GUAM SCIENCE AND TECHNOLOGY COMMITTEE TO DEVELOP AND IMPLEMENT A SCIENCE AND TECHNOLOGY EDUCATION AND WORKFORCE DEVELOPMENT PLAN.

Signed and promulgated at Hagatna, Guam May 10, 2013 by I Maga'lahaen Guahan, Governor of Guam, Eddie Baza Calvo and countersigned by I Segundu

na Maga'lahaen Guahan, Lieutenant Governor of Guam. The Board requested for the Memorandum of Agreement.

Old Business

§6. The next item on the agenda was Old Business. The item for discussion was the lease for the Former Tropical Color Building which was presented by Larry Toves, Real Property Manager, Diego Mendiola, Real Property Division Assistant Manager and Mike Cruz, Project Director.

On December 6, 2012, GEDA issued a Request for Proposal (RFP 13-001) to obtain a tenant for the Former Tropical Color Building. Three (3) proposals were submitted in response to the RFP by the closing date of December 28, 2012. Subsequent to ranking the proposals, GEDA staff prepared to negotiate with the first (1st) ranked offeror however, the offeror then withdrew its proposal due to extenuating circumstances. As per Procurement Regulations, GEDA staff moved on to the negotiation phase with the second (2nd) ranked offeror Thirty Nine, LLC.

Mr. Mendiola informed the Board of the negotiations between GEDA and Thirty Nine, LLC which have led to the following agreements:

- Tenant will pay \$1.10/sf/month (\$6,668.00/month) for the 6,080 square foot building and 3,648 square meter lot. For the first year of the lease or upon earlier commencement of operations, tenant will pay half of this rent to allow time to complete its renovations and obtain permits in order to begin operations.
- The term of the lease is for a ten (10) year initial term with four (4) ten-year options to extend.
- Rent escalation is 10% of the fair market value (FMV) based upon appraisal every 10 years. Rent will never decrease below the rent for the prior term and will not increase more than 50% higher than the rent charged for the prior term.
- The Premises are to be used for café, office space, retail business, and for all purposes that are permitted within an M-1 zone.

Based upon the above, GEDA will be able to generate \$6,668.00 per month or \$80,160.00 per year.

GEDA staff recommended that the Board of Directors approve the selection of Thirty Nine, LLC as the tenant for the Former Tropical Color Building and authorize the Administrator to execute the lease agreement subject to final review by legal counsel. For the Board's information, signatures by the Director of Land Management, the Attorney General and the Governor of Guam are required after GEDA approval to effectuate the lease agreement.

Chairman Dueñas along with Directors Mesa, John, Jones, and Chiu all concurred that the terms for a commercial business lease of a building would be more appropriate at 5-10 years as opposed to the proposed longer term of 10 years plus four ten year options to extend. Director John indicated that the proposed rental escalation of 10% of fair market value every 10 years was not adequate enough to generate adequate income over the life of the lease. Director Chiu inquired as to the amount of investment for renovations to which Thirty Nine, LLC representatives indicated \$600K-\$800K. The above mentioned Directors discussed the notion of a more appropriate lease being designed to charge per square foot “of building” as long as the current building exists. Upon demolition of said building, the lease should then be considered a “ground/land” lease with which rent should be charged per square meter “of land”. Directors inquired about the future plans of Thirty Nine, LLC to which the offeror responded unsure at the current time as they were also unsure of the lease term that would be approved. Chairman Duenas concluded the discussion by directing the Real Property Division staff to reassess the above lease proposal and re-negotiate terms and conditions more considerate with those concerns as expressed by the individual Directors. Real Property Division’s recommendation as proposed above was not approved.

The next item for discussion was Request for Proposal No. 13-002 from any Bank, Banks or Commercial Lending Institutions for the proposed financing for the Reconstruction & Rehabilitation of the 1948 Guam Legislature Building in the amount of Four Million Dollars (\$4,000,000.00) (“RFP 13-002”) which was presented by Antoinette Leon Guerrero, Public Finance Officer.

GEDA, on behalf of the 32nd Guam Legislature, issued RFP 13-002 for financing services to partially finance the reconstruction and rehabilitation of the 1948 Guam Legislature Building in the amount of Four Million Dollars (\$4,000,000.00). Additional funding has been identified from the Guam Preservation Trust in the amount of Three Million Dollars (\$3,000,000.00).

GEDA issued RFP 13-002 on April 8, 2013 with a deadline for submission for all proposals on April 23, 2013. A total of two (2) responses were received and opened in the presence of two (2) procurement officers:

1. Wells Fargo – Letter of Declination
2. Bank of Guam

As the lone positive responsive submission received, the evaluation committee members met on Tuesday May 7th and Thursday May 9th to commence their review of the Bank of Guam proposal.

Members of the evaluation committee included Vince Arriola, Guam Legislature Executive Director, Agnes Cruz, Guam Legislature Chief Financial Officer,

Bernice Torres, GEDA Administration & Operations Manager, Claire Cruz, Programs & Compliance Manager, and Antoinette Leon Guerrero, Public Finance Officer

After a thorough analysis of Bank of Guam's proposal, the evaluation committee respectfully submitted its recommendation to the GEDA Board of Directors to approve the selection of the Bank of Guam to serve as the lending institution for the proposed financing and allow for the committee to commence negotiations.

After discussion, on motion made by Director Mesa, seconded by Director Bordallo, the following resolution was unanimously approved:

Resolution No. 13-025

RESOLVED, that the Board approves the recommendation for the selection of Bank of Guam to serve as the lending institution for the proposed financing for the Reconstruction & Rehabilitation of the 1948 Guam Legislature Building and for the committee to commence negotiations in accordance with the terms provided in Bank of Guam's proposal received in response to Request for Proposal No. 13-002.

The next item on the agenda was Request for Proposal No. 13-004 for Underwriter Services for the Guam Power Authority's Anticipated Revenue Bond Financing ("RFP 13-004") which was presented by Antoinette Leon Guerrero. GEDA, on behalf of the Guam Power Authority (GPA), issued RFP 13-004 on April 3, 2013 soliciting proposals for underwriter services for the issuance of its revenue bonds. The financing will allow GPA to implement their Integrated Resource Plan (IRP) which will allow GPA to diversify away from its dependence on fossil fuel; projects that will lead to reduced costs to the ratepayer to include converting baseload plants to Liquefied Natural Gas (LNG); new contracts for renewable energy; and to explore the prospects of Sea Water Air Cooling (SWAC) technology for Guam.

GPA is seeking the services of one (1) qualified Underwriting Senior Manager and one (1) qualified Underwriting Co-Manager to assist GPA with developing the financial structure of the Bonds contemplated with the Bond financing. RFP 13-004 is intended to encompass any financing bonds issued by September 30, 2017.

The deadline for submission for all proposals was April 18, 2013. A total of six (6) responses were received and opened in the presence of the GEDA Board at the April 18, 2013 Regular Meeting.

The evaluation committee members were provided copies of the submissions and met on Tuesday May 7, 2013 to commence their evaluation of the proposals received.

Members of the evaluation committee included Acting Administrator Tajeron; Randall V. Wiegand, GPA Chief Financial Officer; Cora Montellano, GPA Assistant Chief Financial Officer; David John, GEDA Board of Director; Lester L. Carlson, Jr., GEDA Public Finance Manager; Bernadette F. Artero, Governor's Chief Fiscal Advisor.

After a thorough analysis of each proposal, the evaluation committee respectfully submitted its recommendation for the selection of Barclays Capital as Senior Manager and CitiGroup Global Markets Inc. as Co-Manager.

After discussion, on motion made by Director Mesa, seconded by Director Chiu, the following resolution was unanimously approved:

Resolution 13-026

RESOLVED, that the Board approves the recommendation for the selection of Barclays Capital as Senior Manager and CitiGroup Global Markets Inc. as Co-Manager for Underwriter Services for the Guam Power Authority's Anticipated Revenue Bond Financing.

The next item on the agenda was Request for Proposal No. 13-005 for Underwriter Services for the Guam Waterworks Authority's Anticipated Revenue Bond Financing ("RFP 13-005") which was presented by Antoinette Leon Guerrero.

GEDA, on behalf of the Guam Waterworks Authority (GWA), issued RFP 13-005 on April 2, 2013 soliciting proposals for underwriter services for the issuance of its revenue bonds.

GWA is seeking the services of one (1) qualified Underwriting Senior Manager and one (1) qualified Underwriting Co-Manager to assist GWA with developing the financial structure of the Bonds contemplated with the financing. RFP 13-005 is intended to encompass any financing bonds issued by September 30, 2017.

The deadline for submission for all proposals was April 17, 2013. A total of six (6) responses were received and opened in the presence of the GEDA Board at the April 18, 2013 Regular Meeting.

The evaluation committee members were provided copies of the submissions and met on Tuesday May 7, 2013 to commence their evaluation of the proposals received.

Members of the evaluation committee included Acting Administrator Tajeron; Martin Roush, GWA General Manager; Greg Cruz, GWA Chief Financial Officer; David John, GEDA Board of Director; Lester L. Carlson, Jr., GEDA Public Finance Manager; Bernadette F. Artero, Governor's Chief Fiscal Advisor.

After a thorough analysis of each proposal, the evaluation committee respectfully submitted its recommendation to the Board for the selection of CitiGroup Global Markets Inc. as Senior Manager and Barclays Capital as Co-Manager.

After discussion, on motion made by Director Mesa, seconded by Director Bordallo, the following resolution was unanimously approved:

Resolution 13-027

RESOLVED, that the Board approves the recommendation for the selection of CitiGroup Global Markets Inc. as Senior Manager and Barclays Capital as a Co-Manager for Underwriter Services for the Guam Waterworks Authority's Anticipated Revenue Bond Financing.

New Business

§7. The next item on the agenda was New Business. Chairman Dueñas discussed the temporary vacancy position for the Acting Administrator. Mana Silva Tajeron was recommended to serve as Acting Administrator on a temporary basis. After discussion, on motion made by Director Chiu and seconded by Director Mesa, the following resolution was unanimously approved:

Resolution 13-028

RESOLVED, that the Board approves the appointment of Deputy Administrator Mana Silva Tajeron as the Acting Administrator of the Guam Economic Development Authority.

Because of recent Legislative action the Board expressed their position that Mr. Henry Taitano continues to be the best candidate for the Administrator position. The Board reaffirms the recommendation to the Governor to reappoint Mr. Henry Taitano as the Administrator for the Guam Economic Development Authority. The Board discussed the requirement of legislative approval for the appointment of GEDA's Administrator and requested that legal

counsel confirm whether legislative approval is necessary under GEDA's enabling legislation. On motion made by Director Mesa and seconded by Director Chiu, the following resolution was unanimously approved:

Resolution 13-023

RESOLVED, that Board of Directors recommends that Governor Eddie Baza Calvo appoint Henry J. Taitano as the Administrator of the Guam Economic Development Authority.

The next item for discussion was the Social Economic Advisor position. The Board was informed that the position was part of the Executive Administrator's position and that GEDA had this position previously, but was subsumed under the Deputy Administrator. GEDA does not intend to fill the position right away unless necessary. After further discussion, the Board approves the recommendation that the position be restored with the position description to be general duties. On motion made by Director Jones, seconded by Director Mesa, the following resolution was unanimously approved:

Resolution 13-029

RESOLVED, that the Board approves the recommendation to restore the Social Economic Advisor position with the position description to be general duties.

The next item for discussion was the appointment of the Hearing Officer for Guam Regional Medical City. Deputy Administrator Taijeron had asked to be recused due to a conflict of interest. After discussion as to the appropriate appointment, the Board recommended Ms. Claire Cruz, GEDA Program and Compliance Manager, to be the Hearing Officer for the Guam Regional Medical City qualifying certificate public hearing. On motion made by Director Chiu, seconded by Director Mesa, the following resolution was unanimously approved:

Resolution 13-030

RESOLVED, that the Board approves Ms. Claire Cruz, GEDA Program and Compliance Manager, to be the Hearing Officer for the Guam Regional Medical City qualifying certificate public hearing.

After the appointment of Ms. Claire Cruz to be the Hearing Officer for the Guam Regional Medical City qualifying certificate public hearing, Chairman Duenas discussed the expiration of his term at the end of the month of May. Chairman Duenas then announced that Director Jones would be resigning as a GEDA Board of Director and as Board Secretary due to family obligations.

Director Jones expressed her gratitude for being able to serve as director. As the position as GEDA Board Secretary would be vacant with the resignation of Director Jones, Director Chiu then appointed Director Bordallo as Board Secretary. On motion made by Director Chiu and seconded by Director Mesa, the following resolution was unanimously approved:

Resolution 13-031

RESOLVED, that the Board appoints Ms. Arlene Bordallo as the Board Secretary for the Guam Economic Development Authority.

The last item for discussion was the approval of authorized signatories for GEDA accounts. On motion made by Director Chiu and seconded by Director Mesa, the following resolution was unanimously approved:

Authorized Check Signers – All Accounts (2 signatures required)

- a. Acting Administrator/ Administrator
- b. Deputy Administrator – Mana Sylva Taijeron
- c. Business Development Manager – Christina D. Garcia
- d. Real Property Manager – Lawrence C. Toves
- e. Programs & Compliance Manager – Claire Cruz
- f. Finance & IT Manager – Bernice Torres

Authorized Approving Officials

- a. GEDA Board Acting-Chairman – EJ Calvo
- b. GEDA Board Secretary – Arlene Bordallo
- c. Acting Administrator/ Administrator
- d. Deputy Administrator – Mana Sylva Taijeron

Authorized Certifying Officers

- a. Acting Administrator/ Administrator
- b. Deputy Administrator – Mana Sylva Taijeron
- c. Financial Services Manager – Lester L. Carlson Jr.
- d. Business Development Asst. Mgr – R. Gregory Sablan
- e. Compliance Officer – Michael L. Willess
- f. Executive Assistant – JoyJean Mantanona

Authorized Signers for Investment Accounts (2 signatures required)

- a. Acting Administrator/ Administrator
- b. Deputy Administrator – Mana Sylva Taijeron
- c. Business Development Manager – Christina D. Garcia
- d. Real Property Manager – Lawrence C. Toves
- e. Programs & Compliance Manager – Claire Cruz
- f. Finance & IT Manager – Bernice Torres

Resolution 13-032

RESOLVED, that the Board approves the new signatories for GEDA accounts.

Reports

§8. The next item on the agenda was Division Reports. Hard copies of the Division Reports were provided to the Board members.

Deputy Administrator Taijeron announced that the Legislature will be holding an oversight hearing on May 17, 2013 at 9:00 a.m. on the QC program.

Public Comments

§9. The next item on the agenda was public comments. There were none.

Adjournment

§10. There being no further business to address before the Board, on motion duly made by Director Chiu and seconded by Director Mesa, at 2:33pm the meeting was adjourned.

Dated this 13th day of June, 2013



Edward J. Calvo
Acting Chairman

ATTEST:



Arlene P. Bordallo
Secretary

