

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

April 24, 2014

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 on April 24, 2014 at the hour of 1:40 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:

Edward J. Calvo

David J. John

Arlene P. Bordallo

Monte Mesa

Ernesto V. Espaldon, Jr.

Absent and excused:

George Chiu

Vera Wu

Also present were:

GEDA Officials:

Henry J. Taitano

Mana Silva Taijeron

Thomas J. Fisher

Offices or Positions:

Chairman

Vice Chairman

Secretary

Director

Director

Director

Director

Administrator

Deputy Administrator

GEDA Legal Counsel
Fisher & Associates

Larry Toves
Claire Cruz
Bernice Torres

Christina D. Garcia
Lester Carlson, Jr.
Diego Mendiola
Tony Arriola
Nico Fujikawa
Gloria Molo
Greg Sablan
Therese Santos
Mike Cruz
Tara Rivera
Steve Dierking
Anisia Terlaje
Brianna Benito
Diana Rivera

Real Property Division Manager
Compliance Division Manager
Administration & Operations Division
Manager
Business Development Division Manager
Public Finance Division Manager
Real Property Assistant Manager
Program Coordinator
Public Finance Officer
Administrative Services Officer
Public Finance Assistant Manager
Executive Assistant
Project Director
Loan Servicing Specialist
Chief Information/Marketing Manager
Special Assistant Inter-Agency Support
Industry Development Specialist
Industry Development Specialist

Jeff Marchesseault
Fred Horecky
Nicole Santos

DNA, Inc.
H & A – Fred Chao Inc.
Office of Senator Ben Pangelinan

Approval of Agenda

§3. The first item considered was approval of the agenda. Chairman Calvo informed the Board that there was going to be an addition to the agenda. This would be an update on the Cost U Less property as well as an update on the QC for New Hotel Development. On motion duly made to approve the agenda with the additional Old Business Items: Compliance Division Update on the Tamuning Property and QC for New Hotels by Director Espaldon and seconded by Director Mesa. The agenda was unanimously approved.

Approval of Minutes

§4. The next item considered was the approval of the minutes of the February 20, 2014 and March 20, 2014 meetings.

Administrator Taitano informed Chairman Calvo that there was a request from management to make an amendment to the February minutes. Larry Toves presented to the Board that in the minutes for the February 20, 2014 meeting, under Old Business on page 10, Resolution No. 14-015 should specify the

recommendation that was made:

RESOLVED, that the Board approves the recommendation to move forward **with the Gravity Bay Outlet option for** the San Vitores Flooding Project as outlined in the final draft prepared by Stanley consultants Inc.

On motion duly made by Vice Chair John and seconded by Director Bordallo to include the Stanley Consultants recommendation on the Gravity Bay Outlet option in Resolution14-015; the motion was unanimously approved.

On motion duly made by Director Mesa and seconded by Vice Chair John to approve the February 20, 2014 minutes as amended and to approve the March 20, 2014 minutes; the motion was unanimously approved.

Communications

§5. The next item on the agenda was Communications. There was none.

Old Business

§6. The next item on the agenda was Old Business. The first item under Old Business was the Assignment of Sublease Agreement – Fred Chao Inc.

Mr. Larry Toves presented that at the last Board meeting there was presented a request for approval of an assignment of a lease for Fred Chao Incorporated to another company on an existing lease. At that meeting, after great discussion on the assignment itself, several Board Members raised some concerns about fair market value. Attorney Fred Horecky, representing Fred Chao Inc., was present at the meeting and gave a briefing to the Board. The board directed GEDA to negotiate further with Fred Chao and Tai Fa.

Mr. Toves stated that GEDA did meet with Fred Chao, Inc. about a counter proposal and a looked at an opportunity to increase the rent. Mr. Toves stated he had been working with Mr. Horecky and his clients but had not come to a decision. Mr. Toves stated that GEDA gave them a proposal of fair market value of \$190 per square meter. The tenants stated they were working on some numbers to come up with a counter proposal that will be beneficial to both parties.

Further, in a conversation with Attorney Horecky, it was recommended that this matter would not be presented to the Board until the parties actually finalized negotiations. Mr. Toves recommended that the Board take no action until the next meeting at which time GEDA may have a confirmed counter offer from Mr. Horecky's clients.

With no further questions and no Board action required, Chairman Calvo moved on to the next item on the agenda.

§7. The next item under Old Business was Real Property Division: RFP 14-008 for Professional Multi-Discipline Consulting Services to Resolve Development Issues and Pursue Economic Opportunities.

Mr. Larry Toves presented to the Board that at its April 2013 meeting, the GEDA Board approved the Memorandum of Understanding with the Hagåtña Restoration and Redevelopment Authority (HRRA) allowing GEDA to perform activities that would allow HRRA to update its master plan and zoning plan for the Hagatna area, as well as provide other services required by HRRA.

Mr. Toves stated that on March 28, 2014, GEDA issued RFP 14-008 for Professional Multi-Discipline Consulting Services to Resolve Development Issues and Pursue Economic Opportunities. The deadline for proposals is April 25, 2014. The RFP essentially asked for proposals from companies that possess expertise in a diversity of disciplines to assist GEDA and the government of Guam in research, planning, economic impact analysis business planning, DOD impact consultant will first undertake the updating of the HRRA master plan and development of a zoning and implementation plan. Other professional work could be undertaken as needed.

Mr. Toves stated that as the RFP intends that consulting services will be provided to GEDA, GEDA Board approval would be necessary. At that time, GEDA staff expects to present its ranking of proposals with a recommendation on the selected offeror and a draft contract. Thereafter, fees with the selected offeror would be negotiated for the first task order (HRRA's master plan) which would be presented to HRRA for approval as provided in the MOU.

GEDA staff recommended that the Board of Directors recess the meeting and reconvene at the call of the Chairman, after staff had evaluated proposals.

After some discussion, the Board asked if the RFP was time sensitive. Mr. Mike Cruz informed the Board that HRRA's Board of Directors meeting was scheduled for May 7, 2014, which would be prior to GEDA Board of Directors meeting on May 15, 2014. Chairman Calvo suggested asking the HRRA Board to postpone their meeting until after the GEDA Board meets and that at the May 15, 2014, meeting the Board would act on RFP 14-008.

No action was required from the Board on this agenda item.

§8. The next item under Old Business was Compliance Division: Update on the Cost U Less Property.

Mrs. Claire Cruz presented to the Board that two months prior the Board approved a purchase by E&I Camacho for \$2.35 Million, but DNA had the right of

first refusal and had ninety days to exercise that right which they did on April 14, 2014. Escrow was opened on April 8, 2014 and they had thirty days to close, which would be on Monday, May 5, 2014.

No action was required from the Board on this agenda item.

§9. The next item under Old Business was an Update on the QC for New Hotels.

Vice Chair John presented to the Board that the QC Committee put together recommendations on how to redraft the QC for New Hotels and that the second one proposed is for renovations of hotels.

Mr. John stated that they were under the impression that all the work along the way was being shared with the GVB Board and there were no issues. They were recommending that we tie this into an all-encompassing tourism study, and from our end of it, wondered how they were to develop incentive programs to help develop and redevelop hotels and bring in additional tourism.

Mr. John stated that they were taking one step back; instead of issuing a QC program and then having to come back and make changes, the recommendation is to put the study together and incorporate it and then submit to the Legislature. GVB has agreed to cover half of the funding for this project with the request of GEDA covering the other half. Chairman Calvo suggested that since the proposal is not finalized, the Board wait until all negotiations were finalized and act on the final proposal.

Chairman Calvo asked Vice Chair John to share with the Board the next steps of the QC, although we are a little delayed, and now we are going to conduct a study. The Chairman also asked if Senator Rodriguez was aware, because he was expecting this a month ago.

Vice Chair John informed the Board that the update would be presented to Senator Rodriguez and that they were expecting to have this wrapped up by June, so this QC can be launched.

No action was required from the Board on this agenda item.

New Business

§10. The next item on the agenda was New Business was GEDA Legal Counsel Status.

Administrator Taitano informed the Board that in their Board Packets there was a letter from Calvo Fisher & Jacob officially notifying GEDA of its termination of representation and that Attorney Thomas Fisher was present fulfilling the need for Legal Counsel.

Deputy Administrator, Mana Silva Tajeron presented to the Board that it had been some time since GEDA obtained Legal Counsel. With the withdrawal of Calvo Fisher & Jacob, GEDA would have to go forward and issue a RFP for primary Legal Counsel. GEDA also had Conflicts Counsel which was obtained through a separate RFP specifically for Conflicts Counsel, so GEDA couldn't just by default, pick up Attorney Fisher as its Legal Counsel. The Board could move to adopt his services for the time being until the Primary Legal Counsel is determined. If by chance GEDA does choose Attorney Fisher as its Primary Legal Counsel, we have a few more Conflicts Counsels.

The recommendation is that we put out a RFP for GEDA's Primary Legal Counsel.

A motion duly made by Director Bordallo and seconded by Director Mesa, to accept and acknowledge the termination letter from Calvo Fisher & Jacob, to approve the issuance of the RFP for Primary Legal Counsel and to adopt Attorney Fisher as GEDA's Legal Counsel until the Primary Legal Counsel is determined through the RFP. The motion was unanimously approved.

Reports

§11. The next item on the agenda was Reports.

Administrator, Henry Taitano presented an organizational chart update, reminding the Board of the reorganization with the positions that were approved. He informed the Board that this presentation of the organizational chart is to request for approval on filling some of the vacant positions. Two specific positions are being requested for the Board's approval to fill. The Administrative Aide; over the past few months our management team and divisions have been taking turns with the front desk and obviously it does pull resources from our divisions and programs, at the request of our management team we are asking for approval from the Board to fill this position. The second position is the Loan Management Officer in the Compliance Division; this would help with audits in the Compliance Division on Loan Programs.

After further discussion, Chairman Calvo asked the Board if there were any questions. Director Bordallo asked if GEDA has funds for these positions. Vice Chair John requested for the budget report at the next meeting for the Board to review.

Mr. Lester Carlson, Jr. asked for the Board's consideration to please fund the Administrative Aide position. Vice Chair John agreed to make a motion, but

requested that in the future, when requesting for the Board's approval, please provide how much is it going to cost and if it's in the budget.

On motion duly made by Vice Chairman John and seconded by Director Mesa Motion to approve the Administrative Aide vacancy to be filled at \$19,000 and not to exceed \$20,000. The Board unanimously approved.

Vice Chair Calvo requested to report back to the Board at the next meeting, what is the current working relationship with Department of Chamorro Affairs (DCA) and does it allow for a reimbursement.

Mr. Lester Carlson, Jr. presented to the Board a momentum from the Guam Waterworks Bond.

Administrator Taitano announced the Employee of the Month, Tara Rivera from the Compliance Division.

Administrator Taitano announced that this would be his last Board meeting and thanked the Board for their great support during his time as the Administrator. Wednesday, April 30, 2014 will be my last day, and I just want to thank all of you for the opportunity.

On motion duly made by Director Mesa and seconded by Director Bordallo to accept the resignation of Administrator Henry Taitano effective April 30, 2014. The Board unanimously approved.

On motion duly made by Director Mesa and seconded by Director Bordallo to appoint Deputy Director, Mana Silva Taijeron to be the interim Acting Administrator upon the effective date of Administrator Taitano's resignation, pending the Governor's appointment for the Administrator position. The Board unanimously approved.

Chairman Calvo requested for one last item: At the last Board meeting we received a summary report from our PMO regarding the HOT Bond Projects. Whether or not there are major updates, we would like to get one every meeting. Mr. Larry Toves informed the Board that he would like to schedule the Board Members for a briefing on the HOT Bonds Projects similar to working sessions.

Public Comments

§12. The next item on the agenda was Public comments. There were none.

Adjournment

§13. Having no further items to discuss, on motion to adjourn duly made by Vice Chairman John and seconded by Director Mesa, at 3:02 p.m., the meeting was adjourned.

Dated this _____ day of _____, 2014

Edward J. Calvo
Chairman

ATTEST:

Arlene P. Bordallo
Secretary