

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

August 23, 2012

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 August 23, 2012 at the hour of 1:45p.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:

Ricardo C. Duenas
Ramon L.E. Jones
Arlene P. Bordallo
David J. John
Robert P. Salas

Offices or positions:

Chairman
Secretary
Assistant Secretary

Absent and excused:

Edward J. Calvo
George Chiu

Vice Chairman

Also present were:

GEDA officials:

Karl A. Pangelinan
Janalynn Damian

Larry Toves
Claire Cruz

Administrator
GEDA Legal Counsel
(Calvo Fisher & Jacob LLP)
Real Property Manager
Programs & Compliance Manager

Bernice Torres	Admin. & Operations Manager
Mike Cruz	Project Director
Charlene Concepcion	Executive Assistant
Maree Pelkey	Management Analyst
Carl Quinata	Industry Development Specialist
Diego Mendiola	Program Coordinator IV
Rachel Leon Guerrero	SSBCI Program Manager

Approval of Agenda

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

Approval of Minutes

§ 4. The next item on the agenda was approval of the minutes of the July 24, 2012 and July 26, 2012 Board meetings. On motion duly made by Director Bordallo and seconded by Director Salas, the following resolution was unanimously approved:

Resolution No. 12-039

RESOLVED, that the Board approves the minutes of the July 24, 2012 and July 26, 2012 Board meetings.

Communications

§ 5. The next item considered was Communications. Administrator Pangelinan briefed the Board on the upcoming Guam Power Authority refinancing, which may be approved in the FY2013 budget bill. The Board was also advised that the Grant Anticipation Revenue Financing Vehicle (GARVEE) for the Tiyan Parkway, Ypao Road widening and Hamburger road was forthcoming. Administrator Pangelinan then advised the Board of the proposed legislation that would require the posting of all Board meeting minutes and recordings on the GEDA website.

Old Business

§ 6. The next item discussed was Old Business. Maree Pelkey, Management Analyst, and

Administrator Pangelinan briefed the Board on a resolution for GEDA's investment policy. GEDA is proceeding with expanding the types of permitted investments and is currently exploring options to maximize return on its cash and investment accounts through an Investment Committee chaired by Director John. The Investment Committee recommended the adoption of an updated resolution authorizing Administrator Pangelinan to manage the cash and investment accounts of the Authority. After discussion, on motion duly made by Director Jones and seconded by Director John, the following resolution was unanimously passed:

Resolution No. 12-040

**RESOLUTION TO AUTHORIZE THE ADMINISTRATOR TO
MANAGE THE CASH AND INVESTMENT ACCOUNTS OF
THE GUAM ECONOMIC DEVELOPMENT AUTHORITY.**

WHEREAS, 12 G.C.A. § 50110(a) authorizes the Authority to use all of its funds to fulfill its statutory powers and functions; and 12 G.C.A. § 50106 empowers the Administrator to be responsible to the Board of Directors of the Authority for the day-to-day operation of the corporation and for its general administration;

WHEREAS, as part of its various activities, the Authority has, from time to time, various cash and investment accounts at various financial institutions;

NOW, THEREFORE, be it RESOLVED that the Administrator is authorized and directed to establish and manage all of the various accounts and funds of the Authority by establishing such accounts and deposits at such financial institutions as the Administrator deems to be in the best interest of the Authority and in conformance with the requirements of law.

New Business

§ 7. The next item on the agenda was New Business. Mike Cruz, Project Director, and Larry Toves, Real Property Manager, briefed the Board on SH Corporation's request that the use restriction set forth in its Lease Agreement, as amended, prohibiting the use of the property by government agencies be lifted. Director Jones requested clarification that SH Corporation is a

commercial tenant that wants to amend its current lease to allow it to sublease to the government. Mr. Toves clarified that SH Corporation is seeking an amendment as expressed by Director Jones. Mr. Toves provided the Board with background on the SH Corporation's Lease for Lot No. 4, Block 2, Tract 259, E.T. Calvo Memorial Industrial Park (formerly Hakubotan) and the First Amendment, which provides that SH Corporation can utilize the property for all purposes that are consistent with an M-1 zone, and that the premises may be used for offices, but not government offices. Mr. Cruz clarified that SH Corporation would like to compete in the procurement process when government agencies solicit office space. SH Corporation would like to be able to lease office space to government agencies. However, because the lease prohibits SH Corporation from subleasing to the government, it requested that the restriction be lifted. Mr. Toves informed the Board that SH Corporation agreed to pay \$30,140.00 in exchange for an amendment of the Lease that removes this use restriction to be paid as follows: \$15,000.00 upon approval of the lease amendment and the balance to be paid over a period of time not to exceed one year.

Mr. Toves recommended that the Board approve an amendment to the lease with SH Corporation to remove the current lease restriction to allow the tenant to lease office space to government agencies in exchange for a payment of \$30,140.00 . GEDA staff also recommended that the Board authorize the Administrator to execute the lease amendment upon final approval by Legal Counsel. Thereafter, approval from the Director of Land Management, Attorney General and the Governor would be required.

The Board discussed the request by SH Corporation. Director John asked about the years remaining on the lease. Mr. Toves informed the Board that the term ends in 2062. The Board asked whether SH Corporation's current rent was fair market value. The Board discussed that if SH desires to lease to the government of Guam then it must pay fair market value rent. Based on the

appraisal that was presented to the Board, SH is paying below fair market value rent.

The Board then discussed the need to create a subcommittee to review GEDA's real estate portfolio and establish a real estate policy. After further discussion, on motion duly made by Director John and seconded by Director Jones, the following resolution was unanimously passed:

Resolution No. 12-041

RESOLVED, that the GEDA staff is authorized to have Lot No. 4, Block 2, Tract 259 appraised. If SH Corporation wants to lease to government of Guam agencies then it must pay fair market value rent pro rata on the space it is leasing to government of Guam agencies.

After further discussion, on motion duly made by Director John and seconded by Director Jones, the following resolution was unanimously passed:

Resolution No. 12-042

RESOLVED, that the Board authorizes the creation of a GEDA Board Subcommittee to draft GEDA's real estate policy to be chaired by Director Salas and co-chaired by Director Bordallo.

Public Comments

§ 8. The next item on the agenda was Public Comments. There were no public comments.

Reports

§ 9. The next item on the agenda was Reports. Administrator Pangelinan briefed the Board on the possibility of an oversight hearing on the Qualifying Certificate Program and an audit of the Program. Also discussed was GEDA's interest in hiring an Economist.

Others

§ 10. The next item on the agenda was Others. Administrator Pangelinan briefed the Board on proposed legislation establishing a hybrid retirement plan and how it impacts government of Guam finances and the Retirement Fund's unfunded liability. After further discussion by the Board,

Chairman Duenas directed that GEDA management prepare a position statement or list of issues on the proposed legislation.

Adjournment

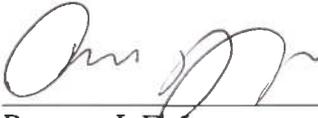
§ 11. After further discussion, there was a recommendation to adjourn the meeting. On motion duly made by Director Jones and seconded by Director Bordallo, at 2:55 p.m., the meeting was adjourned.

Dated this 20 day of September, 2012.



Ricardo C. Duenas
Chairman

ATTEST:



Ramona L.E. Jones
Secretary