

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

December 10, 2013

AMENDED on January 27, 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 December 10, 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:

Edward J. Calvo
David J. John
Arlene P. Bordallo
George Chiu
Monte Mesa
Vera Wu

Offices or Positions:

Chairman
Vice Chairman
Secretary
Director
Director
Director

Also present were:

GEDA Officials:

Henry J. Taitano
Mana Silva Taijeron
Janalynn C. Damian

Diego Mendiola
Anisia Terlaje
Henry Cruz
Jha’Aunie Leon Guerrero
Tony Arriola
Claire Cruz
Bernice Torres
Christina D. Garcia
Mike Willess
Carl Quinata
Nico Fujikawa

Administrator
Deputy Administrator
GEDA Legal Counsel
Calvo, Fisher & Jacob LLP
Real Property Assistant Manager
Special Assistant Inter-Agency Support
Economist
Real Property Administrative Assistant

Programs & Compliance Manager
Administration & Operations Manager
Business Development Manager
Business Development Assistant Manager
Industry Development Specialist
Public Finance Officer

Gloria Molo
Greg Sablan
Therese Santos
Calvin Kelly
Lester Carlson, Jr.

Administrative Services Officer
Public Finance Assistant Manager
Executive Assistant
GEDA PMO
Financial Services Manager

Approval of Agenda

§3. The first item considered was approval of the agenda. Chairman Calvo made changes to the order of items in Old Business. The reorder was to be: Real Property, Programs & Compliance, Public Finance, and Business Development. On motion to approve the changes made by Chairman Calvo, duly made by Director John and seconded by Director Chiu, the revised agenda was unanimously approved.

Communications

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

Old Business

§6. The next item on the agenda was Old Business.

The first item under Old Business was Real Property Division, Guam Museum. Henry J. Taitano, Administrator, presented an update on the Guam Museum. Administrator Taitano informed the Board that GEDA has been asked to assist in updating and finalizing a sustainability plan for the Guam Chamorro and Educational Facility (“GCEF”). The Chairman explained that the Guam Museum will be managed by the Department of Chamorro Affairs (“DCA”). The law authorizing the HOT Bonds precludes the use of HOT Bond funds for feasibility or management studies so GEDA will be fronting funds needed by DCA to develop the sustainability plan to properly operate the Museum.

The Administrator is requesting authority to negotiate with DCA and GEDA would pursue reimbursements once the Museum is operating. Director John requested clarification on whether the Administrator would come back to the Board with the plan and Administrator confirmed that he would come back to the Board.

After further discussion, a motion duly made by Director John and seconded by Director Mesa, the following resolution was unanimously approved:

Resolution No. 13-058

RESOLVED, that the Board authorizes the Administrator to negotiate the Memorandum of Understanding between GEDA and the Department of Chamorro Affairs regarding helping to fund an operating and sustainability plan for the Guam Chamorro and Educational Facility.

§7. The next item under Old Business was the Guam Department of Education (“GDOE”) MOU – Program Management Support. Administrator Taitano explained that in light of GDOE’s issues with their facilities, GEDA, as central financial manager for the Government, can present financial solutions to GDOE. This MOU between GDOE and GEDA will be an all-encompassing MOU and the Administrator is requesting the Board’s authorization to negotiate the MOU with GDOE. GEDA has similar MOUs with other agencies. This MOU would be to employ the expertise of our Real Property Division and other GEDA activities authorized by law. The MOU would be subject to approval by the GDOE Board.

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

Resolution No. 13-059

RESOLVED, that the Board authorizes the Administrator to negotiate the Memorandum of Understanding between GEDA and the Guam Department of Education for program management support.

§8. The next item under Old Business was the Guam Police Department (“GPD”) MOU update. Administrator Taitano informed the Board that it had previously approved the MOU for GPD and that GEDA is working with GPD in reviewing legislation to see what financial solutions can be provided. Legal Counsel and the Attorney General’s office are involved in the process. GEDA is in the final stages of working out the procurement process to build GPD’s headquarters. GEDA is assessing what sites are available.

Chairman Calvo asked Administrator Taitano if the GPD MOU had a property development component. Administrator Taitano said it does, and that GEDA is working with the Administration on what property GPD will be able to utilize for its headquarters. Chairman Calvo also asked if GEDA will receive management fees for its services. Administrator Taitano responded that GEDA will be reimbursed by an expense account.

§9. The next item under Old Business was Programs and Compliance Division: GEDA Property Purchase Offer. Claire Cruz, Programs & Compliance Manager, presented that she was previously instructed by the Board to order an appraisal on the Tamuning property and the appraisal came back for Two Million Three Hundred Fifty Thousand Dollars (\$2,350,000.00). Mrs. Cruz requested that the Board authorize the Administrator to negotiate the sale of the property based on the appraised value and come to the Board for final approval.

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

Resolution No. 13-060

RESOLVED, that the Board authorizes the Administrator to negotiate the sale of Lot 2145-REM-7, Tamuning based on the new appraisal report and come back to the Board for finalization.

§10. The next item under Old business was Public Finance Division: RFP 13-008 Proposed Financing for the Guam Memorial Hospital Authority (the “GMHA RFP”) – Recommendation to approve the selection of the Lender.

Lester Carlson, Jr., Financial Services Manager, informed the Board that GEDA assisted Guam Memorial Hospital Authority (“GMHA”) in procuring \$25,000,000 to help with vendor payables. One response was received in response to the GMHA RFP from Bank of Guam, which was reviewed by the evaluation committee. Bank of Guam presented terms of the loan, which was approved by the GMHA Board on December 5. Since Bank of Guam has already been given notice of its selection, Janalynn Cruz Damian, GEDA Legal Counsel, recommended that the Board ratify the selection of Bank of Guam. Mr. Carlson requested that the Board approve the selection of Bank of Guam to finance the loan solicited under RFP 13-008, and also requested that the Board authorize the Administrator to finalize the financing with Bank of Guam.

On motion duly made by Director Mesa and seconded by Director Chiu, the following resolution was unanimously approved:

Resolution No. 13-061

RESOLVED, that the Board ratifies the selection of Bank of Guam to provide the financing solicited under RFP 13-0008, and authorizes the Administrator to negotiate and finalize the financing with Bank of Guam in relation to Request for Proposal 13-008, Financing for the Guam Memorial Hospital Authority.

§11. The next item under Old Business was Business Development: GRMC QC Application. Ms. Damian informed the Board that her office is conflicted on this matter and that conflicts counsel will be assisting GEDA with regard to this QC application.

Christina Garcia, Business Development Manager, presented the QC application for the Guam Regional Medical City. Mrs. Garcia informed the Board that after doing the analysis and reviews, the following recommendation is being made to the Board for the QC benefits of GRMC:

- Corporate Income Tax Rebate at 75% for twenty years;
- Corporate Dividend Tax Rebate at 75% for five years; and
- Real Property Tax Abatement at 100% for ten years.

Margaret Benzon, Group Head, Strategic Services Group Medical City gave a presentation on the hospital.

Discussion was held on the annual community contributions. Director John noted that after year two it would be preferable to set a firm amount for the annual contribution rather than have the contribution be determined based on a formula. In addition, Director John suggested that the allocation of the contributions should be left to the Administrator within certain delineated categories.

Further discussion was held on this issue. Director John proposed that for years three to five, the annual contribution could be \$1,000,000; for years six to ten, the annual contribution could be \$1,200,000; and for years 11- to 20, the annual contribution could be \$1,400,000.

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

Resolution No. 13-062

RESOLVED, that the Board recommends the issuance of a Qualifying Certificate to Guam Healthcare Development, Inc., dba Guam Regional Medical City based upon the findings set forth in Case Analysis Case No. 12-12-03 presented to the Board. The tax abatements and rebates approved are as follows:

- Corporate Income Tax Rebate at 75% for twenty years;
- Corporate Dividend Tax Rebate at 75% for five years; and
- Real Property Tax Abatement at 100% for ten years.

RESOLVED FURTHER, that the Additional Conditions as contained in Case Analysis Case No. 12-12-03 presented to the Board at this meeting are hereby approved, subject to the following change to the Annual Community Contribution:

Community Contribution funds to be deposited with GEDA in a separate account to be administered by the GEDA Administrator with concurrence from the GEDA Board of Directors

- Year 1 - \$500,000
- Year 2 - \$750,000
- Years 3 to 5 - \$1,000,000
- Years 6 to 10 - \$1,200,000
- Years 11 to 20 - \$1,400,000

Funds shall be allocated in the following categories, with annual allocation to be determined by the GEDA Board of Directors:

- Healthcare (Priority to GMH & Public Health), Medicaid/MIP matching and Public Safety;

- Economic Development with a priority on the promotion of industry and small business; and
- Higher Education & Cultural Preservation.

New Business

§12. The next item on the agenda was New Business. The first item for discussion was Public Finance: Opening of RFP 14-001. Mr. Carlson presented that there were five proposals received in response to the Request for Proposal 14-001, which is a request for Underwriter Services. Mr. Carlson explained that although currently there are no anticipated revenue financings, it has always been in GEDA's best interest to have underwriters properly procured to be able to assist should the financings materialize. Mr. Carlson also explained that Guam law requires that the five responses be opened in the presence of the Board. The requirement is to receive one electronic version, one original and seven copies of the proposal.

While the proposal packets were being opened, Mr. Carlson requested that the Board approve the selection of members for the evaluation team to review the RFP. The Board was referred to the handout regarding the members - the Governor's Chief Fiscal Advisor, the Director of Bureau of Budget and Management Research, a member of the GEDA Board of Directors, the Administrator and Lester Carlson. Director John was appointed as member of the evaluation team.

On motion duly made by Director Mesa, seconded by Director John, the following resolution was unanimously approved:

Resolution No. 13-063

RESOLVED, that the Board approves the following individuals to evaluate the proposals received in response to Request for Proposal 14-001 for Underwriter Services:

- Governor's Chief Financial Advisor;
- John Rios, Director of Bureau of Budget Management and Research;
- David John, GEDA Board Director;
- Henry Taitano, GEDA Administrator;
- Lester Carlson, GEDA Public Finance Manager

Chairman Calvo asked if there were any other items that need to be addressed while the process of opening the proposal packets was still taking place. Mr. Carlson responded that there were three items on the agenda, which required the approval of the Board.

§13. The next item discussed was the request to increase the Administrator's loan approval amount from \$10,000 to \$25,000. After discussion, on motion duly made by Director Chiu and seconded by Director John, the following resolution was unanimously approved:

Resolution No. 13-064

RESOLVED, that the Board authorizes the Administrator to approve loans up to \$25,000.

§14. The next item was Loans. Mr. Nico Fujikawa presented the loan application of Francisco Evangelista dba Pacific Wood Burning Art (“Pacific Wood”). The Board was referred to the Memorandum dated November 13, 2013 regarding the recommendation to approve the loan application of Pacific Wood for the Guam Development Fund Act program. Pacific Wood is a retail store that sales locally inspired art and woodwork. It is requesting a loan of \$15,000 for equipment acquisition (\$7,335.00), inventory purchase (\$2,745.00), working capital (\$3,000.00), vehicle expenses (\$1,445.00) and advertising (\$475.00).

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

Resolution No. 13-065

RESOLVED, that the Board authorizes a loan under the Guam Development Fund Act program to Francisco Evangelista dba Pacific Wood Burning Art in the amount of \$15,000.00, subject to the terms and conditions set forth in the Memorandum dated November 13, 2013 presented to the Board.

§15. The next item under Loans was a loan application by Elise Arevalo dba PROCREATE. Mr. Nico Fujikawa presented the loan application. The Board was referred to the Memorandum dated December 10, 2013 regarding the loan application for the Guam Development Fund Act program. PROCREATE is a boutique for maternal/infant support products. It is requesting a loan of \$70,000.00 for inventory purchase (\$56,950.00) and working capital/operating expenses (\$13,050.00).

After further discussion, on motion duly made by Director John and seconded by Director Chiu, the following resolution as unanimously approved:

Resolution No. 13-066

RESOLVED, that the Board authorizes a loan under the Guam Development Fund Act program to Elise Arevalo dba PROCREATE in the amount of \$70,000.00, subject to the terms and conditions set forth in the Memorandum dated December 10, 2013 presented to the Board.

The Board returned to the proposals submitted to GEDA for RFP 14-001 for Underwriter Services. After all the proposals were opened, Mr. Carlson presented to the Board that there were five proposals received from the following companies: Barclay’s, Wells Fargo, Bank of America, Merrill Lynch, Morgan Stanley, and CitiGroup.

On motion duly made by Director Chiu and seconded by Director Mesa, the following resolution was unanimously approved:

Resolution No. 13-067

RESOLVED, that the Board accepts for evaluation the proposals submitted by Barclay's, Wells Fargo, Bank of America, Merrill Lynch, Morgan Stanley, and CitiGroup in response to Request for Proposal 14-001 for Underwriter Services and directs that the Evaluation Team approved by the Board review the proposals and present their findings to the Board for approval.

Recess

A motion to recess until Tuesday, December 17, 2013 at 1:30 p.m. in order to reconvene and address the remaining agenda items was made by Director Chiu and seconded by Director Mesa. The motion was unanimously approved.

An Order of Adjournment was signed by Chairman Calvo and posted on the door of the GEDA Board Conference Room.

Dated this 27^m day of January, 2014.



Edward J. Calvo
Chairman

ATTEST:



Arlene P. Bordallo
Secretary