

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

December 18, 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 18, 2014 at the hour of 1:38 p.m. at the Guam Economic Development Authority conference room, Fifth Floor Suite 511, ITC Building, Tamuning, Guam. The meeting was called to order by Chairman Edward J. Calvo 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

Vera Wu

George Chiu

Monte Mesa

Ernesto V. Espaldon, Jr.

***Offices or Positions:***

Chairman

Vice Chairman

Secretary

Director

Director

Director

***Absent and excused:***

Mana Silva Taijeron

Acting Administrator

**Also present were:**

*GEDA Officials:*

John A. Rios	GEDA Administrator
Terry Brooks	GEDA Legal Counsel Terrence M. Brooks P.C.
Christina Garcia	Business Development Manager
Claire Cruz	Compliance Division Manager
Diego Mendiola	Real Property Assistant Manager
Mike Cruz	Project Director
Jha' Aunie Leon Guerrero	Real Property Administrative Assistant
Sheena Black	CEDDS Manager
Gloria Molo	Administrative Services Officer
Troy Torres	Special Assistant Inter-Agency Support
Lance Kawaharr	RPG
Ed Ilao	JMI – Edison
Jasmine Stole	Marianas Variety

---

**Approval of Agenda**

§2. The first item considered was approval of the agenda. On motion duly made by Vice Chair David John and seconded by Director Mesa, to approve the agenda. The agenda was unanimously approved.

**Communications**

§3. The next item on the agenda was Communications.

Administrator John Rios informed the Board that the OPA provided GEDA with a draft of the Tiyan Tax Credit for the High School and DOE Office. We are scheduled to meet with tomorrow. She did have some issues with regards to the source of repayment being changed from a Tax Credit to an Appropriation. This is a lease based on appropriations, so every year the legislature has to appropriate money to pay the lease.

No Board action was required.

### **Old Business**

§4. The next item on the agenda was Old Business. There was none.

### **New Business**

§5. The next item on the agenda was New Business. The first item under New Business was Lot No. 5165-2S-3, Harmon Industrial Part – Hon Tai.

Mr. Diego Mendiola presented to the board that Hon Tai corp. (Tenant) has requested for a modification in the language of their lease to allow for a broader use. At present, the lease allows “for purposes of the Lessee’s constructing, maintaining and operation theron facilities necessary of incident to its business of manufacturing ornamental iron products provided that such facilities as well as all business allied or incident thereto conform to all laws and regulations of the Government of Guam.” Tenant has requested this language to me modified as follows: ‘for those activities consistent with an M1 Zone provided that such activities as well as all business allied to or incident therto conform to all laws and regulations of the Government of Guam’. Over the life of the lease to date, Tenant has been current with its Lease rent.

The particular items of interest of Tent’s leaser are as follows:

Property:	Lot No. 5165-2S-3, Harmon Industrial Park (4,047 square meters)
Term:	June 1971 – 1991 (20 Years) with 7 options of 10 years each
Expiration:	June 2061 with all options exercised
Current Rate:	\$1,777.42 per annum (Effective June 2011 – June 2021)
Escalation:	...mutually agreeable levels for each successive 10 year term not to exceed an increase of 10% over the annual rental in effect for the prior 10 year term...

Baring an appraisal of the property, staff estimates current market value of the property to be significantly more than effective rate Tenant is currently paying.

In the interest of moving this matter forward without delay, GEDA staff recommends that the board of directors approve the Lease Amendment regarding authorized use as requested by Tenant, provided that Tenant negotiate an increase in rent, and subsequent escalation(s), with the Administrator to mutually agreeable levels, subject to Board approval at a subsequent Board meeting. The Amendment would then require Land Management, AG’s and Governor’s approval.

After further discussion, a motion duly made by Vice Chair David John and seconded by Director Mesa for the Real Property Division to negotiate the rate and bring this item back to the Board. The motion was unanimously approved.

§6. The next item on under New Business was IFB 14-006 Hagatna Tennis Court Improvements.

Mr. Diego Mendiola presented to the Board that Public Law 30-228 authorized the use of proceeds from the Hotel Occupancy Tax bond to complete improvements to the Hagatna Tennis Courts. To carry out this mandate, GEDA issued Invitation for Bid (IFB) 14-006 on October 31, 2014 to obtain Design/Build services for the completion of said improvements. The scope of work includes repair of cracks; resurface, level and repaint existing courts; fence repair; repair of bleachers and some electrical work. Optional work includes replacement of railings, painting the building, retrofit of lights to energy efficiency, American with Disability Act improvements and other items.

Bids were opened on the due date, December 1, 2014. The scope of work upon which bid pricing was requested was divided into Base Bid activities and Bid Option activities. The government estimate for the base bid was \$109,000. Below are the bids submitted:

<b>BIDDER</b>	<b>BME and Sons, Inc.</b>	<b>CHI Construction Inc.</b>	<b>Maeda Pacific Corporation</b>	<b>Reliable Builders Inc.</b>	<b>Mega United Corp.</b>
Base Bid	\$294,900.09	\$379,500.00	\$110,500.00	\$280,000.00	\$128,000.00
Options Bid	\$97,037.84	\$832,000.00	\$130,500.00	\$142,500.00	\$192,000.00
Total	\$391,937.93	\$1,211,500.00	\$241,000.00	\$422,500.00	\$320,000.00

Analysis of the bids was undertaken by GEDA RPD staff, in consultation with the Department of Parks and Recreation, who determined that the lowest most responsive and responsible bid was submitted by Maeda Pacific. Although the lowest base bid is higher than the government estimate, just over \$141K is available for this project in the budget. The Department of Parks and Recreation (DPR), as owner and manager of the Tennis Courts will participate in determining the options that will be included in the final contract. Assuming that the Notice to Proceed can be issued in the near future, project completion is projected to occur in April 2015.

GEDA staff recommends that the Board of Directors approve the award of a contract in an amount not to exceed amount of \$141,700.00 to Maeda Pacific Corp. to complete the specified improvements. As previously stated, additional work activities in excess of Maeda Pacific Corp. base bid will be completed only with concurrence from DPR. Staff also recommends that the Board authorize the Administrator to execute a design and construction contract upon final review of the contract by Legal Counsel. Thereafter, approval from the Bureau of Budget and Management Research, the Office of the Attorney General and the Governor would be required.

After further discussion, a motion duly made by Director Espaldon and seconded by Vice Chair John to authorize the Administrator to execute a design and construction contract upon final review of the contract by Legal Counsel. The motion was unanimously approved.

§7. The next item under New Business was Termination of Qualifying Certificates.

Mrs. Claire Cruz presented that GEDA would like to request that the GEDA Board approve recommending to the Governor of Guam the termination of the Qualifying Certificates for three QC beneficiaries by mutual consent of the QC beneficiaries and the government of Guam. Specifically:

- QC No. 243 issued 12/30/2004 – Vincent Insurance Services Corporation
- QC No. 226 issued 1/10/2000 – Calvo’s Enterprises, Inc. dba Two Lovers Leap Project
- QC No. 239 issued 1/3/2003 – Guam Surgicenter LLC

With the exception of Guam Surgicenter LLC, (“GSC”) the other two QC beneficiaries have not received a certificate of compliance or received any tax benefits (i.e. rebates, abatements) since the inception of their QC’s. GSC has received \$143,490.73 in tax rebates from tax years 2005 – 2009.

In order to partake of the tax benefits authorized in their QC’s it requires them to obtain a certification of compliance from GEDA. None of the QC beneficiaries have obtained a GEDA certificate of compliance in recent years (since 2009) and two of those have never received one. Therefore, we recommend that these QC’s be terminated by mutual consent of the parties as allowed under 12 GCA §58107 and §58111(b) of the QC law.

After further discussion, a motion duly made by Director Chiu and seconded by Director Mesa to approve the termination of the QC’s as recommended. The motion was unanimously approved.

§8. The next item under New Business was Approval to fund feasibility study assisted living.

Chairman EJ Calvo presented that there was interest in the community to explore assisted living facilities on Guam. This is a request from the Governor of Guam for GEDA to support a feasibility study for assisted living programs.

This is to seek approval to authorize negotiating a contract and a budget to be able to move forward within GEDA’s management to conduct the feasibility study. This will be GEDA’s contribution to the assisted living program. We will be looking at

what is the potential for Guam, maybe some site selection and maybe some ways to approach financing the development of assisted living. This is not only to analyze the facility on Guam to size and scale but also avenues on how to get it done, and to consider other facilities.

The budget would come from the reserve appropriation until GEDA can get reimbursed. There is funding out there, whether through a grant or other support. So if the Board could agree to move forward and then seek funding to reimburse GEDA. It's a good investment for GEDA to make; this is an impact on the economy.

After some discussion, a motion dully made by Director Espaldon and seconded by Director Mesa to approve the funding of the feasibility study on assisted living up to \$50K. The motion was unanimously approved.

### ***Reports***

§9. The next item on the agenda was Reports. There was none.

### ***Public Comments***

§10. The next item on the agenda was Public comments.

Chairman Calvo invited Mr. Troy Torres to the table to inform the Board his role at GEDA and with Imagine Guam.

Mr. Troy Torres introduced himself to the Board and informed them that he was recently hired by GEDA, he came from the Governor's Office, and his position was the Director of Communications. The Governor has request Mr. Torres to lead the Imagine Guam Program which was a concept the Governor came up with in 2009 and was not able to get around to in his first four years of office. Thanks to the people of Guam, we have the next four years; he is now able to finish the planning of the development program over the next year.

The Governor has appointed Chairman EJ Calvo, Chief Fiscal Advisor Bernie Artero, Administrator John Rios and Deputy Administrator Mana Silva Taijeron along with Mr. Troy Torres to develop the Imagine Guam program and divisional process then hand it over to the office that will be created for the program. This is a strategic vision of Guam that will be developed for the next fifty years.

There is no template to work with for this vision, first, the program will be developed, then the involvement of the education stakeholders to ensure that we are

training the students in today's classrooms to lead the careers in the industries that will lead to this vision of Guam in 2064.

The work has just began with weekly meetings and we believe that there will be announcements made early in the year in terms of structure of Imagine Guam and the vision process will actually start.

Chairman Calvo added that GEDA has one of the most dynamic Boards on Guam; the board members sit on various committees such as tourism, cruise line and qualifying certificate committees and beyond. Regarding the Imagine Guam project, the formation of committees taking on topics, our Board members are welcome to spread out and take part in the committee meetings.

Mr. Torres added that this is not an economic master plan; it is a vision of the community. There are two roles that GEDA has; one is to facilitate this process, the second is the reorganization of the government in the sense of streamlining of regulations and modernizations. Chairman Calvo mentioned that we want something that is owned and adopted by policy makers and community leaders.

Chairman Calvo pointed out that GEDA is already developers; we already have projects that will make an impact in the economy that should be included in the Imagine Guam plan. That's why GEDA is the perfect agency for this type of visionary plan.

No Board action was required.

Vice Chairman David John added that the Hotel QC Bill is being voted on in session, it looks like it will be passed. One issue with it is the provision that states that we need to come back with an overview that we do with all the other QCs within 90 days or they are going to put an abeyance on future QCs outside of the Hotel QC.


Vice Chairman John informed the Board that he spoke with Senator Rodriguez prior to the Board meeting and the Senator assured us that he is looking for broad scope that will not hold back the programs. So we will try to get the broad scope done within the ten days that the Governor has to veto, get it down to Senator Rodriguez for approval otherwise it may end up getting vetoed.

After further discussion, no Board action was required.

**Adjournment**

§11. Having no further items to discuss, on motion to adjourn and Merry Christmas duly made by Chairman Calvo and seconded by Vice Chairman John, at 2:38 p.m., the meeting was adjourned.

Dated this 22<sup>nd</sup> day of January, 2015

  
\_\_\_\_\_  
Edward J. Calvo  
Chairman

ATTEST:

  
\_\_\_\_\_  
Vera Wu  
Secretary