

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

February 20, 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 February 20, 2014 at the hour of 1:45 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
Vera Wu
Ernesto V. Espaldon, Jr.

Offices or Positions:

Chairman
Vice Chairman
Secretary
Director
Director
Director

Absent and excused:

George Chiu (off-island)

Director

Also present were:

GEDA Officials:

Henry J. Taitano
Mana Silva Taijeron
Janalynn Cruz Damian

Diego Mendiola
Henry Cruz
Jha’ Aunie Leon Guerrero
Tony Arriola
Larry Toves
Claire Cruz
Bernice Torres

Administrator
Deputy Administrator
GEDA Legal Counsel
Calvo Fisher & Jacob LLP
Real Property Assistant Manager
Economist
Real Property Administrative Assistant
Program Coordinator
Real Property Manager
Loans & Compliance Manager
Administration & Operations Manager

Christina D. Garcia
Mike Willess
Carl Quinata
Nico Fujikawa
Gloria Molo
Greg Sablan
Therese Santos
Calvin Kelly
Mike Cruz
Antoinette Leon Guerrero
Steve Dierking
Anisia Terlaje
Lester Carlson, Jr.

Business Development Manager
Business Development Assistant Manager
Industry Development Specialist
Public Finance Officer
Administrative Services Officer
Public Finance Assistant Manager
Executive Assistant
GEDA PMO
Project Director
Public Finance Officer
Chief Information/Marketing Manager
Special Assistant Inter-Agency Support
Public Finance Manager

Ben Palacios
Tim Ohno
Jeff Marchesseault
John E. Grady
Zig Resiak
Jehan'Ad Martinez
Nicole Santos

SOFInTek Inc.
SOFInTek Inc.
DNA, Inc.
CHA
CHA PMO
Blair Sterling Johnson & Martinez
Office of Senator Ben Pangelinan

Approval of Agenda

§3. The first item considered was approval of the agenda. On motion duly made by Director John 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 December 30, 2013 meeting. On motion duly made by Director John, seconded by Director Bordallo, the following resolution was unanimously approved.

Resolution No. 14-011

RESOLVED, that the Board approves the minutes of the December 30, 2013 regular meeting.

Communications

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

The first item under Communications was the Governor's appointment of board member Ernesto V. Espaldon, Jr. Administrator Taitano announced to the Board that he would like to congratulate our newest board member. This would be his first official meeting.

§6. The next item under Communications was a Small State Business Credit Initiative (SSBCI) announcement. Mr. Lester Carlson, Jr., Public Finance Manager, informed the Board that in their packets is a letter to the Governor from the Department of Treasury regarding the second disbursement of SSBCI.

Mr. Greg Sablan, Public Finance Assistant Manager, informed the Board that the letter is a response to the request for the second disbursement of \$4,345,555 under the terms of Allocation Agreement dated September 30, 2011, between the Territory of Guam (Guam) and the United States Department of the Treasury (Treasury). Mr. Sablan informed the Board that the loan capacity is \$8.6 million. Guam's first disbursement was \$3.7 million and another \$4.3 million is pending. Guam provided documentation substantiating that at least 80 percent of the first disbursement was expended, obligated or transferred. Treasury has determined that the substantiating documentation, along with the completed Exhibit 2-1 of the Allocation Agreement, meet the requirements under Section 3.3 (Conditions Precedent for Disbursements) of the Allocation Agreement to receive the second disbursement of funds under the SSBCI.

<u>Instrument</u>	<u>Expended, Obligated or Transfer Amount</u>	
26 Guam Loan Guarantee Program Loans dated between August 29, 2012 and January 24, 2014	Expended	\$3,793,747
Total		\$3,793,8747
Percentage of Previous Disbursement		87%

Treasury will promptly undertake the necessary steps to disburse the \$4,345,555 to Guam.

Old Business

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

The first item under Old Business was Public Finance, the selection of underwriter services for all "Government of Guam's Future General Obligation, Limited Obligation and Certificates of Participation Financing Projects" solicited under RFP 14-001.

Mr. Lester Carlson, Jr. presented that on January 27, 2014, the GEDA Board approved the Evaluation Team to rank the proposals received in response to RFP 14-001 for the purpose of selecting one or more Senior Managers and one or more Co-Managers for underwriting services involving any General Obligation bonds, Limited Obligation bonds and Certificates of Participation. The Evaluation Team thoroughly reviewed the five proposals received, attended in-person oral interviews with the five firms and performed an in depth review of the detailed presentations provided during the oral interviews. As a result of careful consideration the Evaluation Team has ranked the firms in the following order:

1. Barclay's
2. Citi
3. Bank of America/Merrill Lynch
4. Wells Fargo
5. Morgan Stanley

The Evaluation Team, in keeping with the scope of RFP 14-001, would like to recommend the following appointments for a term not to exceed two years from the date of approval by the GEDA Board:

Co-Senior Manager	Barclays
Co-Senior Manager	Citi
Co-Manager	Bank of America/Merrill Lynch

Given the possibility of structuring more than one financing at any given time, we request the flexibility to engage the Co-Senior Managers on a deal by deal basis with the authority to determine who will be the "book runner" as financings evolve while factoring in the par amount of the proposed financing(s).

Director Mesa inquired if the RFP called for selection of co-senior managers and co-managers. Mr. Carlson informed the Board that the RFP provided for the possibility of the selection of co-senior managers and co-managers. Director Espaldon inquired about what factors contributed to Barclays' and Citi's ranking as number 1 and 2, respectively. Mr. Carlson responded that it's their experience with Guam public finance. After further discussion, on motion duly made by Director Mesa and seconded by Director John, the following resolution was unanimously approved:

Resolution No. 14-012

RESOLVED, that with regard to RFP 14-001 for underwriter services for all Government of Guam's Future General Obligation, Limited Obligation and Certificates of Participation Financing Projects, the Board approves the recommendation of the Evaluation Team to appoint (1) Barclays as Co-Senior Manager (2) Citi as Co-Senior Manager, and (3) Bank of America/Merrill Lynch as Co-Manager for a term of two years from the date of the Board's approval.

§8. The next item under Old Business was Real Property: Invitation for Bid 14-001 – Guam and Chamorro Educational Facility (GCEF) Exhibit Fabrication/Specialty Lighting/AV Hardware Installation.

Mr. Larry Toves, Real Property Manager, presented an overview of IFB 14-001. The construction of the GCEF is the largest of the capital improvements projects outlined in Public Law 30-228 and is funded by proceeds from the Hotel Occupancy Tax ("HOT") Revenue Bonds. The exhibits are the heart and soul of the museum experience. The exhibits are comprised of what can be termed as "furniture type" components, acoustical panels, specialty display cases to

house the museum's artifacts and collections, panel with text describing the artifacts and items on display, specialty lighting to provide illumination of the artifacts and collection, and audio visual hardware upon which media (to be designed and produced by others) will be played and displayed.

In October 2013, GEDA issued IFB 14-001. Five companies from the US mainland submitted bids before the submission deadline on December 11, 2013. The bidders were Kubik Maltbie ("Maltbie"), Group Delphi, Lexington Design & Fabrication, Design & Production Inc. and Superior Exhibits & Design Inc. Maltbie submitted two bids – its original bid of \$2,293,181.53 on December 3, 2013 and a revised base bid of \$2,286,754.30 on December 5, 2013. Maltbie's revised bid of \$2,286,754.30 – as a replacement of their first submittal - was the lowest bid received. However, included in Maltbie's revised bid was a section titled "Assumptions and Clarifications" ("A&C"). The A&C contains several pages of clarifications and reservations that affect Maltbie's responsiveness.

The IFB included plans and specifications for the final design, construction/fabrication and installation of the exhibits to be used in the GCEF. The IFB was structured to include a Base Project scope of work (exhibit fabrication and specialty lighting) and Optional scope of work items (additive items: audio visual hardware and installation which could be exercised if the bids were favorable and deductive exhibit options if the base bids were excessively over budget). The IFB indicated that an award decision would be based on the lowest Base Project pricing and Bid Options would be exercised at GEDA's sole discretion depending upon the outcome of the bidding environment. As noted above the lowest Base Project bid was submitted by Maltbie, yet Maltbie's bid was conditioned pursuant their A&C. The next lowest bid was submitted by Group Delphi. The designer's cost estimate for this project was estimated to total \$1,710,225 for exhibit fabrication and specialty lighting (Base Project) and \$571,450 for the audio visual hardware and installation (additive bid options).

The Guam Procurement Law requires award of a contract to the lowest responsive and responsible bidder. A bid is responsive if it "conforms in all material respects to the Invitation for Bids. To be deemed responsive, a bidder must "unequivocally offer to perform, without exception, 'the exact thing called for in a solicitation so that acceptance of the bid will bind the contractor to perform in accordance with all of the IFB's material terms and conditions."

Maltbie's inclusion of the A&C, which contains conditions, modifications, or reservations of rights or immunities, renders Maltbie's bid non-responsive. According to GEDA Legal Counsel, such defect cannot be corrected or waived. Non-responsive bids must be rejected, and thus Maltbie's bid should be rejected. Therefore the lowest Base Project bid for IFB 14-003 was determined to be from Group Delphi with a base bid of \$2,950,585. Group Delphi's bid has been determined to be both responsive and responsible and the total contract proposed value is within budget.

Group Delphi and its parent company, Delphi Productions, have been in business for 25 years and currently have over 150 full-time employees. All fabrication work will occur in their Alameda, CA facility which has been inspected by Barry Howard in his capacity as the museum

exhibit designer and as GEDA's project management authorized representative during fabrication and installation.

After consultation with GEDA legal counsel and at the recommendation of the PMO, which evaluated the bid submissions and assisted in determining the responsiveness and responsibility of the bidders, GEDA staff recommends that the Board of Directors:

1. Reject the submission of the lowest Base Project bidder, Kubik Maltbie, due to non-conformance with the IFB;
2. Accept the submission of the second lowest Base Project bidder, Group Delphi; and
3. Authorize the Administrator to execute the relevant contract with Group Delphi for the construction of the GCEF Exhibit Fabrication and Installation, Specialty Lighting, and Audio Visual Hardware and Installation upon final review by Legal Counsel

Thereafter, BBMR, AG and Governor's approval will be required.

Director Espaldon inquired about the findings on responsiveness. Legal Counsel, Janalynn Damian, reiterated the findings that Maltbie's inclusion of the A&C in its bid rendered its bid non-responsive, requiring its rejection. After further discussion, on motion duly made by Director Mesa and seconded by Director Wu, the following resolution was unanimously approved:

Resolution No. 14-013

RESOLVED, that the Board approves the recommendation to reject the bid of, Kubik Maltbie due to non-conformance with IFB 14-001; and be it

FURTHER RESOLVED, that the Board approves the recommendation to award IFB 14-001 to the second lowest base bidder, Group Delphi, and authorizes the Administrator to execute a contract with Group Delphi for the construction of the GCEF Exhibit Fabrication and Installation, Specialty Lighting, and Audio Visual Hardware and Installation upon final approval by Legal Counsel.

§9. The next item under Old Business was Real Property: Invitation for Bid 14-003 – Security Systems for the Guam Chamorro and Educational Facility (GCEF).

Mr. Larry Toves presented an overview of IFB 14-003. To protect the assets to be housed in the GCEF, an integrated security system to include access control, closed circuit television, and intrusion detection equipment is needed. On January 22, 2014, GEDA issued IFB 14-003, a pre-bid conference was held on February 6, 2014, and bids were received until 1:30 p.m. on February 19, 2014. One local bidder, G4S Security Systems (Guam), Inc. (G4S), submitted a bid by the deadline.

The IFB included plans and specifications for the final design, procurement, and installation of the security systems. The IFB was structured to include a Base Project scope of work, and strategic optional scope of work items as desired by the end users. Bids therefore included Base Project pricing, and itemized Bid Option pricing. The IFB indicated that an award decision would be based on the lowest Base Project pricing and Bid Options would be exercised at GEDA's sole discretion.

The construction cost estimate for the Base Project was estimated by the designers to be approximately \$501,000. The Base Bid submitted by G4S was \$303,858. The PMO will evaluate the G4S bid submission and will assist GEDA procurement staff in determining the responsiveness and responsibility of the bid. In the interest of expediting progress on the HOT Bond Program, PMO and GEDA staff recommends that the Board authorize the GEDA Administrator to approve and execute a construction contract with G4S, subject to a determination that their bid is responsive and responsible, that the contract price is within budget, and that legal counsel approves the final contract. Following signature by the GEDA Administrator, the contract will then be routed for signature by all required GovGuam parties – BBMR, AG and the Governor.

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

Resolution No. 14-014

RESOLVED, that the Board approves the award of IFB 14-003 to G4S Security Systems (Guam), Inc., and authorizes the Administrator to execute a contract with G4S Security Systems (Guam), Inc., subject to the following: (1) determination that the bid by G4S Security Systems (Guam), Inc. is responsive and responsible, (2) that the contract is within budget and (3) that the contract is approved by Legal Counsel.

§10. The next item under Old Business was Real Property: Invitation for Bids 14-004 – For the Design and Construction of Lighting and Electrical Improvements – Ypao Beach Park.

Mr. Larry Toves presented that Public Law 30-228 included Governor Joseph Flores Memorial Park (a.k.a. Ypao Beach Park) as one of many capital improvement projects to be completed as part of the HOT Bond Program which is funded by proceeds from the Hotel Occupancy Tax (HOT) Revenue Bonds. In mid-2012, GEDA issued a multi-step IFB for design/build services at the park. Two bids were received, and both significantly exceeded the funding allocated for this project. Subsequently, the IFB was cancelled by direction of the Board. The scope of work for the Ypao Beach Park project has since been revised with significant input from GVB and DPR stakeholders. Additional field analysis regarding the integrity of equipment currently installed at the park was also completed. On January 22, 2014, GEDA issued IFB 14-004, and a pre-bid conference was conducted on February 6, 2014.

The IFB included conceptual plans and specifications for bidders to review and consider; the project delivery method will be Design-Build. The IFB was structured to include a base

project that includes engineering design of lighting and electrical improvements in the entire park. The base project scope of work also includes construction activities that relate primarily to the geographical park area known as the "Festival Area," (includes the amphitheater). Optional scope of work items for other geographic areas in the park are also identified in the IFB. Therefore, bids will include Base Project pricing and itemized Bid Option pricing. The IFB indicated that an award decision would be based on the lowest Base Project pricing and Bid Options would be exercised at GEDA's discretion depending upon the outcome of the bidding environment. Upon receipt of bids, the PMO will evaluate bid submissions and will assist GEDA procurement staff in determining responsiveness and responsibility of the lowest bidder.

In the interest of expediting progress on the HOT Bond Program as the bids are due March 5, PMO and GEDA staff recommends that the Board authorize GEDA Administrator to approve and execute a design-build contract with the lowest responsive and responsible bidder for IFB 14-004 provided that the contract amount is within budget and legal counsel approves the final contract. The contract will then be routed for signature by all required GovGuam parties – BBMR, AG and the Governor

After further discussion, Chairman Calvo suggested to table this item with the agreement of the Board.

§11. The next item under Old business was Real Property: HOT Bond Update. PMO representative Calvin Kelly presented information on the Tumon Flooding Project.

San Vitores Road ("SVR") runs through a densely developed commercial/tourist district in the Tumon Bay area of Guam. The road and surrounding properties are prone to periodic flooding following heavy rain fall events. The Authority has contracted with Stanley Consultants, Inc. to provide preliminary engineering to develop and analyze alternatives for mitigating this problematic flooding issue.

An inspection and assessment of the project area and existing storm sewer system was completed. The project area includes roughly 180 acres west of Marine Corps Drive and north of Fujita Pond. This area is drained by a single storm sewer system with a triple box culvert trunk line running under SVR that outlets into Fujita Pond. Fujita Pond is an infiltration basin with no defined outlet structure. The storm sewer system is in very good condition but should be inspected and cleaned more frequently.

Much of the storm water in the project area is infiltrated. Many of the developed properties along San Vitores Road have offline storm sewer systems that infiltrate storm water runoff on their own property. Fujita Pond also is an infiltration basin. Infiltration is very effective for filtering storm water runoff and improving water quality. This is demonstrated by weekly Tumon Bay water quality data which indicates infrequent elevated bacteria events.

The significant rains that occurred during September 19-21 and October 10, 2013 caused extended ponding at the low spot in SVR near the Sandcastle and Hyatt Properties. The rains also caused overtopping of Fujita Pond. A review of project area elevations established that the

overtopping elevation of Fujita Pond is approximately 1 foot higher than the low spot on SVR so flooding in this area is controlled by the water level in Fujita Pond.

An analysis of the SVR storm sewer system was completed. Flooding for this project is defined by ponding extending more than half a traffic lane on SVR. There are two issues causing SVR flooding:

- Short duration SVR flooding during high intensity rainfall events: This flooding is caused by curb inlets lacking sufficient capacity to fully capture design storm events.
- Long Duration SVR flooding following extended rainfall events: This flooding is caused by Fujita Pond not having sufficient volume to handle the series of design storms without overtopping and causing extended ponding in the low areas of SVR.

Flood events tend to occur on the order of one to two times per year during normal precipitation patterns. Flooding will tend to occur in the low area of SVR following rainfall events greater than 3.5 inches which is similar in magnitude to the 10-Oct event. If water levels within Fujita Pond can be kept below the low area of SVR the flooding issue will be significantly improved.

Short Duration SVR flooding can be solved by installing 47 additional curb inlets to more effectively capture gutter flow along SVR at a cost of approximately \$450,000. These additional inlets will provide nominal benefit unless Fujita Pond is also improved to maintain lower pond levels during flood events.

Six viable improvement alternatives were developed and evaluated for solving the Long Duration SVR flooding. Alternatives maintained lower Fujita Pond levels during flood events by either expanding the storage volume or providing an overflow outlet for excess storm water.

- **Expanded Detention** involves expanding the overall detention volume of the SVR system through acquisition and construction of expanded storage area on property near the SVR corridor.
- **Gravity Ocean Outlet** involves constructing an overflow outlet from Fujita Pond that outlets into a gravity pipe extending under Tumon Bay and outletting beyond the reef at a depth of 30 feet.
- **Gravity/Pumped Ocean Outlet** involves constructing an outlet similar to the Gravity Ocean Outlet but a pump station is also constructed to increase hydraulic head and reduce outlet pipe diameter.
- **Gravity Bay Outlet** involves constructing an overflow outlet from Fujita Pond that outlets into Tumon Bay.
- **Pump to Sink Outlet** involves constructing an overflow outlet from Fujita Pond where over flow is pumped up to the nearest sink formation near JFK High School.

- **Pump to Quarry Outlet** involves constructing an overflow outlet from Fujita Pond where overflow is pumped up to the abandoned Quarry site across SVR from the Hilton Hotel entrance.

Preliminary designs were advanced for the six improvement alternatives and alternatives were then evaluated based on a set of eight project criteria. All alternatives provide equivalent flood reduction for the associated design storm.

Expanded Detention was the highest scoring alternative followed closely by the Gravity Bay Outlet. Expanded Detention is easier to construct and permit but may not be viable due to high cost of land near SVR. For expanded Detention to be cost effective, land near SVR would need to be acquired at a price significantly below its current value. This alternative could also be delayed if historical remains/artifacts are discovered.

The Gravity Bay Outlet can be constructed under the \$12 million project budget but there could be issues with water quality. Significant permitting and public involvement effort is required for this alternative but once design is contracted, the Gravity Bay outlet could be operational within two years.

Other alternatives were too costly, required too much maintenance, and/or involved difficult and lengthy construction so scored lower relative to the Expanded Detention and Gravity Bay Outlet alternatives.

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

Resolution No. 14-015

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.

New Business

§12. The next item on the agenda was New Business. The first item for discussion was QC Program: Special QC for new Hotel Developments (Limited Time).

Director John informed the Board that the QC Committee has been working on some options with the QC Program. The idea is that instead of having one blanket QC that covers everything, GEDA will have a series of small QC's that can be pulled off the shelf and revised to fit the needs of the community.

The first one is the QC that was developed for the hotel program to come in play with Vision 2020, which is GVB's program to build 1600 new rooms by 2020. We want to be able to help with that process; there are several hotel groups that are looking at Guam right now, but many of them are waiting to see what happens with the China Visa Waiver.

The program is set up with a time sensitive period. GEDA will issue the QC in the next five years for the 1600 rooms. Once the 1600 rooms are built, the QC will be pulled back. When the QC is pulled back it could be taken back to the Board and discussed if it should be continued. This would be something that GEDA would be able to develop and control. This can also be used as an incentive to get developers to come and build now, in our time line.

The second thing that has been the subject of criticism is that the QC's for the hotels are just complete giveaways. The idea of what is being given away and what's the benefit is kind of a hit and miss. The objective is to simplify it, we should be able to read the QC and know where we're at and not have to try and figure what it means.

What we have come up with is, the benefit of the QC Program will be 10% of the construction cost. It could be used for: 1) 50% of business privilege tax for 20 years, which would be a rebate; and 2) a credit for use tax, 100% of use tax when constructing a hotel, 75 % of income tax for 20 years or 100% of property tax. Once the 10% of the construction tax method is used up, it's over. The developer would determine when it is used, we would know in advance and it can be negotiated. From the community development stand point, ½% of the development cost would go back to community contributions for over 20 years which is negotiable between the developer and the community.

Mrs. Claire Cruz, Loans & Compliance Manager, informed the Board that the benefits explained by Director John was set as a menu and that the developer and the beneficiary will have the option to choose all of them or off set the property tax with the QC giving some flexibility. This is given because sometimes the benefits are not used until the seventh or eighth year within the limited twenty years. Mrs. Cruz clarified that this is not to change the basic QC Law this is just adding article 2; everything that we are working on will be added in article 2.

A motion duly made by Director Mesa and seconded by seconded by Director Espaldon, based on the committee's review, the following resolution was unanimously approved:

Resolution No. 14-016

RESOLVED, that the Board approves the recommendation to move forward and submit the proposed legislation regarding the issuance of special qualifying certificates to hotel developers for legislative approval.

§13. The next item under New Business was the ACI QC transfer.

Mr. Jehan'Ad Martinez from Blair Sterling Johnson & Martinez presented to the Board that he was representing Tropical Sky Investments Inc., which currently owns 49% interest in ACI Pacific, LLC ("ACIP"). On August 29, 2013, Tropical Sky made an offer to purchase the remaining 51% ownership interest in ACIP, pursuant to a July 11, 2008 Membership Interest Buy-Sell Agreement ("Buy-Sell Agreement"). The Buy-Sell Agreement was provided to the Board.

Pursuant to sections 1.1 and 1.2 of the Buy-Sell Agreement, either Tropical Sky's offer will become automatically effective in 180 days after its offer was made, or prior to that time ACIP's other owner must buy out Tropical Sky. As of today, ACIP's other owner, Terry Habeck, has not made an offer to buy out Tropical Sky under the Buy-Sell Agreement. The sale, and the deadline by which Mr. Habeck has to offer to buy out Tropical Sky, is not until February 24, 2014. Consequently, Tropical sky is unsure whether it will be buying Mr. Habeck's interest in ACIP, or whether it will be selling its interest to Mr. Habeck.

ACIP possess a Qualifying certificate from GEDA ("QC No. 240") which requires prior GEDA approval of the transfer of a controlling interest in ACIP. As a consequence, and in case Tropical Sky becomes the sole owner of ACIP, Tropical Sky has come to the GEDA Board of Directors seeking a conditional approval of the transfer of ownership of ACIP, as it relates to QC number 240.

This conditional approval request related solely to Tropical Sky's possible acquisition of a controlling interest in ACIP.

There was no Board action required at this time.

§14. The next item under new business was the Guam Housing Corporation Financing Program. Administrator Taitano presented that the Office of the Governor has asked GEDA to coordinate with Guam Housing Corporation with this program. The details are still being worked on with legal counsel.

The concept of this program is to help subsidize some of the financial needs of Guam Housing which is greater than the financial resources that they have available. Some of the items are due to legislative requirements on how we could utilize the funding.

This is just to advise the Board that GEDA is trying to develop this program.

§15. The next item was Loans. Mr. Nico Fujikawa presented the loan application of Eutemio (Tim) Ohno/Lt. Col. Edward C. Camacho – SOFIn Tek Inc. dba SkyDrenaline Zone Guam.

Mr. Greg Sablan informed the Board that GEDA has received a loan application package for \$600,000 under the Guam Development Fund Act (GDFA) Program. Please be advised that the GDFA program maximum loan amount is currently in transition from previous GEDA Board designations to the original Loan SOPs. There existed 3 positions on the amount which were \$75,000, \$100,000 and TBD on a case by case basis. These GEDA Board designations are ready to expire at which time Maximum loan amount will revert back to \$1.5M (see original Loan SOPs).

This is a GDFA loan application with a very unique business opportunity. This is a tourist attraction as well as a training facility. The loan application presented to the Board for SOFIn Tek Inc. is for the amount of \$600K.

SOFInTek Inc. will build Guam's first vertical wind tunnel (VWT) under the name **SkyDrenaline Zone Guam (SZG)**. Vertical wind tunnels have been built primarily for aerodynamic research. However, the most high profile are those used as recreational wind tunnels, frequently advertised as "indoor skydiving" or bodyflight, which have also become a popular training tool for skydivers. A VWT is a wind tunnel, which moves air up, in a vertical column where you can fly indoors in winds of up to 115 mph.

SZG will provide training capabilities for the military and professional/enthusiast skydivers as well as an adrenalin experience for retail customers with little to no experience. This is one of the fastest growing family oriented attractions segments. There are currently over 41 VWTs throughout the world.

Based on the application information, staff recommends approval of the loan for SOFInTek, Inc., with the following terms and conditions:

Terms:

1. Term loan amortized over 10 years at an estimated 6.63% interest (4% above the Treasury Index Rate at the time of closing) with an estimated monthly payment of \$6,852.63 and a balloon payment due in 5 years.
2. 6-month initial deferment.
3. Subject to 2% Arrangement fee, and all other fees associated with loan closing.

Conditions:

1. Chattel Mortgage on Bodyflight Mobile System's vertical wind tunnel.
2. Mortgage of Real Property (2nd lien on House in Dupont, Washington)
3. Personal Guarantees of Mr. E. Ohno and Mr. E. Camacho
4. Security Agreement on all business assets
5. UCC1 on all business assets.

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

Resolution No. 14-017

RESOLVED, that the Board approves the loan application of SOFIn Tek Inc. dba SkyDrenaline Zone Guam subject to the term and conditions set forth in the February 18, 2014 recommendation.

Reports

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

Administrator Taitano presented an organizational chart update. In the last few months GEDA did a reorganization by adding a new division, which are up and running and updates will be given regularly on the progress.

Because of the success of GEDA's Real Property Division, HOT Bond Projects and additional demand for their services, the Administrator requested for approval for a new position. This won't have a negative budget impact because there are other positions we have yet to fill, specifically a vacant funded position in our Commerce Economic Development Division.

This new position would be called a Special Projects Coordinator; this staff will be working with Adelup on variety of special projects. For example, Real Property Division is currently is assisting with Chamorro Land Trust, Ancestral Lands HOT Bonds Projects, they are also being asked to assist with Hagåtña Restoration, Guam Police Department and DISID for their facilities. In the future they will be asked to assist with more projects.

Administrator Taitano asked the Board for their approval to add this new position which would be reporting to the Executive Division of GEDA. The Special Projects Coordinator will assist Real Property Division with some of their projects and to follow up on the progress of the HOT Bond projects so that there is no delay.

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

Resolution No. 14-018

RESOLVED, that the Board approves the update to the Organizational Chart to add the position Special Projects Coordinator.

Public Comments

§16. The next item on the agenda was Public Comments. Chairman Calvo asked if there were any public comments.

Mana Silva Taijeron, Deputy Administrator, announced that the Employee of the Month for February was Carl Quinata. She also informed the Board that there will also be a Manager of the Quarter, she has circulated a memo requesting for nominations.

§17. The next item: Director Mesa provided the Board with an update on the Cruise Industry's Conference that he will be attending on March 10-13, 2014 and will be updating the Board on his return. Director Mesa met with GVB, the Port and GIAA on this strategy tying it into GVB's 2020 Plan.

Mrs. Christina Garcia, Business Development Manager, informed the Board that there is a memo for approval which stated the objectives of the trip and the memo is being routed for signature.

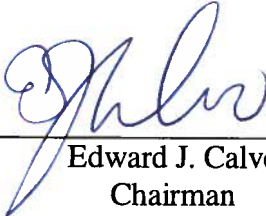
§18. The next item: Chairman Calvo informed the Board that there was one more item that was discussed in the past and was not sure if Board action was needed. This was direction for the Administrator regarding the comprehensive business plan for the museum. This is something that we were looking to assist DCA in prefunding similar to our Bond Programs, securing a consultant to develop a plan with expertise in operations. This is something that DCA doesn't have the means to develop right now. The initiative is for us to move forward and secure proposals to develop that plan, prefund it with a cap in the understanding for DCA that there will be a reimbursement for GEDA. The reimbursement will be from the revenues that will be received from their operations.

Chairman Calvo asked the Board to direct the Administrator to move forward on this and get back to the Board with a game plan, just like the business plan for the museum. A game plan on getting that destination study moving needs to be made and we need to propose the steps and get them on board. Chairman Calvo stated that direction was given.

Adjournment


§19. Having no further items to discuss, on motion to adjourn duly made by Director John and seconded by Director Mesa, at 4:17 p.m., the meeting was adjourned.

Dated this 24th day of March, 2014



Edward J. Calvo
Chairman

ATTEST:



Arlene P. Bordallo
Secretary