

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE

GUAM ECONOMIC DEVELOPMENT AUTHORITY

January 17, 2013

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 January 17, 2013 at the hour of 1:48 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:

Ricardo C. Duenas
Edward J. Calvo
Arlene P. Bordallo
David J. John

Offices or positions:

Chairman
Vice Chairman
Assistant Secretary

Absent and excused:

Ramona L.E. Jones
George Chiu

Secretary

Also present were:

GEDA officials:

Karl A. Pangelinan
Christina D. Garcia

Janalynn Damian

Lester L. Carlson, Jr.

Administrator
Acting Deputy Administrator and Business
Development & Marketing Manager
GEDA Legal Counsel
(Calvo Fisher & Jacob LLP)
Financial Services Manager

Claire Cruz	Programs & Compliance Manager
Larry Toves	Real Property Manager
Mike Cruz	Project Director
Greg Sablan	Assistant Manager, Business Development & Marketing
Antoinette Leon Guerrero	Public Finance Officer
Charlene Concepcion	Executive Assistant
Lori Villaverde	Special Assistant, Research & Operations
Maree Pelkey	Management Analyst
Rachel Leon Guerrero	SSBCI Program Coordinator
Carl Quinata	Industry Development Specialist

Approval of Agenda

§ 3. The first item considered was approval of the agenda. On motion duly made by Director Calvo 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 November 29, 2012 Board meeting. On motion duly made by Director John and seconded by Director Calvo, the following resolution was unanimously approved:

Resolution No. 13-001

RESOLVED, that the Board approves the minutes of the November 29, 2012 Board meeting.

Communications

§ 5. The next item on the agenda was Communications. Administrator Pangelinan briefed the Board on several Public Laws that affect GEDA. He also advised the Board of the resignation of Director Robert P. Salas from the GEDA Board of Directors.

Old Business

§ 6. The next item on the agenda was Old Business. The first item for discussion was RFP12-023 Professional Design Services for Improvements and Restoration of Historical Structures,

Malesso Bell Tower and Magellan Monument. The Board was referred to the January 11, 2013 updated Memorandum from the Administrator included as part of their packet. Larry Toves, Real Property Manager, Mike Cruz, Project Director and Ken Baki, of R.W. Armstrong briefed the Board on this procurement. Only one proposal, by Setiadi Architects LLC (“Setiadi”), was submitted in response to this RFP. Setiadi’s proposal was accepted and fee negotiations resulted in the amount of \$136,122.98, including reimbursable costs, consisting of \$74,724.23 for the design of the Malesso Bell Tower and \$61,398.75 for the design of the Magellan Monument.

Administrator Pangelinan notified the Board that this matter was tabled at the October 29, 2012 meeting because the Board wanted to gain a better understanding of the scope of the project. At several working sessions of the Board Subcommittee, Setiadi Architects LLC provided more detail on the scope of work that resulted in the original fee of \$136,122.98. Given the budget of \$200,000 for the Magellan Monument, the Board Subcommittee recommended that the scope of work for this project be reduced.

With regard to the Malesso Bell Tower, the scope of work will remain unchanged. However, because the Historical Structures Report (“HSR”) has not been completed, design of this project will not commence until the GEDA Board has had an opportunity to review the HSR. Director John noted that if the HSR recommends additional work outside the scope of work already negotiated, work cannot be done because additional work will need to be included in the contract.

As recommended by the Board Subcommittee, RW Armstrong revised the scope of work for the Magellan Monument and renegotiated the fee for services with Setiadi Architects LLC. The renegotiated fee is \$116,991.07 - \$80,550.16 for the design of the Malesso Bell Tower, which includes the cost of \$16,093 for the HSR, and \$36,440.91 for the Magellan Monument. GEDA staff recommended that the Board approve award of the projects to Setiadi and further recommended that

the Board authorize the Administrator to execute the contract by and between GEDA and Setiadi upon final approval by Legal Counsel. After discussion, on motion duly made by Director John and seconded by Director Bordallo, the following resolution was unanimously approved:

Resolution No. 13-002

RESOLVED, that the Board approves the award of RFP 12-023 to Setiadi Architects LLC in the amount of \$116,991.07 to provide design services for Malesso Bell Tower and Magellan Monument under the condition that the Board must review and approve the results of the Historic Structures Report before design of the Malesso Bell Tower can proceed; and further authorizes the Administrator to execute a contract upon final approval of the contract by Legal Counsel.

New Business

§ 7. The first item of New Business for discussion was GEDA's Supplemental Budget for FY13. The Board was referred to the January 17, 2013 Budget Amendment from the Administrator included as part of their packet. GEDA staff has determined the need to amend the FY13 budget to accommodate the needs of certain programs. With regard to Revenue, Administrator Pangelinan informed the Board about the Navy's desire to continue the SRF lease agreement on a month-to-month basis until a new operator is appointed. This will provide revenue of \$60,000.00. The next item was the GovGuam 1993 General Obligation Bond. The Legislature has authorized the refinancing of the bond to take advantage of the current low interest rates. Financing is scheduled in February 2013. This will provide revenue of \$73,520.00. Given the on-going challenges with regard to the leasing of the Tropical Color Building, the Real Property Division has requested that the revenue of \$40,128.00 be removed from the budget. Accordingly, there will be a net revenue increase of \$99,000.00 for FY13.

With regard to Capital Purchase, Administrator Pangelinan requested for the purchase of two

vehicles and computer equipment upgrade. One of GEDA's vehicles was stolen last July and the other vehicle, a 2007 Sentra, is aging. The Board was informed about the plan to sell the Sentra and purchase two new vehicles.

With regard to Non-Operating Expenses, pursuant to Public Law 31-13, GEDA is funding grants to assist businesses that are adversely affected by government projects, such as the road construction at the Hagatna Bridge. New applications are anticipated with at least two submissions in January. The budgeting for four grants of \$12,000 each, \$4,000.00 per month for three months, will result in a budget of \$48,000.00. Administrator Pangelinan requested that the Board approve the FY13 budget amendment to accommodate the aforementioned. After discussion, on motion duly made by Director Bordallo and seconded by Director Calvo, the following resolution was unanimously approved:

Resolution No. 13-003

RESOLVED, that the Board approves the GEDA FY13 budget amendment request for Revenues, namely 1) Guam Shipyard Lease Extension in the amount of \$66,000.00; 2) 1993 General Obligation Bond refinancing in the amount of \$73,520.00; 3) Tropical Color Building Rent in the amount of -\$40,128.00; for Capital Purchase vehicles/equipment in an amount not to exceed \$75,000.00; and Non-Operating Expense for Government of Guam Mitigation Program for Business Interruption in the amount of \$48,000.00.

§ 8. The next item of New Business for discussion was a resolution approving the issuance and sale of the government of Guam bonds; approving a third supplemental indenture; approving the distribution of an official statement; authorizing the execution of a bond purchase agreement, escrow agreement, and other related documents; and the taking of related actions. The Board was referred to the January 11, 2013 request to approve the resolution included as part of their packet. Administrator Pangelinan and Lester Carlson, Jr., Financial Services Manager, briefed the Board on

the bonds. Mr. Carlson informed the Board that the refinancing will net \$2.5 million. Pursuant to Public Law 31-276, savings will be appropriated as follows: 1) \$1.47 million to the University of Guam and 2) the remainder to be equally distributed between the Mayor's Council of Guam and the Tax Refund Reserve. The GEDA Finance Team requested that the Board approve the resolution authorizing the issuance and sale of the Government of Guam bonds. After discussion on motion duly made by Director Calvo and seconded by Direction John, the following resolution unanimously passed:

Resolution No. 13-004

WHEREAS, §1512.3 of Article 5 of Chapter 1 of Title 5 of the Guam Code Annotated (as amended, the "Act") authorizes the Governor of Guam (the "Governor") to issue on behalf of the Government of Guam (the "Government"), through the agency of the Guam Economic Development Authority ("GEDA"), three series of bonds (the "Bonds") in an aggregate principal amount not to exceed \$343,700,000 plus such principal amount as may be necessary for the purposes of the refunding of Guam General Obligation Bonds, 1993 Series A (the "1993 Series A Bonds"), subject to the terms and conditions set forth in the Act, and for the other purposes described in the Act, including providing for payment of certain expenses and projects of the Government and paying expenses incurred in connection with the issuance of the Bonds;

WHEREAS, pursuant to Section 50103(k) of Title 12 of the Guam Code Annotated, agencies and instrumentalities of the Government shall issue bonds and other obligations only by means of and through the agency of GEDA and only with the approval of the Legislature of Guam (the "Legislature") of the terms and conditions of such bonds;

WHEREAS, the Legislature approved the terms and conditions of the issuance of the first two series of the Bonds as set forth in §1512.3(n) of the Act, subject to certain findings of an independent analysis to be provided by the University of Guam to the Legislature concerning the pledge to be made to secure the repayment of the Bonds;

WHEREAS, the University of Guam provided to the Legislature and to GEDA its independent analysis, which made the requisite findings concerning the pledge to be made to secure the Bonds;

WHEREAS, on December 1, 2011, pursuant to the Act and an Indenture, dated as of December 1, 2011 (the “General Indenture”), as supplemented by a First Supplemental Indenture, dated as of December 1, 2011, by and among the Government, Bank of Guam, as Trustee (the “Trustee”), and U.S. Bank National Association, as Co-Trustee (the “Co-Trustee”), the Government issued the first series of Bonds in the aggregate principal amount of \$235,000,000, designated Government of Guam Business Privilege Tax Bonds, Series 2011A;

WHEREAS, on June 6, 2012, pursuant to the Act, the General Indenture, and the Second Supplemental Indenture dated as of June 1, 2012 (the “Second Supplemental Indenture”), by and among the Government, the Trustee, and the Co-Trustee, the Government issued the second series of Bonds in the aggregate principal amount of \$108,700,000, designated Government of Guam Business Privilege Tax Bonds, Series 2012B;

WHEREAS, the Government has determined to issue the third series of the Bonds (hereinafter, the “Series 2013C Bonds”) for the purposes set forth in the Act and in an aggregate principal amount not to exceed \$24,660,000, which is equal to the outstanding aggregate principal amount of the 1993 Series A Bonds;

WHEREAS, the Governor has requested that GEDA approve the issuance and sale of such Series 2013C Bonds in accordance with Section 50103(k) of Title 12 of the Guam Code Annotated and the Act;

WHEREAS, this Board of Directors has determined that it is in the public interest for the Government to issue and sell the Series 2013C Bonds, or such portion thereof as may be advisable as determined by the Governor upon consultation with the Administrator or Chairman of GEDA, for such purposes as are set forth in the Act, namely (i) to fund an escrow to pay principal, interest and redemption price on the 1993 Series A Bonds, and (ii) to pay expenses relating to the authorization, sale and issuance of the Bonds, including, without limitation, printing costs, costs of reproducing documents, credit enhancement fees, underwriting, legal, feasibility, financial advisory and accounting fees and charges, fees paid to banks or other financial institutions providing credit enhancement, costs of credit ratings and other costs, charges and fees in connection with the issuance, sale and delivery of the Series 2013C Bonds; and

WHEREAS, there have been presented to this Board of Directors the proposed forms of a third supplemental indenture (the “Third Supplemental Indenture”), supplemental to the General Indenture,

pursuant to which the Series 2013C Bonds would be issued, an Official Statement (the “Official Statement”) pursuant to which the Series 2013C Bonds would be described to potential investors, a bond purchase agreement (the “Bond Purchase Agreement”) pursuant to which the Series 2013C Bonds would be sold, and a letter of escrow instructions (the “Escrow Letter”) for the purpose of establishing an escrow fund for the refunding of the 1993 Series A Bonds;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Guam Economic Development Authority as follows:

Section 1. The issuance and sale of the Series 2013C Bonds, or such portion thereof as may be advisable as determined by the Governor upon consultation with the Administrator or Chairman of GEDA (each, an “Authorized Representative”), are hereby approved in accordance with Section 50103(k) of Title 12 of the Guam Code Annotated and the Act.

Section 2. The form of Third Supplemental Indenture presented to this meeting in substantially final form, relating to the Series 2013C Bonds and to be executed and delivered by the Governor on behalf of the Government, is hereby approved, with such additions, changes and modifications as the Governor may approve upon consultation with an Authorized Representative and legal counsel, such approval to be conclusively evidenced by the execution and delivery of the Third Supplemental Indenture.

Section 3. The form of Bond Purchase Agreement presented to this meeting in substantially final form, relating to the Series 2013C Bonds and to be executed and delivered by the Governor on behalf of the Government and by an Authorized Representative on behalf of GEDA, is hereby approved for execution and delivery on behalf of the Government and GEDA, with such additions, changes and modifications as the Governor and such Authorized Representative may approve upon consultation with legal counsel, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement on behalf of the Government and GEDA; *provided, however*, that the aggregate principal amount of the Series 2013C Bonds shall not exceed \$24,660,000, and the Series 2013C Bonds shall mature not later than December 31, 2018 and shall bear interest at such rates and be sold for such price or prices as shall result in the present value of debt service on the Series 2013C Bonds being at least two percent (2%) less than the present value of debt service on the 1993 Series A Bonds, inclusive of all fees, for bond counsel and bond underwriters and other costs of issuance, using the yield on the Series 2013C Bonds as the discount rate. The issuance of the Series

2013C Bonds shall not result in any increase in the aggregate amount of the Government's outstanding "public indebtedness" as that term is used in 48 U.S.C. §1423(a), or that would create a violation of §1512.3(a) of Article 5 of Chapter 1 of Title 5 of the Guam Code Annotated.

Section 4. The form of Escrow Letter presented to this meeting in substantially final form, relating to the refunding of the 1993 Series A Bonds and the appointment of an escrow agent, to be executed and delivered by the Governor on behalf of the Government, is hereby approved, with such additions, changes and modifications as the Governor may approve upon consultation with an Authorized Representative and legal counsel, such approval to be conclusively evidenced by the execution and delivery of the Escrow Letter.

Section 5. The distribution of the form of Official Statement presented to this meeting, relating to the Series 2013C Bonds and to be executed and delivered by the Governor on behalf of the Government upon consultation with an Authorized Representative and legal counsel (such approval to be conclusively evidenced by the execution of the final Official Statement by the Governor), is hereby approved. The Governor on behalf of the Government upon consultation with an Authorized Representative and legal counsel is hereby authorized to certify to the underwriters of the Series 2013C Bonds that the Official Statement in preliminary form was deemed final as of its date within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. The underwriters of the Series 2013C Bonds are hereby authorized and directed to deliver copies of the final Official Statement to all subsequent purchasers of the Series 2013C Bonds.

Section 6. Each Authorized Representative is hereby authorized and directed to do any and all things and to execute and deliver any and all documents or certificates which he may deem necessary or advisable in order to consummate the sale of the Series 2013C Bonds and otherwise to effectuate the purposes of this resolution. Such actions may include, but are not limited to, the distribution of material relating to the Series 2013C Bonds and the holding of any appropriate information meetings concerning the Series 2013C Bonds. A designee of, or individual duly acting as, the Administrator of GEDA may also do any and all things authorized hereby to be done by an Authorized Representative of GEDA.

Section 7. This resolution shall take effect from and after its adoption.

RESOLVED FURTHER, that the Chairman certify and the Secretary attest to the adoption of this resolution.

Public Comments

§ 9. The next item on the agenda was Public Comments. There were none.

Reports

§ 10. The next item on the agenda was Reports. With regard to Public Finance, Administrator Pangelinan informed the Board that the Okkodo High School financing project is almost ready and that there is full local participation. There was no further discussion.

Others

§ 11. The next item on the agenda was Others. There were none.

Adjournment

§ 12. After further discussion, there was a recommendation to adjourn the meeting. On motion duly made by Director John and seconded by Director Calvo at 2:10 p.m., the meeting was adjourned.

Dated this 21 day of Feb, 2013



Ricardo C. Duenas
Chairman

ATTEST:



Ramona L.E. Jones
Secretary