

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE

GUAM ECONOMIC DEVELOPMENT AUTHORITY

November 6, 2013

Call to Order

§1. The special meeting of the Board of Directors of the **Guam Economic Development Authority** (referred to as “GEDA” or the “Authority”) was held November 6, 2013 at the hour of 9:40 a.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 two 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
George Chiu
Vera Wu

Offices or Positions:

Chairman
Vice Chairman
Secretary
Director
Director
Director

Also present were:

GEDA Officials:

Henry J. Taitano
Mana Silva Taijeron
Janalynn Damian

Gloria Molo
Purita Quinamague
Claire L. Cruz

Administrator
Deputy Administrator
GEDA Legal Counsel
(Calvo Fisher & Jacob LLP)
Administrative Services Officer
Accountant III
Programs & Compliance Manager

Tina Garcia
Larry Toves
Lester L. Carlson, Jr.
Greg Sablan
Arleen Evangelista
Mike Willess
Diana Rivera
Diego Mendiola
John San Nicolas
Nico Fujikawa
Henry Cruz
Anisia Terlaje
Brianna Benito
Steven Dierking
Therese Santos

Business Development Manager
Real Property Manager
Financial Services Manager

Administrative Assistant
Business Development Asst. Mgr.
Industry Development Specialist
Real Property Assistant Manager
Compliance Supervisor
Accountant II
Economist
Special Asst. Inter-Agency Support
Executive Assistant
Chief Information/Marketing Mgr.
Administrative Assistant

Approval of Agenda

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

New Business

§4. The next item on the agenda was New Business. The first item for discussion was GEDA's role in assisting farmers who have been impacted by the recent storms.

GEDA's Administrator Mr. Henry Taitano briefly discussed GEDA's role in assisting the local farmers who have been impacted by the recent storm and damaging winds and torrential rains that have passed over the Island. The Governor is already working with Department of Agriculture ("DOA") using programs that are already in place, but GEDA has been asked to help support this relief effort as well to expedite the distribution of recovery funds to farmers. Administrator Taitano called upon DOA's Director Mariquita Taitague to update the Board of Directors on the damage to crops due to the storms.

Mrs. Taitague thanked the Board for giving DOA the opportunity to express their concerns and those of the farmers. Mrs. Taitague stated that all the farmers have lost their crops due to the recent storms and are looking to DOA for assistance.

Mrs. Taitague called on Mr. John Borja, Chief of the Agricultural Development Services division, to explain the program/process DOA has used during previous calamities here on Guam.

Mr. Borja explained that over the past few months Guam has seen a tremendous amount of rainfall, more than average with extreme flooding. The farming industry is delicate and with a lot of rainfall comes crop damage. Because of this, farmers came to DOA to seek assistance.

Public Law 22-24 is an existing law that DOA has worked with to address the crop damage resulting from previous calamities such as Typhoon Pongsona and Chata'an. Public Law 22-24 requires that DOA do a preliminary assessment 72 hours after a passing of a storm, with that assessment DOA provides a report to the Governor to give some indication of the economic loss to farmers registered with DOA. The Governor would then issue an Executive Order to provide assistance to the farmers.

With the passing of Tropical Storm Francisco, DOA conducted a preliminary survey and found that there was an economic loss of over \$450,000 in farm industry products. Mr. Borja added that the \$450,000 did not reflect the expenses of the farmers but instead the economic loss of the farmers. The recovery period for the economic loss can take about two to three months.

Mrs. Taitano asked Mr. Borja to give the Board an idea as to what specifically DOA needs to provide to the Governor's Office for the declaration to occur and what is the status of that. Mr. Borja explained that after Storm 25W, the first onslaught of heavy rains, DOA delayed their preliminary report because of the passing of Tropical Storm Francisco. After 72 hours of preliminary assessment, DOA provided a report to the Governor's Office, which was submitted to legal counsel at the Governor's Office for review. After the submission of the preliminary report, DOA drafted a formal letter requesting for a disaster declaration to the Governor and the final letter was sent on November 5, 2013 by DOA. An Executive Order was issued for \$250,000 for recovery efforts.

Mrs. Taitano asked Mr. Borja to explain the process in place if the funding was available. Mr. Borja said that DOA tried to capture as much as they could but were unable to access some farms because of washed up roads. After the preliminary assessment, if a declaration is issued by the Governor, DOA has 10-15 days to do a compilation of the claims coming in. By law, DOA has up to 30 days to complete the compilation because a report needs to be made 30 days after.

Mr. Borja explained that there are 508 registered farmers, of which 2/3 of the farmers need financial assistance. DOA is allocating funds to the farmers money on their expenditures. PL 22-24 has a cap of \$20,000 per farmer.

The Board then discussed the terms of a bridge loan program within the Agricultural Development Fund ("ADF") to assist farmers who were adversely impacted by the recent heavy rains and damaging winds. The bridge loan program is intended to provide commercial farmers registered with the DOA with financial assistance pending an appropriation(s) from the Legislature for DOA's farmers' compensation program administered under PL 22-24.

The Board discussed the following terms for the ADF bridge loan program:

- Funding for the bridge loan program shall come from the ADF and shall not exceed \$500,000.00;
- Loans shall not exceed \$20,000.00 per farmer;
- Loan applications will be accepted for ninety (90) days from the date the bridge loan program is publicly announced;
- Loan proceeds must be used for crop or property damage caused by the recent torrential rains and damaging winds, as certified by the Department of Agriculture;
- Loans shall be at zero percent (0%) for the first six months and payments shall be deferred for the first six months;
- If a farmer desires to extend the loan term beyond six months, then the interest rate shall be 4% for a term of up to 24 months;
- Any funding received from a farmer from the Department of Agriculture's farmers' compensation program, must be used to pay back the loan to GEDA; and
- No prepayment penalties.

The Board requested that legal counsel review the above terms to ensure that they are consistent with the ADF loan program established by statute. The Board also discussed authorizing the Administrator to modify the above terms so that the bridge loan program is in accord with the statutory requirements of the ADF loan program, after consultation with legal counsel. The Board further discussed giving the Administrator the authority to approve loans consistent with the above terms, as may be modified to comply with legal requirements.

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

Resolution No. 13-058

Management is directed to implement a bridge loan program within the Agricultural Development Fund ("ADF") to assist farmers who were adversely impacted by the recent heavy rains and damaging winds. The bridge loan program is intended to provide commercial farmers registered with the Department of Agriculture with

financial assistance pending an appropriation(s) from the Legislature for Department of Agriculture's farmers' compensation program. The terms of the ADF bridge loan program are as follows:

- Funding for the bridge loan program shall come from the ADF and shall not exceed \$500,000.00;
- Loans shall not exceed \$20,000.00 per farmer;
- Loan applications will be accepted for ninety (90) days from the date the bridge loan program is publicly announced;
- Loan proceeds must be used for crop or property damage caused by the recent torrential rains and damaging winds, as certified by the Department of Agriculture;
- Loans shall be at zero percent (0%) for the first six months and payments shall be deferred for the first six months;
- If a farmer desires to extend the loan term beyond six months, then the interest rate shall be 4% for a term of up to 24 months;
- Any funding received from a farmer from the Department of Agriculture's farmers' compensation program, must be used to pay back the loan to GEDA; and
- No prepayment penalties.

The Administrator is authorized to modify the above terms so that the bridge loan program is in accord with the statutory requirements of the ADF loan program, after consultation with legal counsel. The Administrator is authorized to approve loans consistent with the above terms, as may be modified to comply with legal requirements.

§5. The next item under new business was GEDA's Property Purchase Offer.

Chairman Calvo stated that the Board previously requested a current appraisal on the property be completed based on the income approach so the Board has more information before the Board proceeds. Claire Cruz, Programs and Compliance Manager, told the Board that an appraisal has been ordered and the report will be ready at the end of the day on November 18, 2013.

Public Comments

§6. The next item on the agenda was public comments. Mr. Ben Meno from Inarajan approached and expressed that it is very important that the farmers get assistance as soon as possible because a lot of farmers have suffered a great loss. He also thanked the Board of Directors and DOA Director Taitague for working together to assist the farmers with the damages due to the recent storms.

Adjournment

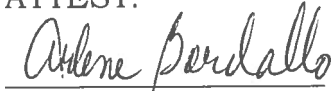
§7. Having no further items to discuss, on motion duly made by Director Chiu and seconded by Director John, at 10:29AM the meeting was adjourned.

Dated this 30th day of December, 2013



Edward J. Calvo
Chairman

ATTEST:



Arlene P. Bordallo
Secretary