

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

October 17, 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 October 17, 2014 at the hour of 1:36 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

Monte Mesa

Ernesto V. Espaldon, Jr.

Absent and excused:

George Chiu

Vera Wu

John A. Rios

Offices or Positions:

Chairman

Vice Chairman

Director

Director

Director

Secretary

Administrator

Communications

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

Deputy Administrator, Mana Silva Tajjeron informed the Board that at the last Legislative Session on October 3, 2014, John A. Rios was confirmed as the Guam Economic Development Authority Administrator.

Old Business

§6. The next item on the agenda was Old Business. The first item under Old Business was RFP 14-13 – GEDA Sublease of Lot 1, E.T. Calvo Memorial Industrial Park.

Mr. Larry Toves presented to the Board that during its August 2014 meeting, the GEDA Board approved the Determination of Need (DON) required in order to issue an RFP for Lot 1, Block 5, Tract 259 also known as the “Vacant Lot” consisting of 1 acre located adjacent to ITC’s rear exterior parking and across Kontenda’s Gym. The subject RFP was issued and published on September 4, 2014, with a deadline for submission of proposals by NLT 4pm, Tuesday, October 7, 2014. No proposals were received as of the closing date. After issuance and before the closing date, Fujita Property Guam, Inc. dba ITC Building indicated by formal letter its willingness to allow for GEDA’s office lease rental rate to remain the same at \$2/sf for the current term (2014-2017), or \$29,056 per month, in exchange for GEDA to allow ITC to continue its current use of the Vacant Lot as additional parking for its government tenants and its clients.

As GEDA did issue an RFP for the Vacant Lot which closed with no responses, it seems GEDA may use the Vacant Lot as leverage to keep GEDA’s office lease rate from increasing \$0.37/sf, translating into an increase of over \$5K per month. By authorizing ITC to continue its current use of the Vacant Lot for additional parking, GEDA will be able to avert an additional cost of over \$65K per year for the current term (2014-2017), which is also the approximate Fair Market Value (FMV) for the Vacant Lot. GEDA will be receiving FMV of its sublease property to fund operations as was intended in its enabling legislation. GEDA’s Legal Counsel has also determined that nothing prevents GEDA from allowing the property to be used as parking by its and other Government of Guam customers that have business at the ITC Building. Counsel also believes that GEDA can assure the ITC management that, because there was no interest in the recent RFP, the property will remain unleased for the remainder of the existing term of the GEDA lease and in exchange for not leasing the property, GEDA will get the benefit of no increase in rent for office space located on the 5th floor of the ITC Building.

GEDA staff recommends that the Board approve authorization of Fujita Property Guam, Inc., continued use of the Vacant Lot as additional parking for its tenants in order to avoid an increase in GEDA's office space lease for the same term (2014-2017). Once approved, the Administrator will execute an agreement with Fujita ITC which formally exercises GEDA's option to extend the current office lease term at a rate of \$2/sf to avoid a significant increase in operational costs for the next 3 year term.

Motion dully made by Director Mesa and seconded by Vice Chair John to approve authorization of Fujita Property Guam, Inc., continued use of the Vacant Lot as additional parking for its tenants. The motion was unanimously approved.

§7. The next item on the agenda under Old Business was GCEF Archeological Services - Guam Museum Construction.

Mr. Larry Toves presented that as approved by the Board, GEDA and Southeastern Archaeological Research, Inc. (SEARCH) entered into a contract on September 10, 2012 to provide archaeological services for the GCEF and other HOT Bond projects. Also as approved by the Board, GEDA and SEARCH executed Task Order No. 1 (\$46K) for SEARCH to perform preliminary investigations of the museum site and Task Order No. 4 for SEARCH to perform archaeological monitoring of actual construction. (Board-approved Task Orders 2 and 3 were for Plaza de Espana and Inarajan respectively.) New discoveries at the museum site require additional funding for archaeological purposes associated with:

1. Excavation, removal and reburial of human remains found on site;
2. Archaeological mitigation of damage to the foundations of the historic Leary School, courthouse and jail; and
3. Additional archaeological monitoring, data recovery, analysis and reporting until completion of GCEF construction.

Analysis:

1. Human Remains

The construction contractor excavated an area in front of Submarina to install the sewer line. After excavation but prior to completing installation, runoff from heavy rains uncovered one set of human remains in the sewer line trench. Initial consultation with the Guam State Historic Preservation Office determined that the remains could be left in place provided that the sewer line was relocated within the trench and concrete was poured to prevent future disturbance to the remains. After additional heavy rain, pieces of the skull dislodged and fell into the trench. At that point, SHPO decided that GEDA must remove, document and rebury the remains. Guidance provided during the recent Board working session indicated that GEDA should work with SHPO in an effort remove the requirement or modify it to reduce costs. We have met

with SHPO and while the requirement to remove remains has not been changed, SHPO has offered reburial alternatives that may substantially reduce costs.

2. Leary School, courthouse and jail

In the process of trenching for utility lines in the vicinity of the Post Office, the foundation of the Leary School was damaged. SEARCH expects that additional trenching will damage the foundation of the old courthouse and jail. To mitigate damage, alternative mitigation measures have been discussed with SHPO involving the development of public information regarding these historic sites and although a final mitigation plan has not been developed, GEDA staff believes that the Administrator should be in a position to approve a plan with the least cost to avoid project delays.

3. Additional Monitoring

Of the almost \$138K approved by the GEDA Board for Task Orders 1 and 4, approximately \$6,000 remains to be spent. This amount is insufficient to cover remaining archaeological costs associated with completion of digging for foundations, utilities and structures at the museum as required by the Guam State Historic Preservation Office.

Funding these additional archaeological activities is available from the over \$800K remaining to be encumbered from the \$27M GCEF appropriation. As the Board is aware however, the remaining unencumbered amount is insufficient to cover all potential change orders for the GCEF. As some of the archaeological increases proposed above are more critical than others, the GEDA Administrator might be provided discretionary authority to execute higher priority archaeological activities, should the Board approve.

GEDA staff recommends that the Board of Directors authorizes the Administrator to execute amendments to Task Order No. 4 upon completion of negotiations with SHPO and SEARCH, Inc. to provide for removal and reburial of human remains, Leary School, courthouse and jail mitigation, and additional archaeological monitoring, during construction of the GCEF. Staff also recommends that the Board allow the Administrator to prioritize expenditure of these funds given competing demands for GCEF funding. The Administrator is also authorized to execute amendments to the Task Order upon final review by Legal Counsel. Thereafter, BBMR, AG and Governor approvals may be required.

After further discussion, a motion duly made to approve an additional \$50K into the budget for Archeological Services and to authorize the Administrator to work with the Archeologist by Vice Chair John and seconded by Director Espaldon, the agenda was unanimously approved.

§8. The next item under Old Business was FY 2015 Budget.

Deputy Administrator Tajeron explained to the Board that Mrs. Bernice Torres was not present to discuss the FY 2015 Budget. Chairman Calvo further explained that Mrs. Torres was present at the Working Sessions to go through the budget and FY 2014 budget was carried over. He mentioned to the Board that there will be some adjustments made with anticipated revenue in a few months.

After some discussion, a motion dully made by Director Espaldon and seconded by Vice Chair John to approve the FY 2015 Budget as proposed. The motion was unanimously approved.

§9. The next item was an update from the QC committee.

Vice Chair John informed the Board that he had met with Senator Rodriguez. Senator Rodriguez wanted the entire QC encompassing a rewrite. Vice Chair John explained to the senator that one of the problems identified with that was that each QC has a different mandate, a different benefit to the community, and a different opportunity for tax incentives. Senator Rodriguez liked that we are being specific but he just wanted all at the same time but the process would take years. So the idea was that we go through the QCs, put the new ones in place and anything outside the box, we just need to go through the process with them on that particular QC. As for the New Hotel QC, Claire Cruz is working with the staff of Senator Rodriguez in getting the final language in place. The senator would like to introduce it before the Economic Symposium.

No Board action was needed.

§10. The next item discussed was the Economic Symposium update.

Chairman Calvo informed the Board that the Governor and his Senior Staff were briefed yesterday on the Economic Symposium and we received more confirmation and participation from them. Everyone has been very busy over the past three months but the roster count is over 200 attendees, the interest has picked up.

New Business

§10. The next item on the agenda was New Business: Asia Pacific Association for Fiduciary Studies: 14th Annual Pacific Region Conference.

Vice Chair John presented to the Board that the conference is for two days and is on Fiduciary Standards, for those who are involved in managing money. The Vice Chair suggested that two people should go, Bernice Torres and one other person. Vice

Chair John informed the Board that he would pay for one of the two GEDA staff's seminar registration fee.

Motion dully made by Vice Chair John and seconded by Director Mesa to give the Administrator the authority to make a decision on the Asia Pacific Association for Fiduciary Studies as part of the training and development budget. The motion was unanimously approved.

Reports

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

Public Comments

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

Deputy Administrator Mana Silva Tajeron informed the Board of our MagPro Awards winners: Larry Toves, Manager of the Year – Small Agency and John San Nicolas, Supervisor of the Year – Business Regulatory. She also welcomed our new Legal Counsel, Terry Brooks.

Adjournment

§13. Having no further items to discuss, on motion to adjourn duly made by Director Espaldon and seconded by Vice Chair John, at 2:42 p.m., the meeting was adjourned.

Dated this 20th day of November, 2014



Edward J. Calvo
Chairman

ATTEST:



Vera Wu
Secretary