

Angelene Guzman	GEDA
RaeAnn LeFever	GEDA
John San Nicholas	GEDA
Ed Camacho	GEDA
Antoinette Leon Guerrero	GEDA
Tony Arriola	GEDA
Matt Baza	GEDA
Julius Santos	GEDA
Gloria Molo	GEDA
Larry Toves	GEDA
Jha'Aunie Leon Guerrero	GEDA
Claire Cruz	GEDA
Tria Paulino	GEDA
John O'Connor	Guam Daily Post
Terry Brooks	Legal Counsel – Brooks Concepcion Law, PC

Approval of Agenda

§3. The first item considered was approval of the agenda. On motion duly made by Director Espaldon and seconded by Director Mesa to approve the agenda, the motion was unanimously approved.

Approval of Minutes

§4. Approval of minutes from the September 2016 board meeting was next on the agenda for consideration. Motion to approve the minutes was made by Vice Chairman John and seconded by Director Espaldon. The motion was unanimously approved.

Communications

§5. The next item on the agenda was Communications. Administrator, Jay Rojas briefed the board that he made two presentations—the first to the Chamber of Commerce and the second to the Bank of Guam’s Economic Forum. Both went really well. Senator Brant McCreadie did author a bill to approve \$100 million bond borrowing against BPT, GEDA has been working with Senator McCreadie to determine the numbers. The \$100 million dollars was essentially to fund an income tax reserve fund to help to flatten out the Government of Guam’s cash flow. Once the legislature goes into session – that may be addressed. Vice Chairman John asked if GEDA will be asked for an opinion on it. Administrator Rojas mentioned that more that likely we will be asked to testify regarding it. The interest rates that we are looking at are less that what we are currently paying on tax refunds. Vice Chairman John mentioned that he wanted to look into the presentation that was given the last time BPT was mentioned. Administrator Rojas mentioned that this piece of that presentation was taken out by the legislature the last time and was not funded. No decisions were made by the board.

Old Business

§6. The next item on the agenda was Old Business. Real Property Division presents the Status of Sublease Agreement – SH Enterprises (Former Hakubotan Bldg): October 28, 2016

To: GEDA Board of Directors

From: GEDA Administrator

RE: Sublease Arrears – S.H. Enterprises, Inc.

BACKGROUND:

Under GEDA's Industrial Park program, the S.H. Enterprises Inc., has subleased Lot No. 4, Block 2, Track 259, (formerly the Hakubotan Building area) located within the E.T. Calvo Memorial Industrial Park by way of an Assignment of Sublease from KALS Corporation which was executed in back in May of 2010 for uses consistent with an M-1 Zone. The tenant is currently utilizing and subleasing out the building for commercial activities including a restaurant, commercial kitchen facility, bingo parlor, and retail space.

PROPERTY DESCRIPTION:

Land Area:

8,344 square meters

Building Area: 2-story concrete facility totaling 54,800 sq. ft.

Lessee:

S.H. Enterprises, Inc.

Mr. Tae Hong Min

Initial Lease Term:

5/01/2010 - 7/31/14

Plus (9) 5-year options to renew

Final Lease Expiration Date:

7/31/2054 - w/ all options exercised

Current Monthly Rental Rate:

\$11,981.42 (8/01/2014 – 7/31/2019)

Rent during next 5-year Option Period beginning 8/01/2019 – 10% increase from prior monthly rent, or \$13,179.56 per month

CY2016 EVENTS:

➤ January

- S.H. Enterprise entered into a payment plan with GEDA for the amount of \$71,888.52.
 - S.H. Enterprises was only able to make partial payment (one month's rent) in the amount of \$11,981.42 and was not able to fulfill the terms of the payment plan with a remaining balance of \$59,907.10 due.

➤ July

- Notice of arrears sent for the amount of \$95,852.04 (8 months arrears)
 - Requested for a payment of 50% of unpaid amount (\$47,926.02)
 - Requested for a payment plan to pay off the remaining balance
- SH Ent made the 50% payment and a payment plan was established
 - S.H. Enterprise made the 50% payment (\$47,926.02)
 - S.H. Enterprise was not able to fulfill the terms of the payment plan for the remaining balance.

➤ September

- Final Notice of Arrears sent to S.H. Enterprise on October 11, 2016
 - Requested the full payment of \$83,870.68 (7 months arrears) by 10/31/2016
 - Notified lessee that if payment was not made GEDA will refer the matter to Legal Counsel to start the lease termination process
- GEDA received a letter dated October 26, 2016 from S.H. Enterprise requesting for a one month extension on full payment in November 30, 2016

ISSUE:

SH Enterprises has recently notified GEDA that they are currently experiencing financial hardships due to delayed payments received from the Government of Guam (GovGuam) for vendor food services. SH Enterprises is a vendor for GovGuam through one of the Department of Public Health & Social Services contract and has not received payment for several months at an amount close to \$500,000. SH Enterprises has made several attempts to request for payments prior to GEDA's established deadline stipulated in its Final Notice of Arrears as directed by its Board of Directors but was notified by the Department of Administration (DOA) that a payment during the month of October was not possible due to the legal requirements to pay the GovGuam Cost of Living Allowance (COLA). DOA has committed to SH Enterprises that they will pay the amount owed by November 2016. SH Enterprises has formerly requested by letter (copy attached) for a one-month extension until November 2016 to pay off its arrears in total, immediately upon receiving payment for vendor services from DOA.

RECOMMENDATION:

In consideration of the current financial situation with our tenant SH Enterprises, along with the commitment made by GovGuam through the Department of Administration to process vendor payments by November due for services previously provided by tenant, GEDA staff recommends that the Board of Directors grant the one-month extension requested in order for SH Enterprises to pay off the remaining balance of \$83,870.68, including late fees by November 30, 2016.

[] Approved

[] Disapproved

Edward J. Calvo

Chairman of the Board

Director Espaldon motioned to approve the extension, Director Mesa seconded. The motion was unanimously approved.

§7. The next item on the agenda was New Business. Administrator Rojas presented on behalf of Loans & Compliance:

GEDA ACCELERATOR PROGRAM

GEDA's Accelerator Program was created to respond to and ever tightening lending environment in Guam wherein many banks have turned away from small business customers, even those with the ability to repay a loan, particularly if the business was a start-up or operated for a short period of time, lacked sufficient borrower equity, and possessed devalued real estate or equipment collateral. Our program addresses this and provides funding to encourage start-ups and expansion of small and micro businesses that would create new job opportunities for our community.

Funding: GDFA Loan Fund set aside amount of five million dollars (\$5,000,000.00).

Maximum Loan Amount: \$500,000.00 per borrower

Maximum Term: 10 years

Interest Rate: 1% - 2% plus prime

Loan Fee: 1% of loan amount

Other Fees:

- Application fee \$50.00
- Annual loan servicing fee .05% of loan balance due annually

Fees to be charged at cost (as applicable):

- Credit Report \$10.00 per applicant
- UCC1, 2 & 3 \$10.00
- Documentation
- Preliminary Title Report \$100.00
- Appraisal Fee, \$450.00 residential, \$5,000.00 commercial

Documents to be provided to GEDA with Application (as applicable):

1. Current Guam Business License
2. Corporate Resolution to Borrow
3. Business Plan

4. Last 2 years Corporate Tax Returns
5. Personal Financial Statement for each Principal with 20% or more ownership interest
6. Last 2 Years Individual Tax Returns for each Principal with 20% or more ownership interest
7. Police Clearance and Court Clearance for each Principal with 20% or more ownership interest
8. Schedule of Collateral to be pledged to secure loan

Eligible Borrowers:

- Authorized to conduct business on Guam evidenced by a current Guam Business License
- Any entity whose principals have not been convicted of a sex offense against a minor

Ineligible Borrowers:

- Real estate investment firms
- Firms engaged in activities prohibited by federal law
- Gambling entities
- Businesses who's shareholders are convicted sex offenders
- No prior conviction of a criminal offense other than a minor motor vehicle violation
- No record of delinquency that results in a loan default on financial assistance from GEDA or any other instrumentality of the Government of Guam unless satisfactorily honored a workout agreement
- Failure to meet and fulfill the terms and conditions of receiving GEDA assistance
- No past due or unpaid civil judgment in the Superior Court of Guam
- Not engaged in any activity that has resulted in prosecution for a felony or crime of moral turpitude or conviction for that type of crime in the courts of Guam, the United States or its territories, or foreign jurisdiction. Shall not apply in the event that the prosecution is dismissed with prejudice.

Eligible Loan Uses:

- Start up costs
- Working capital
- Business acquisitions and expansions
- Franchising fees
- Equipment purchases
- Inventory purchases
- Renovation or improvements to a place of business

Ineligible Loan Uses:

- Used for partial change in ownership of the business, not to benefit business operations
- Reimbursement of funds owed to any owner of the company

- Payment of delinquent state or federal tax
- Purchase of securities
- Pyramid sales plans
- Passive real estate
- Gambling and other illegal activities
- Lobbying activities

GEDA ACCELERATOR LOAN PROGRAM

ADMINISTRATOR'S ACTION: / / Approved / / Disapproved

Jay Rojas, Administrator

Date

BOARD ACTION: / / Approved / / Disapproved

Edward J. Calvo, Chairman

Director Mesa made the motion to approve the program pending legal opinion. Director Espaldon seconded the motion. The board unanimously approved.

Director Mesa spoke about putting together a program similar to the Shark Tank or The Apprentice program with UOG or GCC. He would like the members of the board to sponsor something like that. Administrator Rojas mentions that GEDA's statute does offer GEDA as an entity to invest or use some of their investments to venture capital projects. We could actually make investments and get equity in this but he's not sure the GProgram can do it. Chairman Calvo asks that management to draft something to look at going forward.

Director Mesa also spoke about New Qualifying Certificates for airlines to increase our seat capacity for Japan. He would like to structure a similar concept like the Qualifying Certificates for hotels but for new airlines that have not yet come to Guam, who may have the opportunity to come to Guam – we give them an incentive other than the incentives that the airport already has in place for the airlines that are currently flying to Guam.

He would like for GEDA to go with the airport to an airlines conference called Routes Asia to start targeting specific Asian airlines that have the capacity to fly into US ports. The Chairman tasked Director Mesa to work with GEDA's management team to move forward in looking into ways to get a program started.

Reports

§8. The next item on the agenda was Reports. Public Finance manager, Tina Garcia updated the board on financing that they are currently working on for the Government. Board approval was not needed. Business Finance manager, Ed Camacho gave updates on his recent trip and what his department has been working on. No board approval was needed.

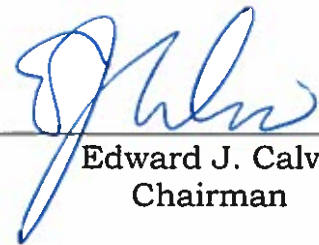
Public Comments

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

Adjournment


§10. Having no further items to discuss, on motion to adjourn duly made by Director Espaldon and seconded by Director Mesa, at 2:42PM, the meeting was adjourned.

Dated this 5th day of December, 2016



Edward J. Calvo
Chairman

ATTEST:



Vera Wu
Secretary