

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

September 24, 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 September 24, 2013 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
George Chiu

Offices or Positions:

Chairman
Vice Chairman
Secretary
Director
Director

Also present were:

GEDA Officials:

Henry J. Taitano
Mana Silva Tajeron
Christina D. Garcia
Janalynn Damian

Bernice Torres
Claire L. Cruz
Mike Cruz
Larry Toves
Lester L. Carlson, Jr.
Greg Sablan
Diana Rivera
John San Nicolas
Nico Fujikawa
Henry Cruz

Administrator
Deputy Administrator
Business Development Manager
GEDA Legal Counsel
(Calvo Fisher & Jacob LLP)
Finance and IT Manager
Programs & Compliance Manager
Project Director
Real Property Manager
Financial Services Manager

Accountant II

Anisia Terlaje
Brianna Benito
Steven Dierking

Executive Assistant
Industry Development Specialist

Approval of Agenda

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

§4. The next item on the agenda was approval of the minutes of the July 25, 2013 regular board meeting. On motion duly made by Director Chui and seconded by Director Mesa, the following resolution was unanimously approved:

Resolution No. 13-049

RESOLVED, that the Board approves the July 25, 2013 minutes of the regular board meeting, subject to corrections.

Communications

§5. The next item on the agenda was Communications. There were no communication items for presentation to the Board.

Old Business

§6. The next item on the agenda was Old Business. The first item for discussion was the disposition of the loan by Affordable Home Builders dba Guam Concrete Builders, guaranteed by Thomas V.C. Tanaka and Jane D. Tanaka and the collection action initiated by GEDA. Claire Cruz, Programs & Compliance Manager, and Attorney Thomas Fisher, GEDA conflicts counsel, discussed the details of this issue with the Board of Directors and requested that the Board write off the loan balance to date, including legal fees which totals \$1.3 million. Mrs. Cruz explained that GEDA's policy is to charge off all loans when collection remedies have been sufficiently exhausted and where there is no collateral remaining to liquidate and reduce the outstanding loan balance. GEDA can no longer justify showing this as an asset on its loan portfolio balance sheet because GEDA's appeal to the Supreme Court of Guam of the dismissal of the case was affirmed on July 23, 2013. It was also mentioned that the revenue from foreclosed Lot 2145-REM-7, Tamuning was \$1.6 million in lease income plus \$2 million for the sale of the fee simple interest, totaling \$3.6 million to the GDFA fund, which covers the deficiency. On motion duly made by Director John and seconded by Director Mesa, the following resolution was unanimously approved:

Resolution No. 13-050

RESOLVED, that the Board approves the request to write off the loan balance of Affordable Home Builders dba Guam Concrete Builders, guaranteed by Thomas V.C. Tanaka and Jane Tanaka, including legal fees, for the total amount of \$1,315,572.31.

New Business

§7. The next item on the agenda was New Business. The first item for discussion was the purchase offer for Lot 2145-REM-7, Tamuning, Guam as presented by the Programs and Compliance Division. Discussion was held on tabling this matter until further information is gathered. On motion duly made by Director Chiu and seconded by Director Mesa, and unanimously approved, the matter was tabled.

§8. The next item of New Business presented for discussion was Request for Proposal 13-008 (the "RFP") from any Bank, Banks, or Commercial Lending Institutions for the Proposed Financing for the Guam Memorial Hospital Authority ("GMHA"). Lester Carlson, Financial Services Manager, briefed the Board on the RFP. Mr. Carlson requested that the Board approve Mr. Alan Ulrich from GMHA, Mr. Jun Infante, from GMHA, Mrs. Christina Garcia, Mrs. Claire Cruz, and Mrs. Antoinette Leon Guerrero as members of the Evaluation Committee and referred the Board to the September 24, 2013 memorandum for further details on the RFP. Mr. Carlson also requested to extend the proposal submission deadline to October 11, 2013, which GMHA has already approved. On motion made by Director Mesa and, seconded by Director John, the following resolution was unanimously approved:

Resolution No. 13-051

RESOLVED, that the Board approves the appointment of Mr. Alan Ulrich, from GMHA, Mr. Jun Infante, from GMHA, Mrs. Christina Garcia, Mrs. Claire Cruz, and Mrs. Antoinette Leon Guerrero as members of Evaluation Committee and extension of the proposal submission deadline to October 11, 2013 for RFP 13-008 from any Bank, Banks, or Commercial Lending Institutions for the Proposed Financing for the Guam Memorial Hospital Authority.

§9. The next item of New Business presented for discussion were the Memorandum of Agreements for General Consultancy in Public Finance and Project and Property Management Services that the Office of the Governor ("OOG") has requested that GEDA enter into with the OOG, the Guam Department of Education ("GDOE"), the Guam Police Department ("GPD") and the Department of Integrated Services for Individuals with Disabilities ("DISID"). Under these Memoranda of Agreements ("MOAs"), GEDA will provide

the agencies with general consultancy services in the areas of public financing and project management and property management services. Larry Toves, Real Property Division Manager, briefed the Board on the MOAs. Chairman Calvo asked about GEDA's assistance with the marketing of products and staffing capabilities. Administrator Taitano noted that the services will be covered under the general mandate of GEDA. Director John requested for information on GEDA's role and liabilities and GEDA's objective in taking on projects. Director Chiu requested that GEDA staff come back to the Board with specific projects.

After further discussion, Mr. Toves requested that the Board of Directors approve that the Administrator proceed with the execution of the MOAs with the various agencies upon final review of the MOAs by Legal Counsel. Thereafter, approval from the Attorney General and the Governor will be required. On motion made by Director John and, seconded by Director Chiu, the following resolution was unanimously approved.

Resolution No. 13-052

RESOLVED, that the Board authorizes the Administrator to execute the Memoranda of Agreements between GEDA and the Office of the Governor, the Guam Department of Education, the Guam Police Department and the Department of Integrated Services for Individuals with Disabilities for general consultancy in public financing, project management and property management services upon final review by Legal Counsel.

§10. The next item of New Business for discussion was the Fiscal Year 2014 Budget. Bernice Torres, Finance and IT Manager, presented the Fiscal Year 2014 Budget and mentioned that GEDA generates its own revenue to sustain annual operations from three (3) primary sources:

- (1) The rental income from Industrial Parks
- (2) The application and surveillance fees from QC beneficiaries
- (3) The management of the GALC lease properties under the current MOU.

Ms. Torres further explained that the bond fees and other federal/local grants are additional sources of revenues, but may not represent a recurring annual income. Ms. Torres then explained PL 31-13 Government of Guam Mitigation Program Business Interruption, in which GEDA is to appropriate \$400K as seed money for the Grant Program.

After further discussion, on motion made by Director Chiu and, seconded by Director Bordallo, the following resolution was unanimously approved.

Resolution No. 13-053

RESOLVED, that the Board approves Fiscal Year 2014 Budget as presented.

Reports

§11. The next item on the agenda was the Hot Bonds Report by the Real Property Division. Mr. Toves provided an update on the Hot Bonds Projects to include:

- (1) Guam Chamorro and Educational Facility (GCEF)
- (2) Historic Hagatna Projects-Plaza de Espana Restoration
- (3) Archaeological Services for HOT Bond Projects
- (4) Construction Management for HOT Bond Projects
- (5) Improvements and Restoration of Historic Inarajan Community Center
- (6) Engineering/Design Services for Cross Walks at Chamorro Village and Tumon
- (7) Improvements and Restoration of Historic Structures, Malesso Bell Tower and Magellan Monument
- (8) Design and Construction of Village Sign Monuments and Scenic-Informational Signs
- (9) Tumon San Vitores Flooding
- (10) Farmers Coop Facility and Relocation of Dededo Flea Market
- (11) Lighting and Electrical Improvements to Ypao Beach Park
- (12) Reimbursement to the Guam Preservation Trust
- (13) Hagatna Restoration and Redevelopment Authority
- (14) Design and Construction of Scenic By-ways, Parks, Overlooks, and Historic Sites

Mr. Toves referred the Board to the September 24 Executive Summary and informed the Board that all projects are on schedule and within budget.

Chairman Calvo asked the Board to support the Department of Chamorro Affairs ("DCA") in their comprehensive plan for sustainability for the Guam Museum. Chairman Calvo added that GEDA has provided additional funding (\$6,000) to complete a feasibility study. Mr. Toves advised the Board that they are reviewing it in house with PMO and should have recommendations by next week. Chairman Calvo went on to discuss how DCA secured additional assistance in business planning in trying to create their draft plan.

§12. The next item on the agenda was the Report by the Public Finance Division. Lester Carlson, Public Finance Manager, thanked the Board members for all the efforts they provided on assisting with the Airport's \$247M

bond issue resulting in about \$150M of economic activity. Mr. Carlson went on to say that their support helped in the quest in increased overall economic activity and employment operations. Mr. Carlson went on to talk about fast tracking the Guam Waterworks Authority's ("GWA") financing and noted that he is working with GWA to finance CIPs described in GWA's November 10, 2011 Order in Civil Case No. 02-0035 in the United States District Court of Guam. Bill 181-32 was introduced on September 6, 2013 and awaits public hearing.

Mr. Lester Carlson brought up the DPW Garvee for CIP listed in the 2030 Guam Transportation Plan to improve Guam's highway infrastructure. He mentioned they are currently awaiting resolution of easement and right of way issues.

§13. The next item on the agenda was the discussion on Qualifying Certificates ("QC") and the Guam Product Seal ("GPS") by the Programs and Compliance Division.

Mrs. Cruz started by discussing her ongoing work to revamp the QC Law, set forth in 12 G.C.A. Ch. 58, and having numerous meetings with Senator Rodriguez and his staff in regard to the QC law. Mrs. Cruz went on to discuss the CY12 Annual QC Compliance reviews adding that field inspections are scheduled for October 2013.

The next item discussed was the GPS Program. Ms. Cruz recommended to the GPS Task Force some changes to be made to the GPS law. Ms. Cruz informed the Board of some key points in the law that needed revisions:

- Collection of fines should be handled by GEDA, as GEDA is responsible for issuing violation notices.
- Fines should be paid into GEDA and not General Fund.
- Need to delete violation under §50207(b) requiring bonafide made in Guam products to have a GPS. These legitimate manufacturers should be given a choice to participate in GPS and not be forced by this law.
- There needs to be a clear definition of what "derivative" is.
- Need to reword definition of "value added" as current definition has calculation that results in local producer being forced to double the retail or wholesale price of its product. Not conducive to competitive pricing.

§14. The next item on the agenda was a report by the Business Development Division on the Hong Kong Food Expo, the Guam Export Trade Show, and the GPS.

Christina Garcia, Business Development Manager, reported that the Hong Kong Food Expo was a success. The participation with Guam vendors included one farmer and seven GPS clients. The Guam Export Trade show was well attended, over 800 people were present.

In regard to the GPS, the Business Development Division met with the Lt. Governor on issues related to the program. GEDA is currently working on legislation to update program. There were no questions.

Public Comments

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

Executive Session

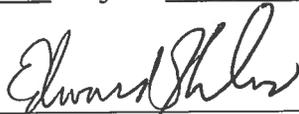
§16. On motion duly made by Director Chiu and seconded by Director Mesa, at 3:05 p.m. the Board recessed to convene executive session to discuss personnel matters and pending litigation, as recommended by counsel.

§17. After executive session, on motion duly made by Director John and seconded by Director Bordallo, at 4:15 p.m. the Board reconvened the regular session.

Adjournment

§18. There being no further business to address before the Board, on motion duly made by Director Bordallo and seconded by Director John at 4:16 PM the meeting was adjourned.

Dated this 30th day of December, 2013



Edward J. Calvo
Chairman

ATTEST:



Arlene P. Bordallo
Secretary