

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

January 16, 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 January 16, 2014 at the hour of 1:30 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
George Chiu
Monte Mesa
Vera Wu

Offices or Positions:

Chairman
Vice Chairman
Secretary
Director
Director
Director

Also present were:

GEDA Officials:

Henry J. Taitano
Mana Silva Taijeron
Janalynn Cruz Damian

Diego Mendiola
Claire Cruz
Christina D. Garcia
Lester Carlson
Larry Toves
Carl Quinata

Administrator
Deputy Administrator
GEDA Legal Counsel
(Calvo Fisher & Jacob LLP)
Real Property Assistant Manager
Compliance Division Manager
Business Development Manager
Public Finance Manager
Real Property Manager
Industry Development Specialist

Gloria Molo	Administrative Services Officer
Therese Santos	Executive Assistant
Steven Dierking	Chief Information/Marketing Manager
Anisia Terlaje	Special Assistant Inter-Agency Support
Natalia Faculo	Commerce & Economic Supervisor
Arleen Evangelista	Administrative Assistant
John San Nicolas	Compliance Supervisor
JoyJean Mantanona	Program Coordinator
Tara Rivera	Loan Servicing Specialist
Mike Cruz	Project Director

Approval of Agenda

§3. The first item considered was approval of the agenda. Chairman Calvo requested that the second item under Executive Session relating to GRRP, be removed. On motion to delete GRRP from Executive Session, duly made by Director Chiu and seconded by Director John, the agenda as amended was unanimously approved.

Approval of Minutes

§4. The next item on the agenda was the approval of the minutes from the December 10, 2013 regular board. On motion duly made by Director Bordallo, and seconded by Director Mesa, the following resolution was unanimously approved:

Resolution No. 14-002

RESOLVED, that the Board approves the minutes of the December 10, 2013 regular board meeting.

Communications

§5. The next item on the agenda was Communications. There were none.

Old Business

§6. The next item on the agenda was Old Business. The first item under Old Business was from the Real Property Division: Contract for Construction of the Farmers Cooperative Association facility. Mr. Larry Toves, Real Property Manager, provided background on IFB 14-002: Invitation for Bids for the Construction of Farmers Cooperative Association and Relocation of the Dededo Flea Market (the "IFB"). Mr. Toves explained that the IFB is for

construction of a facility for the Farmers Cooperative Association of Guam and the Dededo Flea Market at the corner of Marine Corps Drive and Santa Monica Boulevard in Dededo as part of the Capital Improvement Program established by Public Law 30-228. On November 4, 2013, GEDA issued the IFB and ten bids were received on December 11, 2013.

The IFB included plans and specifications for the construction of the Farmers Coop facility and Dededo Flea Market and site work for both the Coop and Dededo Flea Market. The IFB was structured to include a base project scope of work, and also a wide variety of optional work scope items – for example, fencing, gates, mechanical equipment, site infrastructure elements and improvements, etc. as desired by the end users. Bids therefore included pricing for Base Bid and itemized Bid Options. The IFB indicated that an award would be based on the lowest Base Bid. Bid Options would be exercised at GEDA’s discretion. As previously noted, ten bids were submitted and base project bids ranged from \$1.88M to \$4.4M. Bidders included (lowest base bid to highest): MegaUnited Corp., Ian Corporation, Core Tech International Corporation, Reliable Builders, Inc., Orion Construction Corporation (Guam), Z4 Corporation, Maeda Pacific Corporation, Allied Pacific Builders, Inland Builders Corporation, P&S Construction Inc.

The lowest base bid was submitted by MegaUnited Corp. (“MegaUnited”), which has been in business for 14 years and holds various Guam contractor licenses. The company has 25 full time employees and is currently working on two residential subdivision developments in Maite and Yigo. MegaUnited has performed work for DOE and GHURA over the past 10 years and five years, respectively. Both agencies provided favorable references for MegaUnited. Regulatory divisions within Department of Labor (OSHA, Alien Labor certification, FLSA) indicated that they had no issues with MegaUnited.

At the recommendation of RW Armstrong (GEDA’s Program Management Consultant for HOT Bond Projects) (the “PMO”), which evaluated the bid submissions and assisted in determining the responsiveness and responsibility of the low bidder, GEDA staff recommended that the Board of Directors approve MegaUnited Corp. for a contract award amount of \$3,000,000. This contract value is comprised of a Base project amount of \$1,888,000 and a not to exceed amount for Bid Options of \$1,112,000. Project end-users, Farmers Coop and the village of Dededo representatives, will prioritize and select the specific options to be executed that represent the Bid Options amount specified above. Staff also recommends that the Board authorize the Administrator to execute the relevant contract for the construction of the Farmers Coop facility and Dededo Flea Market upon final review by legal counsel. Thereafter, BBMR, AG and the Governor’s approval will be required. Construction completion is currently scheduled for October 2014.

After further discussion, on motion duly made by Director Mesa, and seconded by Director Bordallo, the following resolution was unanimously approved:

Resolution No. 14-003

RESOLVED, that the Board approves award of IFB No. 14-002 to MegaUnited Corp. for the construction of the Farmers Cooperative Association of Guam facility and Dededo Flea Market for the base amount of \$1,888,000, with allowance for the addition of bid options in the amount not to exceed \$1,112,000; and further authorizes the Administrator to execute a contract upon final approval by legal counsel.

§7. The next item was New Business. The first item under New Business was Business Development: Marketing Budget Funding. Mrs. Christina Garcia, Business Development Manager, presented that the Business Development Division is seeking the approval of the Board to advance funds to the Marketing Budget for Fiscal Year 2014 Budget Activities. This is to ensure proper planning to meet registration deadlines and the Division has yet to begin the campaign for sponsorships for certain events. The total amount requested is \$300,000.00 which will cover the following: initiatives tied to tourism, to include a Guam Hotel Feasibility study and the Cruise Ship Conference; initial funding for the Guam Economic Symposium which is an annual conference to be hosted and organized by GEDA. The key objective of the Economic Symposium is to address regional and global issues affecting the economy and draw together key figures to share ideas to overcome challenges and more importantly to bring together minds to develop strategies to benefit from opportunities for economic growth on the Island.

It is anticipated that these initiatives will involve partnerships with other government agencies and will create revenue. It is expected that GEDA will fully recover the amount allocated. Discussions are ongoing, which will be reported to the Board as soon as the details are finalized.

Chairman Calvo noted that there can be further discussion on the details for the Symposium and the aforementioned marketing activities, but GEDA Management is requesting that the Board approve the budget re-allocations today. Chairman Calvo emphasized that the Board will still review and approve the actual spending of money on a particular initiative. The approach is to lay out GEDA's initiatives first so the Board can establish GEDA's objectives prior to deciding if a conference is the right way to go versus a feasibility study versus an ad campaign.

Director John asked for clarification about the additional \$300,000.00 and whether it was part of the 2014 budget. Mrs. Garcia responded that

\$90,000.00 was initially approved and GEDA Management is requesting additional funding. Director John asked where the funds are coming from. Mrs. Garcia explained that there is a GEDA working revenue fund from which Management is requesting an advance and which will be replenished as GEDA moves forward and sponsorships are obtained. Director Chiu noted that the request is more of an advance because the funds should be replenished through the support of sponsors.

After further discussion, on motion duly made by Director John, and seconded by Director Mesa, the following resolution was unanimously approved:

Resolution No. 14-004

RESOLVED, that the Board authorizes an additional allocation of \$60,000.00 to the Marketing Budget, increasing the Marketing Budget from \$90,000.00 to \$150,000.00; further that Director Chiu is recommended to be a part of the evaluation committee for the Event Planner RFP.

§8. The next item on the agenda under New Business was Public Finance: GIAA/FHB Energy Efficiency Loan Refinancing. Lester Carlson, Public Finance Manager, provided background to the Board. Mr. Carlson informed the Board that the Airport Board of Directors approved the refinancing during its January 15, 2014 Board meeting.

Chairman Calvo noted that the resolution was circulated and all the members of the Board were able to review it. There were no questions regarding the resolution.

On motion duly made by Director Mesa, seconded by Director Chiu, the following resolution was unanimously approved:

Resolution No. 14-001

WHEREAS, on June 27, 2012, FIRST HAWAIIAN BANK, a Hawaii corporation (the "Bank") agreed to lend to ANTONIO B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM, a public corporation and autonomous instrumentality of the Government of Guam (the "Borrower"), and Borrower agreed to repay to the Bank, together with interest and charges, the principal amount of \$11,900,000.00 (the "Loan"); and

WHEREAS, pursuant to 12 G.C.A. § 50103(k), the GUAM ECONOMIC DEVELOPMENT AUTHORITY, a public corporation and autonomous instrumentality of the Government of Guam (the

“Authority”) acts as the Borrower’s central financial advisor and consultant in connection with the Loan; and

WHEREAS, the Loan was made pursuant to a Term Loan Agreement dated June 27, 2012 (the “Loan Agreement”) and evidenced by a Promissory Note dated June 27, 2012 (the “Note”), executed by the Borrower in favor of Bank; and

WHEREAS, the Loan Agreement was amended by an Addendum to Loan Agreement dated June 29, 2012 (the “Addendum”); and

WHEREAS, the Loan Agreement and Note were amended further by a Commercial Loan Modification Agreement dated August 26, 2013 (the “First Modification”) and by a Commercial Loan Modification Agreement dated December 4, 2013 (the “Second Modification”); and

WHEREAS, the Loan and the Borrower’s obligations under Loan Agreement and Note, as amended, are secured by a certain Security Agreement dated June 27, 2012 (the “Security Agreement”) executed by the Borrower as debtor in favor of the Bank as lender and granting to the Bank a security interest in the Collateral as defined and described therein; and

WHEREAS, the obligations of the Borrower under the Loan Agreement and Note, as amended, are guaranteed by the United States Department of Agriculture (“USDA”); and

WHEREAS, the Borrower has requested that the Bank further amend the Loan Agreement and Note in various respects including, without limitation, extending the term of the Loan and Note to ten (10) years as authorized by Public Law Number 32-62; and

WHEREAS, the Bank has agreed to do so pursuant to a Commercial Loan Modification Agreement (the “Third Modification”) and an Amended and Restated Promissory Note (the “Amended Note”) in substantially the forms submitted to this meeting.

NOW, THEREFORE, BE IT: RESOLVED, that the execution and delivery by the Borrower of the Loan Agreement, the Note and the Security Agreement all dated June 27, 2012, the Addendum dated June 29, 2012, the First Modification dated August 26, 2013 and the Second Modification dated December 4, 2013 are hereby approved in all respects; and

FURTHER RESOLVED, that, pursuant to Section 4(b) of Public Law Number 32-62, the Authority approves the execution and delivery by the Borrower to the Bank of the Third Modification and Amended Note which are hereby approved in all respects.

IN WITNESS WHEREOF, the undersigned being all of the members of the Board of Directors of the GUAM ECONOMIC DEVELOPMENT AUTHORITY hereby certify that these resolutions have been duly adopted by said Board of Directors at a duly and legally called meeting thereof.

Reports

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

Public Comments

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

Executive Session

§11. Upon written recommendation of counsel, on motion duly made and seconded, the Board recessed to convene Executive Session to discuss the Guam Shipyard. After Executive Session, on motion duly made by Director John and seconded by Director Mesa, the Board reconvened regular session.

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

Resolution No. 14-005

RESOLVED, that the Board approves and ratifies all action taken by Management pertaining to keeping the personal property and equipment at the former Naval Ship Repair Facility ("SRF"), including the sponsorship by GEDA of Guam Industrial Services' appeal to the Armed Services Board of Contract Appeals; and further, the Board authorizes Management to negotiate the transfer of the personal property and equipment at SRF at no cost and to take steps to keep the personal property and equipment at SRF.

Recess

A motion to recess until Monday, January 27, 2014 at 2:00 p.m. in order to reconvene and address the remaining agenda items was made by Director Chiu and seconded by Director Mesa. The motion was unanimously approved.

An Order of Adjournment was signed by Chairman Calvo and posted on the door of the GEDA Board Conference Room.

Dated this 20th day of MARCH, 2014.



Edward J. Calvo
Chairman

ATTEST:



Arlene P. Bordallo
Secretary