

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

November 20, 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 November 20, 2014 at the hour of 1:43 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

Vera Wu

George Chiu

Monte Mesa

Ernesto V. Espaldon, Jr.

Offices or Positions:

Chairman

Secretary

Director

Director

Director

Absent and excused:

David J. John

Vice Chairman

Also present were:

GEDA Officials:

Mana Silva Taijeron	Acting Administrator
Terry Brooks	GEDA Legal Counsel Terrence M. Brooks P.C.
Bernice Q. Torres	Administration & Operations Manager
Larry Toves	Real Property Division Manager
Christina Garcia	Business Development Manager
Claire Cruz	Compliance Division Manager
R. Greg Sablan	Public Finance Division Assistant Manager
Diego Mendiola	Real Property Assistant Manager
Mike Cruz	Project Director
Therese Santos	Executive Assistant
Jha' Aunie Leon Guerrero	Real Property Administrative Assistant
Sheena Black	CEDDS Manager
John San Nicolas	Compliance Supervisor
Carl Quinata	Industry Development Specialist
Jay Merrill	MR&D
Ron Gonzales	Lyon
Zenon Belanger	Lyon
Ken Quintanilla	KUAM
Joe Termulo	KUAM

Approval of Agenda

§3. The first item considered was approval of the agenda. On motion duly made by Director Chiu and seconded by Director Espaldon, to table the second item under Old Business: Fred Chao Sublease Assignment and to approve the agenda with the change. The agenda was unanimously approved with the change.

Approval of Minutes

§4. The next item on the agenda was the approval of the minutes for the Regular Board Meeting on October 17, 2014.

Motion duly made to approve the minutes from the Regular Board Meeting on October 17, 2014 by Director Mesa and seconded by Director Espaldon, the agenda was unanimously approved.

Communications

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

Acting Administrator, Mana Silva Taijeron informed the Board that GEDA has taken the lead role in providing an economic impact assessment on the recently passed medicinal marijuana initiative. GEDA will be looking at the data related to the cost associated with implementing the law and the potential revenue. GEDA held it's first meeting with Department of Agriculture, Customs & Quarantine, Guam Fire Department, and the Department of Public Health and Social Services. These agencies are required to promulgate the rules and regulations for this law. Before they can begin, GEDA will be providing the economic data as a base for their reference as they establish their rules and regulations as well as to what model they will follow when implementing this law. GEDA hopes to have this information within the next thirty (30) days. Discussion was made on the timeline and if GEDA is seeking resources of information outside of Guam.

Old Business

§6. The next item on the agenda was Old Business. The first item under Old Business was Revised Design for Chamorro Village Crosswalks.

At the November 2012 meeting, the Board of Directors approved the \$72,247.85 fee for Lyon to prepare design plans for the Cross Walks connecting Skinner Plaza with the Chamorro Village in Hagåtña and at the Duty Free intersection in Tumon.

During the conceptual phase, multiple design and coordination meetings were held with representatives from the Federal Highways Administration, the Department of Chamorro Affairs, Guam Visitors Bureau, the Department of Public Works and the GEDA PMO. The safety of the crosswalk in Chamorro Village/Skinner Plaza was an important matter at those meetings since it was not located immediately at a signalized intersection, and there was concern that traffic would not yield for crossing pedestrians. Therefore, the coordination meetings effected two options for pedestrian safety improvements in that area. One option entailed a crosswalk that crossed Marine Corps Drive between the existing traffic signals. The other option entailed improvements to the existing pedestrian footpaths, crosswalks and parking lot, and a barrier/fence in the raised median of Marine Corps Drive between the existing signalized intersections. These options were proposed to the stakeholders on February 10, 2014, and the final decision to move forward with the new crosswalk was provided by DPW on February 16, 2014, with the general assertion that the project was safe, within budget and able to be permitted by DPW.

During review of the 100% design drawings from Lyon submitted on May 9, 2014, however, DPW expressed more safety concerns regarding the signal timing in the vicinity of the Hagåtña crosswalk. On May 28, 2014, a meeting was requested to discuss the new requirement for a traffic study to resolve the signal timing issues and a new signalized pedestrian crossing. It was previously agreed a traffic study and signalized crossing would not be required with inclusion of some additional design implements such as increased left turn queue, a pedestrian barrier in the median and linked timing of the flashing crosswalk lights and signalized intersections. After the meeting was held on June 3, 2014, Lyon was requested to submit a revised scope and fee to perform the traffic study, which was received on July 17, 2014. Unfortunately, it was determined that the traffic study was not financially feasible since the total combined design and construction costs for the crosswalk then exceeded the project budget.

Therefore, another coordination meeting was held with all of the stakeholders on September 26, 2014, to discuss reverting to the design of the pedestrian footpath improvements instead, which became the only viable alternative within budget. The project will now provide crosswalks and signage along Soledad Avenue from Skinner Plaza (Guam Museum) to Chamorro Village. Utilize and upgrade the existing sidewalks along Soledad Avenue and crosswalks at Marine Corps Drive intersections with Aspinall Avenue (Boat Basin) and Route 4 (Paseo Loop). Sidewalks along Soledad Avenue need to be upgraded to provide ramps to comply with the Disabilities Act.

Lyon's fee to provide 100% design for this alternative is \$18,280.05. Note that GEDA has already paid \$39,575.21 for the design of the Hagåtña crosswalk and much of this design can still be used for the footpath improvements. For example, many of the specifications and the details for the ramps, ADA, signage and lighting can be reused. Should the Board approve this request, a little less than \$200K will be available for construction of the Hagåtña crosswalk.

GEDA staff recommends that the Board of Directors approve the amendment for the project in the amount not to exceed \$18,280.05 to LYON Associates Inc. to provide additional design services for the pedestrian crosswalk in Hagåtña. Staff also recommends that the Board authorize the Administrator to execute a contract amendment upon final review of the amendment by Legal Counsel. Thereafter, BBMR, AG and Governor approval may be required.

Motion dully made by Director Mesa and seconded by Director Chiu to approve the amendment for the project in the amount not to exceed \$18,280.05 to LYON Associates Inc. to provide additional design services for the pedestrian crosswalk in Hagåtña. The motion was unanimously approved.

New Business

§7. The next item on the agenda was New Business: Loan Recovery Lot 10154-4 Yigo

Mrs. Claire Cruz informed the Board that in 1991 GEDA made a loan for about \$400,000 to and agricultural business. What GEDA took as collateral was a leasehold mortgage on a 50 acre property in Yigo, the borrower had sublet it from the Department of Agriculture.

We listed this property with Today's Realty and recently received an offer on it from Manhita Guam LLC. The company intends on utilizing this property to develop an automated egg layer farming operation that will create over 20 new jobs, reduce the islands reliance on imported eggs and grow supporting agriculture industries.

There were two options that were offered by Manhita, but both were below the recovery amount which is \$333,126.12. Instead of rejecting the offer, management decided that since there is an economic benefit with the proposed project, and the composting will benefit the island; we are proposing that the Board give the Administrator authority to negotiate for no less than the recovery amount.

GEDA Staff Analysis & Recommendation:

Option 1:

- Offer is \$133,126 less than recovery.
- \$200k/27 years = \$7,407/year or \$617/month/50 acres = \$12/month per acre.

Option 2:

- Offer is \$233,126 less than recovery.

Option 3:

- Based on the proposed farming activities it results in no lease payments to DOA. *Offeror's land acquisition expense would be only from assignment of property.*
- Staff recommends that GEDA Board give Administrator authority to negotiate terms with offeror at a minimum of \$333,000/27 years = \$12,338/year or \$1,028/month/50 acres = \$20.56/month per acre.

After further discussion, the Board gave direction to the Administrator to negotiate for no less than \$333,126 and bring it back to the Board.

Reports

§8. The next item on the agenda was Reports. Guam Economic Symposium: Event Report and Next Steps.

Mrs. Christina Garcia presented to the Board that the following is a report on the Guam Economic Symposium that was held by GEDA on October 22nd through the 24th at the Hyatt Hotel. The planning stage for this event was a little over a year and we had set some goals and objectives. We have Mr. Jay Merrill here to present the report on the Economic Symposium.

Overall, the first “Invest Guam: The Time is Now” economic symposium was a success. There were approximately 320 in attendance with registrants from Guam, China, Korea, Japan, Australia, and the mainland U.S. The symposium showcased an impressive array of speakers, who confirmed and offered context to Guam’s predicted economic expansion over the next five to seven years. Overall, the event was well received. While no formal evaluation was conducted there was general agreement that the quality of information and strong lineup of speakers resulted in a successful event that was beneficial to participants.

There were a number of important announcements and information points that resulted from the conference discussion. The Chairman of the Board of the Guam Visitors Bureau provided a keynote presentation on why the projection for the 2,000,000 visitors by 2020 was reasonable if not conservative. His observations were confirmed during a presentation by Horwath HTL. Thus, the projected \$2.5 billion in additional revenue for Guam’s economy over the next seven years generated from tourism was accepted as a reasonable and achievable goal. The projection now sets an important benchmark for Planners and developers. The other important outcome of the first morning of the event was the understanding that Guam needs to target upscale accommodations and attractions to the island as it promotes investment in the visitor industry. The message of quality over quantity was accepted as the best means of increasing visitor revenue.

The Department of Defense, congresswoman Bordallo, and the Secretary of the Interior all confirmed forward progress with the military buildup. While it will unfold at a slower rate than originally anticipated, the buildup is no longer in doubt and will require \$8.6 to \$9 billion dollars of federal expenditure, which will positively contribute to Guam’s economy. This confirmation put to rest any lingering concerns regarding the surety of the military buildup.

More reassurance came in the form of financial presentations from Horwath HTL, Barclays, and Citigroup. Mr. Damien Little, Director at Horwath HTL, was able to analyze and confirm the projected demand for at least 1600 new hotel rooms to accommodate the growth in visitor arrivals. Jay Saakvitne from Barclays provided insight into Guam’s economic fundamentals and how the future for investment on Guam looks extremely promising. He cited increases in Guam’s GDP and decreases

in the unemployment rate as key strengths behind Guam's economic growth. Mr. Frank Chin analyzed Guam's performance in the bond market. He cites Guam's recent focus on fiscal responsibility and economic development as the major cause behind some significant credit rating accomplishments, which many investors have taken notice of. The increased profile of Guam in the investment community and high demand for Guam's debt has helped to lower overall borrowing costs for Guam's credits.

At the symposium, GEDA announced new provisions of the Qualifying Certificate program. The proposed changes are designed to stimulate investment activity now to meet expected growth in the near future. The provisions set benefit limits and simplify the reporting process for Q.C. awardees. Just days after this announcement, GEDA received letters of intent from two local companies intending to submit applications for the incentives offered for hotel construction.

The symposium, also afforded the opportunity to learn of the expected spending by the local government on infrastructure. The Guam International Airport, Port Authority of Guam, Guam Power Authority, Guam Waterworks Authority and the Department of Public works announced the scheduled construction contracts that will be released and offered an opportunity for attendees to ask questions. Also, the symposium displayed coordination between all of Guam's government agencies. The symposium made clear that all of the Government agencies are working for the same economic development goals. The opportunity exists now for GEDA to solidify its role of the economic development marketing arm for the Government of Guam.

Finally, the tours provided on day 3 were well attended. Of particular interest was the tour provided by the Guam International Airport Authority. The opportunities discussed were important for the participants and helped peak interest in the industrial development initiatives of GIAA.

Mrs. Garcia added that the information gathered at the symposium as well as the established relationships that were made, will be used to have more effective Trade Missions. We will continue to attend Trade Missions in other countries and begin the planning of next year's conference.

After some discussion, with no Board action needed, the Board moved to the next item on the agenda.


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 Wu and seconded by Director Chiu, at 3:10 p.m., the meeting was adjourned.

Dated this 22nd day of January, 2015



Edward J. Calvo
Chairman

ATTEST:



Vera Wu
Secretary