

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE

GUAM ECONOMIC DEVELOPMENT AUTHORITY

November 22, 2017

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 22, 2017 at the hour of 1:36PM 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:

<i>Directors:</i>	<i>Offices or Positions:</i>
EJ Calvo	Chairman
Ernesto Espaldon Jr	Director
Monte Mesa	Director
George Chiu	Director
Jay Rojas	Administrator
Mana Silva Taijeron	Deputy Administrator
<i>Absent and excused was:</i>	
David John	Vice Chairman
Gia Ramos	Director

Also present were:

Jackie Hanson	Senator Regine Biscoe Lee's Office
Wayne Chargualaf	Marianas Business Journal
Joe Quinata	Guam Preservation Trust
Ed Camacho	GEDA
Christina Garcia	GEDA
Larry Toves	GEDA
Mike Cruz	GEDA
John San Nicolas	GEDA
Joann Cruz	GEDA
Claire Cruz	GEDA
Diego Mendiola	GEDA
Julius Santos	GEDA
Jha'Aunie Leon Guerrero	GEDA
Tony Arriola	GEDA
Matt Baza	GEDA
Mark Mendiola	GEDA
Terrence Brooks	Legal Counsel – Brooks Concepcion PC

Approval of Agenda

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

Approval of Minutes

§4. Approval of minutes from the October 2017 board meeting was next on the agenda for consideration. Motion to approve the minutes was made by Director Espaldon and seconded by Director Mesa. The motion was unanimously approved.

Communications

§5. The next item on the agenda was Communications. Administrator, Jay Rojas announced that the Bond Refinancing was successful, they are working on the GPA refinancing and are waiting on the PUC and the Legislature regarding the house and senate bills. He also announced that we

have \$20,000,000.00 in HOT Bonds savings, invited the Board to our GEDA Christmas party on December 9, 2017 and introduced the board to our newest employee, Jo Ann Cruz.

Old Business

§6. The next item on the agenda was Old Business. RPD Manager, Larry Toves presented on the Sublease of Former Star Press Building:

November 22, 2017

To: GEDA Board of Directors

From: Administrator

RE: Former Star Press: Tai Fa Sublease Proposal

BACKGROUND:

During the August and October 2017 board meetings, GEDA staff reported the details of Tai Fa's response to RFP 17-008 and proposal to lease the former Star Press Property. The GEDA Board directed staff to further negotiate the terms with Tai Fa. In complying with the Board's direction, GEDA staff communicated the Board's decision with Tai Fa regarding the rent and terms of its proposal. Subsequently, GEDA staff did stress the Board's current position however, staff received a letter from Tai Fa's legal counsel, Mr. Fred Horecky restating Tai Fa's position.

ANALYSIS:

Tai Fa proposes:

- \$1,000 per month for the first five years
- **Escalations will be 10% every five years** for the initial term, after which the subsequent rent for the optional terms will be based on Fair Market Value (FMV)

At its own expense, Tai Fa still intends to clean and renovate the Property at an estimated cost of \$200K. Tai Fa also intends to immediately perform all required environmental remediation in order to utilize the Property for its proposed use. Tai Fa also offers to remit 15% of any sublease rent of the Property to GEDA

As reported during the October board meeting, Tai Fa's proposal will provide much more revenue than the \$1,600 per year received when the property was leased by Star Press. Tai Fa is willing to shoulder GEDA's growing liability for cleaning up the property and environmental remediation, and since Tai Fa leases the adjacent property, allow Tai Fa to expand its business.

At this point, GEDA has an opportunity to finally recover past lost revenue and generate new revenues from an existing adjacent tenant with an upstanding history of timely lease payments, investment in property improvements and maintenance, and a practical plan to improve and utilize a government-owned property at its expense. Given the relatively small size and condition of the property, the property's state of a growing liability for GEDA, its previous multiple RFPs resulting in no new lease revenue, GEDA staff believes Tai Fa's current offer is reasonable and most practical.

RECOMMENDATION:

GEDA staff recommends that the Board of Directors authorize the Administrator to accept the above stated terms and execute a sublease of Lot 7, Block 4, Tract 259 with Tai Fa after final review by legal counsel. Thereafter, the lease will be submitted to the AG and the Governor. Approval by the Legislature for leases of more than a 5 year term pursuant to Public Law 32-40 will be necessary as well.

() Approved

() Disapproved

EDWARD J. CALVO

Chairman of the Board

Date: _____

The motion to approve was made by Director Chiu and seconded by Director Mesa. The motion was unanimously approved.

RPD Manager, Larry Toves also brought the following item to the board:

November 22, 2017

To: GEDA Board of Directors

From: Administrator

RE: Hot Bond Projects

BACKGROUND:

GEDA is wrapping up the last few projects under the Hot Bond Program including the Guam Museum, Ypao lights, Tumon Flood Mitigation, Tumon Crosswalk and Hagatna Master Plan. As a result, we have a more refined picture of the funding needed to complete these final projects. Some additional funding is needed for the final touches on the museum and the Tumon Crosswalk however, all other projects are expected to be completed with the funds already allocated, leaving just over \$6.8 Million left in the Tumon Flood budget.

ANALYSIS:

Rather than holding 6.8M in reserve until final plans for the resolution of flooding are developed, there has been discussion to utilize this funding for other purposes. In support of the Governor's initiative to re-vitalize Hagatna, \$5M is proposed to be allocated to the reconstruction of the historic Spanish Palacio

in Hagatna, as part of the restoration of the Plaza de Espana and is a project included in the Hagatna Master Plan which is to be located at the site of the former Manuel F. L. Leon Guerrero Administration Building which was previously demolished. This project will be undertaken by the Guam Preservation Trust, a nonprofit organization that utilizes GovGuam funding for historic preservation purposes. GEDA proposes to reprogram \$5M from the Tumon Flood project to the Palacio and enter into a Memorandum of Agreement with GPT to allow for reconstruction of this important historical landmark.

With regard to the Guam Museum, the only remaining work is the completion of the permanent exhibit which was significantly delayed due to construction delays. Just over \$74K remains in the museum budget. There is also just over \$99K left in interest that has been generated under the Hot Bond program. However, as these funds are insufficient to cover all remaining costs, GEDA staff recommends to reprogram an additional amount, not to exceed \$500K to bring the museum project to its final conclusion. Approval of these recommendations will leave above \$1.1M in the Tumon Flood account. Recommendations on the use of remaining funding will be provided at a later date.

RECOMMENDATION

GEDA staff recommends that the Board of Directors approve the reprogramming of \$5M from the San Vitores Flood Mitigation project to fund the construction of the Palacio, and authorize the Administrator to execute the MOA with Guam Preservation Trust to manage the Palacio project and approve the reprogramming of an amount not to exceed \$500K for completion of the Guam Museum.

() Approved

() Disapproved

EDWARD J. CALVO

Chairman of the Board

The motion was made by Director Chiu and seconded by Director Espaldon. The motion was unanimously approved.

New Business

§7. The next item on the agenda was New Business. Public Finance Manager, Christina Garcia brought the Resolution for GPA to the Board:

BOARD OF DIRECTORS OF THE

GUAM ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 17-003

RESOLUTION APPROVING THE ISSUANCE AND SALE OF GUAM POWER AUTHORITY REVENUE REFUNDING BONDS AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS

WHEREAS, Guam Power Authority (“GPA”) has determined that there exists a need to refinance or restructure certain indebtedness of GPA (as described in §8203 and §8228 of Title 12, Guam Code Annotated), and has determined that it is in the public interest for GPA to issue bonds (the “Bonds”) pursuant to Chapter 8 of Title 12, Guam Code Annotated (§8101 et seq.), as amended (the “Act”), and for such other lawful purposes under the Act; and

WHEREAS, the Bonds may be comprised of one or more series of Guam Power Authority Revenue Refunding Bonds, 2017 Series A (or having such other series or year designation as set forth in the within-mentioned Seventh Supplemental Indenture, as finally executed) (the “2017 Bonds”), issued on a federally tax-exempt or taxable basis; and

WHEREAS, pursuant to §50103(k), Title 12, Guam Code Annotated, public corporations of the Government of Guam shall issue bonds and other obligations only by means of and through the agency of the Guam Economic Development Authority (“GEDA”); and

WHEREAS, GPA has requested that GEDA approve the issuance and sale of the 2017 Bonds, subject to the final approval of such issuance by the Consolidated Commission on Utilities, the Legislature of Guam (the “Legislature”) and the Guam Public Utilities Commission (“PUC”), as described below; and

WHEREAS, this Board of Directors has determined that it is in the public interest for GPA to sell the 2017 Bonds for the purpose of refinancing all or a portion of the remaining outstanding Guam Power Authority Revenue Bonds, 2010 Series A (the “2010 Bonds”), and for such other lawful purposes under the Act; and

WHEREAS, this Board of Directors has previously approved a form of indenture pursuant to which bonds in one or more series (including the 2017 Bonds) would be issued, and an

indenture in such form, dated as of December 1, 1992, has been executed and delivered, and as supplemented and amended from time to time, is now in effect; and

WHEREAS, there have been presented to this Board of Directors a proposed substantially final form of a bond purchase agreement pursuant to which the 2017 Bonds will be sold (the "Bond Purchase Agreement") and a Preliminary Official Statement relating to the 2017 Bonds; and

WHEREAS, there have been presented to this Board of Directors proposed substantially final forms of a Seventh Supplemental Indenture pursuant to which the 2017 Bonds are proposed to be issued by GPA (the "Seventh Supplemental Indenture"), a Supplemental Continuing Disclosure Agreement, and an Escrow Agreement pursuant to which the 2010 Bonds would be defeased and redeemed (collectively, the "Bond Documents");

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors (this "Board") of the Guam Economic Development Authority as follows:

Section 1. The issuance and sale of 2017 Bonds for the purposes herein described is hereby approved. The 2017 Bonds shall be issued in an aggregate principal amount not to exceed an aggregate principal amount sufficient to provide funds for the redemption and/or retirement of all or a portion of the 2010 Bonds, plus related costs of issuance and of such redemption or retirement, and otherwise in such amount and subject to the terms and conditions of the 2017 Bonds as shall be authorized and approved by the Legislature, in accordance with Section 50103(k), and further subject to the approval by the Consolidated Commission on Utilities, acting as Board of Directors of GPA (the "CCU") and of the PUC, pursuant to Title 12 of the Guam Code Annotated.

Section 2. The form of Bond Purchase Agreement presented to this meeting, relating to the 2017 Bonds, is hereby approved for execution and delivery by GPA and GEDA in substantially such form, with such additions, changes and modifications as (i) the CCU may approve or may authorize the Chairman or Vice-Chairman of the CCU or the General Manager (collectively, the "Designated Officers of GPA") to approve upon consultation with the Administrator of GEDA (the "Administrator") and legal counsel, such approval to be conclusively evidenced by the adoption of one or more bond resolutions by said Board and by execution and delivery of the Bond Purchase Agreement by the Designated Officers of GPA, and (ii) are approved by the Administrator upon consultation with legal counsel, such approval to be conclusively evidenced by the execution and delivery of such Bond Purchase Agreement by the Administrator or the Public Finance Division Manager of GEDA, who are hereby each authorized to execute and deliver the Bond Purchase Agreement on behalf of GEDA.

Section 3. The forms of Bond Documents presented to this meeting relating to the 2017 Bonds are hereby approved for execution and delivery by GPA in substantially such forms, with such additions, changes and modifications as the CCU may approve or may authorize the Designated Officers of GPA to approve upon consultation with the Administrator and legal counsel, such approval to be conclusively evidenced by the adoption of one or more bond resolutions by said Board and by execution and delivery of such Bond Documents on behalf of GPA by one or more Designated Officers of GPA.

Section 4. The Preliminary Official Statement in the form presented to this meeting is hereby approved, and the distribution of the Preliminary Official Statement in connection with the offering and sale of the 2017 Bonds, with such changes, omissions and insertions as shall be approved by the Designated Officers of GPA, is hereby authorized and approved. GEDA hereby approves and acknowledges the review of the Preliminary Official Statement by the Designated Officers of GPA and their certification on behalf of GPA upon appropriate authorization and delegation by the CCU, that the Preliminary Official Statement is

“deemed final” as of its date, except for the omission of certain terms and pricing information permitted to be omitted therefrom pursuant to Securities and Exchange Commission Rule 15c2-12.

GEDA further hereby approves and acknowledges the preparation of a final version of the Official Statement by the Designated Officers of GPA (such final version of the Official Statement, in the form of the Preliminary Official Statement, with such changes, insertions and omissions as shall be approved by the Designated Officers of GPA, upon consultation with the Administrator and legal counsel, being hereinafter referred to as the “Official Statement”) upon appropriate authorization and delegation by the CCU, and their execution of the Official Statement and any amendment or supplement thereto, in the name of and on behalf of GPA, and their causing the Official Statement and any such amendment or supplement to be delivered to the purchasers and distributed in connection with the sale of the 2017 Bonds.

Section 5. The Designated Officers of GPA, upon appropriate authorization and delegation by the CCU, and the Administrator are hereby authorized and directed to determine, consistent with the Act, the aggregate principal amount of 2017 Bonds to be issued, the number of series of such 2017 Bonds, the maturity or maturities, the interest rates (such that the requirements of Section 1 hereof are met with respect to the 2017 Bonds, and such that the interest rate on the 2017 Bonds shall not exceed the limitations set forth in Section 8229 of Title 12 of the Guam Code Annotated), interest payment dates, denominations, forms, registration privileges, terms and place or places of payment, terms of redemption and other terms of each series of the 2017 Bonds.

Said Designated Officers of GPA upon appropriate authorization and delegation by the CCU, and the Administrator are hereby also expressly authorized to arrange for such bond insurance, reserve fund surety bond or other supplemental security arrangements for all or such portion of the 2017 Bonds as they may deem in the public interest, and to enter into any other agreements deemed by them to be necessary or appropriate in connection therewith.

Notwithstanding any other provision of this resolution, the 2017 Bonds and any obligations of GPA under any reimbursement or other similar agreement shall be limited obligations payable solely from the revenues and other assets of GPA pledged for such purpose and shall not be a debt or liability of the Government of Guam.

Section 6. The Administrator and the Designated Officers of GPA, upon appropriate authorization and delegation by the CCU, are hereby authorized and directed to do any and all things and to execute and deliver any and all documents, certificates and other instruments, including tax certificates which they may deem necessary or advisable in order to consummate the sale of the 2017 Bonds and otherwise to effectuate the purposes of this resolution. Such actions may include, but are not limited to, the distribution of other information and material relating to the 2017 Bonds and the holding of any appropriate information meetings concerning the 2017 Bonds.

Section 7. All actions heretofore taken by the officers, representatives or agents of GEDA in connection with the issuance and sale of the 2017 Bonds are hereby ratified, confirmed and approved.

Section 8. The 2017 Bonds shall not be issued without, and shall be in all respects subject to the terms and conditions of, the approvals of the Legislature, the CCU and the PUC in accordance with the Act and Chapter 12 of Title 12, Guam Code Annotated.

Section 9. This resolution shall take effect from and after its adoption.

CERTIFICATE

I, Ernesto Espaldon, Jr., Secretary of the Board of Directors of the Guam Economic Development Authority, do hereby certify as follows:

The foregoing is a full, true and correct copy of Resolution No. 17-003 duly adopted at a regular meeting of the members of the Board of Directors of said Authority duly and legally held at the regular meeting place thereof on November 22, 2017, of which meeting all of said members had due notice and at which at least a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

Ayes:

Noes:

Absent:

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

DATED: _____.

(S E A L)

Secretary, Board of Directors

The motion to approve was made by Director Espaldon and seconded by Director Mesa. The motion was unanimously approved by the Board.

Executive Session

§8. The next item on the agenda was executive session. No executive session needed.

Reports

§9. The next item on the agenda was Reports. Director Mesa requested for a development status for the air carrier task force and a cruise line update. No board approval was needed.

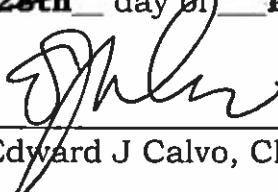
Public Comments

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

Adjournment

§11. Having no further items to discuss, on motion to adjourn duly made by Director Chiu and seconded by Director Espaldon at 2:33PM, the meeting was adjourned.

Dated this ^{18th AB} ~~28th~~ day of ^{January AB} ~~December~~, ^{2018 AB} ~~2017~~



Edward J Calvo, Chairman

ATTEST:



Ernesto Espaldon, Jr.
Secretary