

Minutes of Regular Meeting to the Board of Directors of the Guam Economic Development Authority

August 16, 2018

Call to Order

§1. The regular meeting of the Board of Director of the **Guam Economic Development Authority** (referred to as “GEDA” or the “Authority”) was held on Thursday, August 16, 2018 at the hour of 1:40 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.

Quorum and Attendance

§2. **Roll call.** As determined by the roll call, the following directors were present:

Directors:

EJ Calvo
David John
Ernesto V. Espaldon, Jr.
George Chiu
Monte Mesa
Gia B. Ramos
Jay Rojas
Mana Silva Taijeron

Offices or Positions:

Chairman
Vice Chairman
Secretary
Director
Director
Director
Administrator
Deputy Administrator

Absent and excused:

Also present were:

George Castro	Depo Resources
Thomas Fisher	Fisher & Associates
Tony Arriola	GEDA
Diego Mendiola	GEDA
Mark Mendiola	GEDA
Dianner Ollet	GEDA
Gloria Molo	GEDA
Jo Ann Cruz	GEDA
Tria Paulino	GEDA
Austin Grant	GEDA
Ed Camacho	GEDA
Larry Toves	GEDA
Natalia Faculo	GEDA
Bernice Torres	GEDA
Tom Hertslet	TA Enterprises

Angelence Rios Guzman
Terry Brooks
Claire Cruz
Tina Garcia

GEDA
Legal Counsel
GEDA
GEDA

Approval of Agenda

§3. The first item considered was approval of the agenda. On motion duly made by Vice Chairman David John and seconded by Director Ernesto Espaldon, the agenda unanimously approved.

Approval of Minutes

§4. The next item on the agenda was the approval of minutes of the August 16, 2018 board meeting. On motion duly made by Director George Chiu and seconded by Director Monte Mesa, the following resolution was unanimously approved:

Executive Session

§5. The next item on the agenda was Executive Session. Executive Session was moved from item XI to item VI on the agenda. Chair EJ Calvo called for an Executive Session. Administrator Jay Rojas requested that Deputy Administrator Mana Silva Taijeron, Real Property Manager Larry Toves and Real Property Assistant Manager Diego Mendiola remain in the conference room to attend the Executive Session.

The regular meeting to the board of directors of the Guam Economic Development Authority reconvened at 3:03 PM.

Communications

§6. The next item on the agenda was communications. Administrator Jay Rojas informed the Board of the closing of the 71.4 million bond for the Port Authority of Guam with the lowest interest rate (estimated at 3.65%) for the 30 year maturity.

The next item on communication was the Guam Memorial Hospital Authority Labor and Delivery Project. Administrator Jay Rojas informed the Board the fourth Request for Proposal (RFP) for the approval of interim financing for USDA's 9.2 million dollar community facilities direct loan was unsuccessful due to respondents not following the rules. A final request was issued to USDA to honor the waiver given in 2016. There is a 7 a.m. conference call scheduled for August 17, 2018.

The next item on communication was the Extension or Renewal of Qualifying Certificates (QCs) for Health Insurance Companies. Administrator Jay Rojas stated that the Executive Order signed by Governor Calvo has been extended indefinitely until it is revoked by legislation and/or new a Executive Order. Furthermore, the fiscal year 2019 budget was passed by the Guam Legislature on Saturday, August 11, 2018 which includes a clause stating that there will be no more renewals of QCs and that new QCs must be sent for approval by the Guam Legislature prior to the Governor.

The next item on communication was the Request for Proposal (RFP) for Legal Services. Administrator Jay Rojas informed the Board that the Administrative Services Division will be releasing a RFP for legal services due to expiration. The RFP will be released in the coming weeks.

The next item on communication was Guam Regional Medical City (GRMC) Contributions. Administrator Jay Rojas informed the Board that Guam Memorial Hospital (GMH) has gone through the process of allocating \$600,000 of GRMC's community contribution for the purchase of equipment. Furthermore, Administrator Jay Rojas stated that Peter John Camacho, Administrator of GMH was thankful because GMH is moving toward finalizing the digitalization of the hospital's radiology department.

Old Business

§7. The next item on the agenda was old business.

The first item for old business was the Hakubotan Building. Administrator Jay Rojas informed the board that during the May 14, 2018 Board meeting, the board directed staff to: 1. Advise the Legislature of new information regarding SH Corp's loan. Attached is the letter sent to Senator Biscoe Lee and 2. Explore purchasing the SH Corp. loan from their lending institution in order to substantially reduce the purchase price. According to the lending institution, GEDA can purchase the note. The amount of the purchase would be \$1.995M which is the relationship between SH and the bank consisting of 2 loans and a line of credit. Note that this amount is NOT the remaining balance of the loan which the bank would not disclose.

Furthermore, Administrator Jay Rojas stated that "The Legislature has yet to act on the legislative resolution expressing support for exploration of financing to purchase the building even though staff have frequently followed up with the Legislature.

At the time the Board directed staff to explore purchasing the loan, SH Corp was delinquent on both its lease and loan payments. However, SH Corp has brought both its lease obligations and its loan obligations up-to-date with the exception of \$840 in subtenant rents for July 2018 and the lease/subtenant payments of \$13,661.42 for August 2018. Counsel has advised that purchase of the note does not guarantee GEDA ownership of the building because SH was able to cure the default on the loan and the lease and may be able to do so if delinquency conditions exist in the future. If delinquency exists again, GEDA would be required to publicly auction the building and compete with other prospective purchasers for ownership.

On a related matter, GEDA was advised by SH Corp. that it was able to bring its lease and loan payments current through the help of a "good friend." We now know that SH Corp. entered into a Leasehold Mortgage and Collateral Assignment of Leases, Rents and Profits to obtain \$1M from Ms. Anna Wang Kao. The lease apparently requires that SH Corp. obtain GEDA prior approval before executing these documents. Legal Counsel has been asked to review this matter."

Administrator Jay Rojas recommended that the Board authorize the Administrator to inform SH Corp. that GEDA's offer to purchase the building is rescinded due to the absence of Legislative approval. After discussion, the Board suggested a second letter be sent to the Guam Legislative before proceeding. During the Board meeting, the Board directed staff to follow up with the Legislature regarding the introduction and passage of the resolution seeking legislative approval to explore financing for the purchase of the building. The Board further directed that if after 7 days there is no response, GEDA should proceed to terminate its offer to

purchase the former Hakubotan building. On motion duly made by Director Ernesto Espaldon and seconded by George Chiu, the motion was unanimously approved.

New Business

§8. The first item on New Business for discussion was Community Contributions. The first contribution discussed was the Public Investment for QC No. 252, Guam Regional Medical City. Administrator Jay Rojas informed the Board that Guam Healthcare Development, Inc. (dba Guam Regional Medical City [GRMC]) must, as a provision of their QC, make annual Public Investments to GEDA. GRMC made their first annual payment in September 2016.

GEDA received a request from the Guam Fire Department to utilize \$99,740 of GRMC's Public Investment to fund its purchase of life-saving equipment. "These items are a key part of bringing the Emergency Room to the community and will be used on all Advance Life Support Units and Ambulances, placing dated equipment on hand nearing their life expectancy."

Furthermore, Administrator Jay Rojas provided the Board with the law as stated in the QC and informed the Board of the letter by the Guam Fire Department dated July 19, 2018 and received July 23, 2018 regarding Community Contribution Request - EMS Equipment.

Pursuant to Section 3.12.02 of GRMC's QC, their contributions must be used for the following:

- Healthcare (priority to Guam Memorial Hospital and Department of Public Health);
- Medicaid matching;
- MIP payments;
- **Public Safety;**
- Economic Development with a priority on the promotion of the medical industry and small business; and
- Higher Education and Cultural Preservation.

After discussion, Administrator Jay Rojas said, "Seeing as the project above qualifies pursuant to Section 3.12.02 of the QC, I am requesting your approval to utilize \$99,740 of GRMC's Public Investment for Guam Fire Department's request." On motion duly made by Director George Chiu and seconded by Director David John, the motion was unanimously approved.

The next item for New Business was the contribution for Saint Anthony Catholic School National Junior Honor Society and Student Council Officers - Leadership Experience and Development (LEAD) Conference in Washington DC.

Administrator Jay Rojas informed the Board that Guam Healthcare Development, Inc. (dba Guam Regional Medical City [GRMC]) must, as a provision of their QC, make annual Public Investments to GEDA. GRMC made their first annual payment in September 2016. GEDA received a request from Saint Anthony Catholic School to utilize \$4,300 of GRMC's Higher Education to fund their Saint Anthony Catholic School National Junior Honor Society and Student Council Officers - Leadership Experience and Development (LEAD) Conference in Washington DC to be held in February 2019. The \$4,300 will provide the Registration Fee for Saint Anthony Catholic School's seventeen-member team and three advisers at \$215.00 each, for the LEAD Conference.

Furthermore, Administrator Jay Rojas provided the Board with the law as stated in the QC.

Pursuant to Section 3.12.02 of GRMC's QC, their contributions must be used for the following:

- Healthcare (priority to Guam memorial Hospital and Department of Public health);
- Medicaid matching;
- MIP payments;
- Public Safety;
- Economic Development with priority on the promotion of the medical industry and small business;
- and
- Higher Education and Cultural Preservation

After discussion, Administrator Jay Rojas mentioned, "Seeing as the project above qualifies pursuant to Section 3.12.02 of the QC, we request your approval to utilize \$4,300 of GRMC's Higher Education for Saint Anthony Catholic School National Junior Honor Society and Student Council Officers registration fee for the Leadership Experience and Development (LEAD) Conference in Washington DC. The Board agreed that contribution to Saint Anthony Catholic School National Junior Honor Society and Student Council Officers would not meet the criteria as stated in Section 3.12.02 of GRMC's QC. Director David John stated that the contribution is not considered economic activity. Director George Chiu stated that awarding the contribution would be troublesome to support one school specifically rather than an entire school system. On the motion to award the community contribution, the motion failed unanimously.

The next for New Business was the contribution to Junior Achievement of Guam - 2018-2019 JA Company Program.

Administrator Jay Rojas informed the Board that Guam Healthcare Development, Inc. (dba Guam Regional Medical City [GRMC]) must, as a provision of their QC, make annual Public Investments to GEDA. GRMC made their first annual payment in September 2016. GEDA received a request from Junior Achievement of Guam to utilize \$25,000 of GRMC's Higher Education to fund their JA Company Program® to promote work readiness, financial literacy and entrepreneurship skills to Guam's youth. The \$25,000 will provide JA Guam with the resources needed to reach at least 3,000 students in Guam's public schools.

Furthermore, Administrator Jay Rojas stated the law as stated in the QC to the Board.

Pursuant to Section 3.12.02 of GRMC's QC, their contributions must be used for the following:

- Healthcare (priority to Guam memorial Hospital and Department of Public health);
- Medicaid matching;
- MIP payments;
- Public Safety;
- Economic Development with priority on the promotion of the medical industry and small business;
- and
- Higher Education and Cultural Preservation

After discussion, Administrator Jay Rojas stated, "Seeing as the project above qualifies pursuant to Section 3.12.02 of the QC, I am requesting your approval to utilize \$25,000 of GRMC's Higher Education for Junior Achievement of Guam 2018 -2019 Programs." On the motion duly made by Director George Chiu and seconded by___, the motion was unanimously approved.

The next item on New Business was the FY 2019 Budget Preparation. Director Chiu was appointed to assist GEDA's finance and management team with the preparation and drafting of the FY 2019 GEDA budget.

The next item on New Business was the Request to Create and Procure Temporary Position(s). Administrator Jay Rojas stated "The Guam Economic Development Authority's (GEDA) Division of Commerce and Economic Development (CED) is preparing the 2019-2023 Guam Comprehensive Economic Development Strategy (CEDS) for submittal to the U.S. Department of Commerce, Economic Development Administration.

GEDA's CED Division is seeking assistance and participation of university student interns in the preparation of the 2019-2023 Guam Comprehensive Economic Development Strategy. The temporary position(s) shall be funded fully under the U.S. EDA Federal Award ID Number 07-69-07392 and shall expire upon the completion of the project and or the full expenditure of the grant budget allocation.

GEDA has determined that the proposed action is consistent and supportive of the mission and intent of the Guam Economic Development Authority in the completion of the 2019-2023 Guam Guam Comprehensive Economic Development Strategy.

With this, GEDA's CED Division is seeking approval to procure the assistance and participation of students in the research and preparation of the strategic plan.

Administrator Jay Rojas provide a recommendation entrusted GEDA staff. The recommendation was that the Board authorize the creation and procurement of temporary position(s) to be funded fully under the U.S. EDA Federal Award ID Number 07-69-07392. After discussion, a motion was duly made by Director George Chiu and seconded by Ernesto Espaldon, the motion unanimously passed.

The last item on New Business was RFP 18-006 Request for Proposal for Continuing Disclosure Services for the Port Authority of Guam's Port Systems Revenue Bond Financing. Public Finance Manager Christina D. Garcia reported, Pursuant to 12 G.C.A. §§ 50103(k) and 50103.1(f), GEDA, on behalf of the Jose D. Leon Guerrero Commercial Port ("Port"), solicited proposals from firms interested in providing continuing disclosure services to the Port Authority of Guam with its annual filing requirements.

The RFP 18-006 was issued on June 11, 2018 with a deadline to submit proposals no later than 3:00 p.m. on Friday, June 29, 2018. Two responses were received, one from BLX Group LLC and one from Digital Assurance Certification, LLC (DAC).

The proposals were opened in the presence of two (2) procurement officers.

Members of an Evaluation Team to review the proposals: Antoinette Leon Guerrero, GEDA Public Finance Assistant Manager; Dianne Ollet, GEDA's Accounting Supervisor; Joanne Conway, Port Authority Acting Financial Affairs Controller; Joy Jean Arceo, Port Authority Program Coordinator; and myself.

After thorough analysis, the evaluation team hereby recommends that BLX Group LLC be selected to provide the continuing disclosure services, subject to negotiation, of the above RFP as they were able to demonstrate the best method of providing the services in addition to demonstrating the experienced required undertaking such project.

In accordance with the recommendation of the evaluation team, motion was duly made by Director George Chiu and seconded by Director Ernesto Espaldon, the motion passed unanimously.

Reports

§9. The next item on the agenda was Reports. Reports were submitted by or regarding the following GEDA divisions: Compliance Division, Business Development Division, Public Finance Division, The Guam Hot Bond. There were no further discussion.

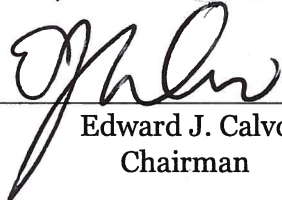
Public Comments

§10. The next item on the agenda was Public Comments. Tom Hertslet of TA Enterprises made remarks regarding the disposal and clean up of debris located near his business. He emphasized the need for better road access as the vegetation and debris are causing traffic and difficulty for large trucks to manuvir. The Board approved for the GEDA Real Property Division to proceed with a request for proposal for cleaning of debri.

Adjournment

§11. After further discussion there was a recommendation to adjourn the meeting. On motion duly made by Director Monte Mesa and seconded by Director George Chiu at 4:07 p.m., the meeting was adjourned.

Dated this 18th day of October, 2018.



Edward J. Calvo
Chairman

ATTEST:



Ernesto Espaldon, Jr.
Secretary