



Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
 December 19, 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 Wednesday, December 19, 2018 at the hour of 1:42 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
Monte Mesa
Gia Ramos

Offices or Positions:

Chairman
Vice Chairman
Director
Director

Chief Executive Officer/Administrator
Legal Counsel

Absent and excused:

Ernesto V. Espaldon, Jr. Secretary
George Chiu Director

Also present were:

Tony Arriola GEDA
John San Nicolas GEDA
Jo Ann Cruz GEDA

Tria Paulino	GEDA
Mary Camacho	GEDA
Claire Cruz	GEDA
Dianne Ollet	GEDA
Tina Garcia	GEDA
Matthew Baza	GEDA
Bernice Torres	GEDA
Larry Toves	GEDA
Diego Mendiola	GEDA
Mike Cruz	GEDA
Austin Grant	GEDA

Approval of Agenda

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

Chief Executive Officer/Administrator Jay Rojas recommended to add Board Member Stipends to the agenda under Old Business. On the motion duly made by Vice Chairman David John and seconded by Director Monte Mesa to amend the agenda, the motion was unanimously approved.

Approval of Minutes

§4. The next item on the agenda was the approval of minutes for the November 15, 2018 board meeting. On motion duly made by Director Monte Mesa and seconded by Vice Chairman David John, the minutes of November 15, 2018 was unanimously approved.

Communications

§5. The next item on the agenda was communications. Chief Executive Officer/Administrator Jay Rojas discussed Bill 310-34, Bill 354-34 and Bill 363-34.

In regards to Bill 310-34 & Bill 254-34, Mr. Rojas stated that the legislations remove 1 Million from the FY 2018 GRMC Community Contributions with \$700,000 to be allocated to Public Health for Medicaid matching and \$300,000 to be allocated to Public Health for child protective services. The GEDA management and the Mr. Rojas testified with legal opinion saying, "that this action is inorganic, that they are stepping into the executive function of GEDA, creating a contract that is done by the Governor and the beneficiary (GRMC)." Furthermore, the Legislature has no right to be able to say where the monies from these contracts go and because the monies are not tax revenues, the Legislature has no reason to appropriate the funds.

Mr. Rojas further stated that Bill 310-34 & Bill 254-34 were passed unanimously by the Legislature.

Vice Chairman David John asked what impact the legislation will cause to GEDA's budget. Mr. Rojas stated that there will be loss of \$350,000 on the FY 2019 budget.

Mr. Jay Rojas mentioned that the Legislation in the new budget law, has "inserted themselves into the approval process of the QC agreement." Furthermore, any new or first-time applicants for Qualifying Certificates must be approved by the Legislature before the Governor moves forward with the contracts. Mr. Rojas stated that legal opinion was requested. Legal Counsel ruled that the Legislature is overstepping their bounds and is a violation of separation of powers. Mr. Rojas stated that GEDA will send a letter to the Office of the Attorney General requesting the AC's concurrence before action is taken.

Vice Chairman David John requested for a working session at a later time to identify potential funding sources for the agency that are consistent and relative to GEDA's mission.

Director Gia Ramos asked if GEDA is promoting Opportunity Zones. Mr. Rojas responded saying "Yes and No. And the main reason why we (GEDA) are not doing that is because there haven't been any federal regulations that have been designed yet. They have been proposed as of October of this year, but the IRS and Treasury has not got together to finalize exactly what benefits of Opportunity Zones are going to be available." Furthermore, Mr. Rojas stated that 83% of the island is designated as an Opportunity Zone.

The next item under communications was the trip report with Governor Calvo to New York, San Francisco and Washington, D.C. Mr. Rojas stated that the team met with bond holders and rating agencies to close out the administration and discussed the projections of a surplus at the end of FY 2018 due to expected tax collections and a decrease in government spending.

Mr. Rojas stated that the team also met with the Vice President to discuss the gain of 11 million dollars from the US Treasury on unreconciled taxes by two individual tax payers whom paid taxes to the IRS. These two cases are only part of the estimated 100 other cases under review.

The next item under communications was the update to the Board regarding Virgin Orbit. Mr. Rojas stated that the Guam International Airport Authority (GIAA) has discussed the possibility of launching 747 aircrafts with rockets attached to them from the airport. GIAA is looking into conducting feasibility studies with the FAA. No economic data has been provided at this time.

The next item under communications was the update on the Comprehensive Economic Development Strategy (CEDS). Mr. Rojas stated that the CEDS draft has been posted on the GEDA website for public opinion as of early December. USEDAs has been notified of the publication and are "happy and impressed" with the draft. After the public opinion section is included, the final draft will be sent to USEDAs for review.

The next item under communications was the Governor Elect's request that all Board members remain in office to provide for a smooth transition of administrations. Furthermore, Mr. Rojas submitted his resignation as

GEDA's CEO/Administrator, effective January 4, 2019. Mr. Rojas suggested that the Board schedule a meeting as soon as possible to nominate a new CEO/Administrator.

After further discussion, there was no further communications.

Old Business

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

The first item under Old Business was the amendment to board meeting minutes from September 28, 2017. Mr. Rojas stated that "In the September 2017 meeting, there was discussion amongst the Board to be able to set aside \$100,000 of Community Contributions raised from the Special Hotel Qualifying Certificate (QC) which at this point we only have two... so set aside up to \$100,000 each year from the Special Hotel QC to go towards sports tourism related projects."

Furthermore, Mr. Rojas stated that although it was discussed to set aside funds, no account was created to reserve the funding for sports tourism. To clarify, Mr. Rojas stated that sports tourism is inclusive of "improvements to the current facilities on the island...to build up facilities here so that we can bring additional tourists."

Mr. Rojas recommended to the Board to formalize the action by creating a special sports tourism account which will be funded by the collection of the Qualifying Certificates under the Special Hotel QC.

On that recommendation, Director Monte Mesa made a motion to create a new account to reserve the allocation of \$100,000 from the Special Hotel QC and to allocate \$25,000 per year for four (4) years to the Guam National Tennis Federation in support of sports tourism on Guam. The motion was seconded by Director Gia Ramos and unanimously approved by the Board.

The next item under Old Business was the discussion of the GEDA Waiver and Consent to Former Hakubotan Assignment of Lease- S.H. Enterprises.

Mr. Larry Toves, Real Property Manager joined the Board at the table to discuss the business. Mr. Larry stated that, in the October 2018 Meeting, the Board instructed staff and Legal Counsel to examine remedies to allow approval of SH Enterprise's "Collateral Assignment of Leases, Rents and Profits" leasehold mortgage with Mrs. Anna Kao as well as its sub-sublease for office space to the Guam Police Department (GPD).

Furthermore, Legal Counsel prepared a notice of lease violation regarding the above matters that was to which the Mins came to GEDA office and informed staff that the loan from Mrs. Kao had allowed them to cure all of SH Enterprise's financial liabilities, including their bank loan as well as all lease arrears due to GEDA. Mr. and Mrs. Min expressed that while they have subleased a portion of the property in response to GPD's bid for office space, it was never their intent to violate the lease with regard to first seeking prior approval of GEDA for these matters. Thus, Legal Counsel prepared a Waiver and Consent to remedy these actions.

Mr. Larry Toves mentioned that the Staff recommends that the Board authorize the Administrator to execute the Waiver and Consent prepared by Legal Counsel to convey approval of SH's actions taken to cure lease defaults. Approval will allow SH to essentially stabilize its financial footing and support a long-time tenant in its efforts to continue being a contributor to small business. As well, GEDA would indirectly be supporting GPD in its efforts to pursue its mission with regard to overall public safety.

Vice Chairman David John wanted to clarify if the current lease is market rate. Mr. Larry Toves stated he believes the lease is market rate. Vice Chairman David John requested that the Real Property Division confirm the accuracy of market rates and provide an appraisal update of the lease before executing a wavier and consent. No action was taken by the Board.

There was no further business to discuss.

New Business

§8. The first item on New Business for discussion was the Board Member Stipends.

Vice Chairman David John made a motion to waive stipends for Fiscal Year 2019. The motion was seconded by Director Monte Mesa. On that motion, the Board unanimously approved.

The next item under New Business was the CoreTech QC passed by Legislature. Mr. Jay Rojas stated that Bill 363 for the CoreTech QC was passed by the Legislature but GEDA is unaware of the action the Governor will take. Furthermore, Mr. Jay Rojas recommended to the Board that no action be taken until the Attorney General concurs with GEDA's Legal Counsel.

After further discussion, there was no other New Business to discuss.

Reports

§9. The next item on the agenda was Reports.

Director Monte Mesa brought attention to the Public Finance Board Report, VIII. Government of Guam Hotel Occupancy Tax Revenue Bond (page 4). Director Mesa hopes that incoming administration and Legislature support the borrowing of the bond to improve Guam's tourism, infrastructure and destination improvement. Mr. Rojas advises the Board to exercise caution because under the new S&P criteria, the Hotel Occupancy Tax Revenue Bond may be affected.

After further discussion, there were no more reports.

Public Comments

§10. The next item on the agenda was Public Comments.

There were no public comments.

Adjournment

§11. After further discussion there was a recommendation to adjourn the meeting. On motion duly made by Chairman EJ Calvo and seconded by Director Monte Mesa at 2:42 p.m., the meeting was adjourned.



DAVID JOHN, Chairman
Board of Directors

ATTEST: 

MONTE MESA
Board of Directors