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TRANSMITTAL LETTER

April 13, 2018

GL#34-18-1741
Speaker Benjamin J.F. Cruz

TO: Honorable Benjamin J.F. Cruz
Speaker 34th Guam Legislature

FROM: **Clare C. Leon Guerrero**
Secretary for Terrence M. Brooks

APR 13 2018
Time: 145 [ ] AM [ ] PM File No. 34-1741
Received By:

VIA: ___ Courier _√___ Hand Delivery ___ U.S. Mail _ Pick-Up

We are sending the following:

DESCRIPTION

Enclosed are the following documents:

1. Letter from Jay Rojas, GEDA Administrator dated April 12, 2018
2. Attachment 1 – Written DON from GEDA Board of Directors
3. Attachment 2 – Copy of GEDA Board Meeting dated November 17, 2017 and March 20, 2014
4. Attachment 3 – Copy of Notice of Solicitation published.
5. Copy of proposed Sub-Lease Agreement.

Clare

2018 APR 13 PM 2:14

Date: _____

By: _____

1741

EDDIE BAZA CALVO
Governor of Guam
I Maga'Lahen Guahan

RAY TENORIO
Lt. Governor of Guam
I Segundo Na Maga'lahen Guahan

GUAM ECONOMIC DEVELOPMENT AUTHORITY
Moving Forward
Aturidåd Inadilånton Ikunumihan Guahan

JAY ROJAS
Administrator
Adminastradot

MANA SILVA TAIJERON
Deputy Administrator
Sigundo Na Adminastradot

April 12, 2018

Honorable Benjamin J.F. Cruz
Speaker and Chairperson, Committee on
Appropriations and Adjudication
163 Chalan Santo Papa
Hagåtña, Guam 96910

Senator Regine Biscoe Lee
Chairperson, Committee on Innovation and
Economic, Workforce, and Youth Development
163 Chalan Santo Papa
Hagåtña, Guam 96910

Senator Thomas C. Ada
Chairperson, Committee on Environment, Land,
Agriculture, and Procurement Reform
Ste. 207 Ada Plaza Ctr.
173 Aspinall Ave.
Hagåtña, Guam 96910

RE: Exceptional Term Contract for Lot 7, Block 4, Tract 259, ET Calvo Memorial Park, Tamuning, Guam

Hafa Adai Speaker Cruz, Senator Biscoe Lee, and Senator Ada:

The Guam Economic Development Agency (GEDA) desires to enter into a long-term lease for Lot 7, Block 4, Tract 259, located here within our ET Calvo Memorial Park, Tamuning, Guam. P.L. 32-40 requires legislative approval of all leases with a term of more than five (5) years. This quarter (1/4) acre property was formerly leased by Star Press, however a fire in the premises caused substantial damage to the property and it has been vacant for more than five years.

GEDA tried on two previous occasions, beginning in 2012, to lease the premises but received no responses to two published requests for bids. On the third attempt, Tai Fa Import & Export Company submitted a bid. Tai Fa is the tenant of an adjacent lot. Tai Fa has agreed to clean the premises, renovate the building and lease it to expand its own business operations. It would be expensive for GEDA to demolish the building on its own and, it has been difficult to obtain a tenant for the damaged building on such a small lot. In its current state, the property is becoming an eyesore and a liability for GEDA. The lease offered by Tai Fa provides for discounted rent in exchange for Tai Fa renovating, rehabilitating and leasing the property providing an ideal solution for both parties.

Attached with this letter is:

1. A Written Determination of Need from the GEDA Board of Directors justifying the Exceptional Term Contract as required by P.L. 32-040.
2. Minutes of the November 22, 2017 and March 20, 2014 GEDA Board of Directors meetings where the Sublease and Determination of Need were approved.
3. A notice of solicitation published as provided in 5 GCA 5211(c).
4. A copy of the proposed Sub-Lease Agreement.

GEDA hereby requests approval of the Lease Agreement. Please contact our Real Property Division's Mr. Larry Toves or Mr. Diego Mendiola at GEDA if you would like further information regarding this request. Thank you for your attention to this matter.

Respectfully,

JAY ROJAS
Administrator

590 S. Marine Corps, Dr. Suite 511 ITC Building
Tamuning, GUAM 96913

T 671.647.4332 F 671.649.4146
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GUAM ECONOMIC DEVELOPMENT AUTHORITY
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Ataridåd Inadilånton Ikunumihan Guahan

ATTACHMENT

1

DETERMINATION OF NEED FOR EXCEPTIONAL TERM CONTRACT

1.0 OVERVIEW

This Determination of Need for Exceptional Term Contract is issued pursuant to Public Law 32-40 which requires the Board of Directors, Guam Economic Development Authority to "make a written Determination of Need justifying by a quantifiable sum an Exceptional Term Contract, and specifying the full term, inclusive of extensions, options and renewals, for such contract, and provide a copy of such Determination of Need to the Speaker of *I Liheslaturan Guahan*."

The Guam Economic Development Authority (hereinafter referred to as "GEDA"), Government of Guam, intends to issue a Request for Proposals ("RFP") for the lease and development of Lot Number 7, Block 4, Tract 259 Tamuning, Guam consisting of approximately 1,041 square meters and the 4,800 square foot building situated on the lot (The Property). The Property has potential for commercial or industrial use as it is located within the E. T. Calvo Memorial Industrial Park. GEDA intends to negotiate a lease agreement for the Property that allows a prospective lessee to utilize the Property for land uses consistent with the M-1 Light Industrial Zone designation.

To allow prospective developers to invest in the Property and recover investments, GEDA proposes to allow a lessee to lease the property for a term up to April 21, 2065 including option. Such term will be subject to negotiations based primarily upon the amount of time required by the lessee to recover its investment, satisfy financing requirements and profit from investments. April 21, 2065 is the termination date of the GEDA lease of the industrial park property from the Government of Guam.

Smaller scale (in the tens to hundreds of thousands of dollars) developments, have traditionally been pursued by smaller organizations and are met with a distinctly unique set of challenges. Smaller local corporations, partnerships and sole proprietorships that are common on Guam are very much dependent on local financing institutions to engage in almost any form of commerce. A commercial loan is dependent on various terms such as, the principle loan amount, interest, and primarily, the borrower's ability to repay. While there may be some organizations or businesses that might be able to afford a loan from hundreds of thousands to the millions of dollars, and still able to repay it back in less than five years, there are also a large number of small local businesses that are unable to do so. For example, even a $250K business loan at only 4% interest over a mere 5 year term would require monthly payments of almost $5K a month for the loan itself, not to mention other standard overhead, operational, or costs of goods sold. Limiting a lease term to 5 years would only add an additional hardship, or even exclusion, for most small local businesses to participate, employ local workers, or have a hope at success.

Even if a business were to be successful at negotiating a real property lease, a basic guideline for any local lending institutions, a commercial loan would generally not be granted to any organization with only a leasehold interest that would be shorter than the life of the loan itself. Thus, in order to provide a fair commercial lease opportunity to a wider range of the small

local business community and still provide a decent chance at success, it is concluded that an Exceptional Term Lease for longer than 5 years be allowed.

Fair market value of the land based upon a 2013 appraisal of nearby property indicates a land value of $17.13 per square meter per year. Regarding the building, previous estimates indicated a cost of $12,000 to remediate asbestos and $45,000 to demolish the building that was heavily damaged by fire. Although located in a prime Tamuning location, the small size of the lot and the condition of the building limits prospective uses. Investments required to improve the building, remove asbestos and bring the building to current code indicates the need to provide incentives to entice use of the property.

A description of the property and the potential major components of a Request for Proposals follows, to provide preliminary but more detailed information on this development opportunity.

1.1 PROPERTY USE CONSIDERATIONS

1.1.1 Property Location. The Property (see **Attachment A: Map**) is located in central Guam, behind the ITC Building in Tamuning.

1.1.2 Previous Uses. The Property was previously used as a printing shop.

1.1.3 Current Zoning. Lot Number 7, Block 4, Tract 259 Tamuning is currently designated as "M-1 Light Industrial Zone" pursuant to Section 61309, Chapter 61, Title 21 of the Government Code of Guam. If a change to this zoning designation is needed to implement the developer's plans, an explanation of the need for change must be included in the proposal submitted in response to the RFP.

1.1.4. Proposed Future Uses. GEDA believe that highest and best use of the Property is commercial/industrial development and requires prospective developers to submit proposals advocating this land use concept in a fashion that satisfies developer and GEDA objectives. Revenue and job generation in addition to increased economic activity are goals GEDA seeks to achieve through the long term lease of this property.

1.2 GEDA COMMITMENTS

- To support designation of the appropriate zone for the property to accommodate the development plan, to the extent allowable by law.
- To support the developer in satisfying all regulatory, land use, environmental, business, building and other local and federal permitting requirements, to the extent allowable by law.
- To support the developer in presenting and securing approval of the development agreement to the extent allowable by law.
- To support the developer in requesting the application of available government incentives to achieve stated goals to the extent allowable by law.

1.3 OFFEROR REQUIREMENTS

A lease agreement will be prepared once negotiations with the successful offeror have concluded. Since the lease agreement will require offeror(s) to carry out various responsibilities, including, but not limited to those listed below, proposals must indicate concurrence with performing, paying the costs for and carrying out the major responsibilities listed below:

1.3.1 Conceptual Plan. In submitting a proposal in response to this RFP, offerors are required to submit a conceptual plan for the development of the property which shall identify the type of use, the market demand for the goods and/or services to be offered, a rough order of magnitude cost for developing the site and the offeror's ability to finance development and operations including evidence of such financial ability.

1.3.2. Business Plan. In submitting a proposal in response to this RFP, offerors are required to submit a preliminary business plan containing a project pro forma covering the projected costs to prepare the site for development, projected revenues, the period of time required by the offeror to develop the property and the period of time required to recover site development and associated costs.

1.3.3 Infrastructure. In submitting proposals in response to this RFP, offerors must commit to plan, implement and fund all site preparation improvements.

1.3.4. Management. In submitting proposals in response to this RFP, offerors must accept management and maintenance responsibility for the Property over the term of the lease.

1.3.5. Environmental Remediation. In submitting proposals in response to this RFP, offerors must accept responsibility for performance and costs of any environmental remediation required to develop the Property as proposed.

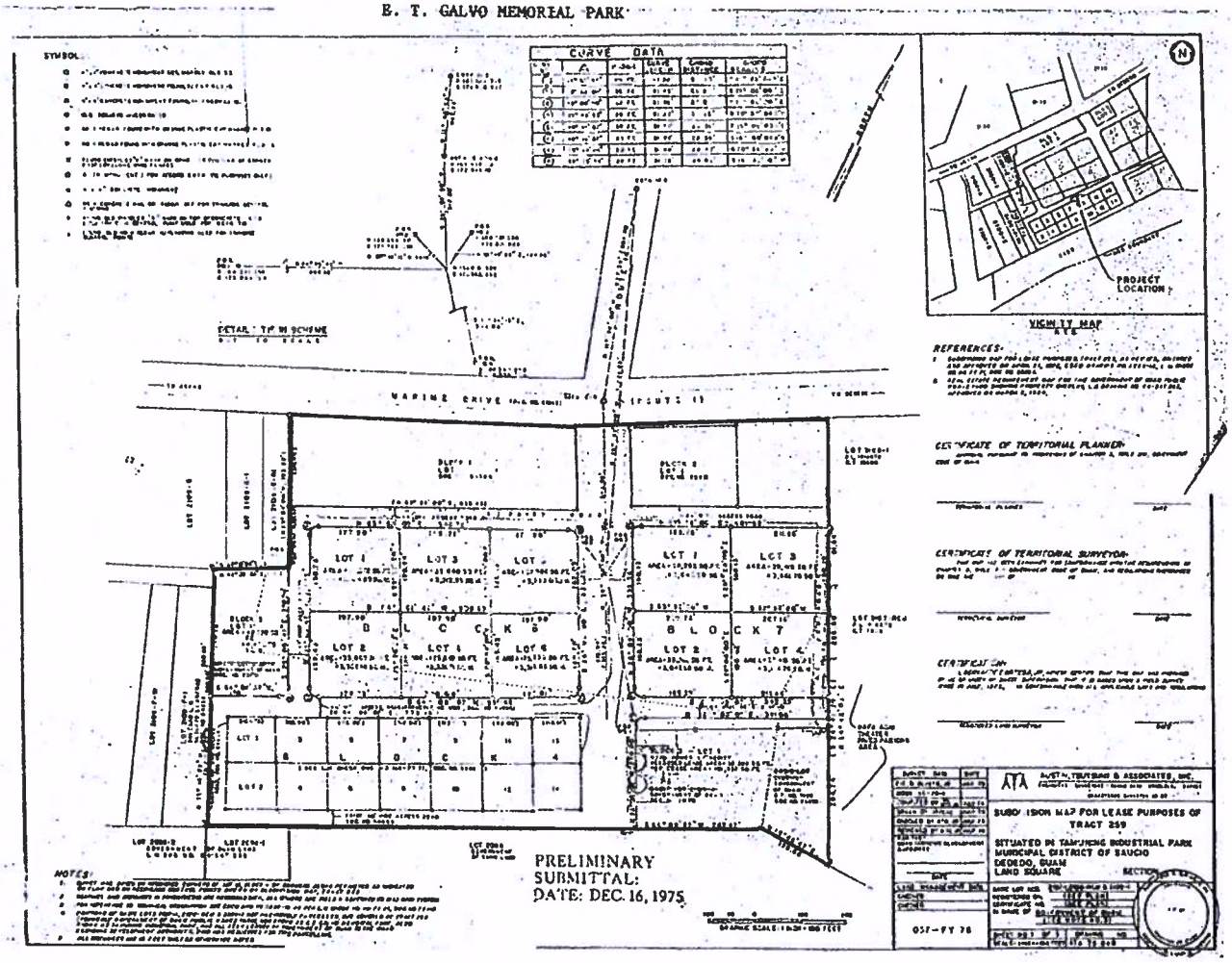
1.3.6. Insurance. Offerors must commit to obtaining all required property, liability and workmen's compensation insurance, and indemnify GEDA and the Government of Guam from any liability arising from the development and use of the Property.

1.3.7 Survey. Prepare a property boundary survey or retracement of the Property and obtain all required approvals. Survey monuments must be maintained and visible at all times for inspection by GEDA.

1.3.8. Fees. Pay all fees associated with the recording the Lease at the Department of Land Management.

Attachment A

Survey Map of Lot Number 7, Block 4, Tract 259 Tamuning



ATTACHMENT

2

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:

Directors:	***Offices or Positions:***
EJ Calvo	Chairman
Ernesto Espaldon Jr	Director
Monte Mesa	Director
George Chiu	Director
Jay Rojas	Administrator
Mana Silva Taijeron	Deputy Administrator
Absent and excused was:	
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 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 day of January AB, 2018 AB

Edward J Calvo, Chairman

ATTEST:

Ernesto Espaldon, Jr.
Secretary

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

GUAM ECONOMIC DEVELOPMENT AUTHORITY

March 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 March 20, 2014 at the hour of 1:45 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:	***Offices or Positions:***
Edward J. Calvo	Chairman
David J. John	Vice Chairman
Arlene P. Bordallo	Secretary
George Chiu	Director
Monte Mesa	Director
Ernesto V. Espaldon, Jr.	Director
Absent and excused:	
Vera Wu (off-island)	Director
Mana Silva Taijeron	Deputy Administrator
Also present were:	
GEDA Officials:	
Henry J. Taitano	Administrator
Janalynn Cruz Damian	GEDA Legal Counsel Calvo Fisher & Jacob LLP)
Diego Mendiola	Real Property Assistant Manager
Henry Cruz	Economist
Larry Toves	Real Property Manager
Claire Cruz	Loans & Compliance Manager
Bernice Torres	Administration & Operations Manager
Carl Quinata	Industry Development Specialist

Doc. No. 34GL-18- 1741.

Gloria Molo	Administrative Services Officer
Greg Sablan	Public Finance Assistant Manager
Therese Santos	Executive Assistant
Mike Cruz	Project Director
Steve Dierking	Chief Information/Marketing Manager
Anisia Terlaje	Special Assistant Inter-Agency Support
Purita Quinamague	Accountant
Jeff Marchesseault	DNA, Inc.
John E. Grady	CHA
Zig Resiak	CHA PMO
Jehan'Ad Martinez	Blair Sterling Johnson & Martinez
Nicole Santos	Office of Senator Ben Pangelinan

Approval of Agenda

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

Approval of Minutes

§4. The next item on the agenda was approval of the minutes of the January 16, 2014 regular board meeting and January 27, 2014, reconvened meeting from January 16, 2014. On motion duly made by Director Mesa and seconded by Director Bordallo, the following resolution was unanimously approved:

Resolution No. 14-019

RESOLVED, that the Board approves the minutes of the January 16, 2014 regular meeting and the January 27, 2014 reconvened meeting from January 16, 2014.

Communications

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

The first item under Communications, Administrator Taitano congratulated Bernice Torres, Administration & Operations Manager, and her team on GEDA's successful audit, ten years in a row. This is a testament to the work ethic of Mrs. Torres and the rest of the managers.

Old Business

§6. The next item on the agenda was Old Business.

The first item under Old Business was Real Property: Guam Fishermen's Coop Memorandum of Agreement.

Mr. Larry Toves, Real Property Manager, informed the Board that at the January 27, 2014 meeting, the GEDA Board of Directors tabled the request to approve the Memorandum of Understanding ("MOU") between the Guam Fisherman's Cooperative Association ("GFCA") and GEDA. The Board wanted legal counsel review of Public Law 32-56 and GEDA's authority to impose conditions on GFCA to carry out GEDA's fiduciary responsibility over the expenditure of HOT Bond proceeds, including the requirement for GFCA to hire a construction manager.

Mr. Toves, informed the Board that Legal Counsel completed the requested analysis and has determined that, yes, GEDA can request documentation to support expenditures for the project, but GEDA has no approval authority over those expenditures. Further, GEDA can request/recommend that GFCA hire a CM, but GFCA does not need to approve that request.

In an effort to move this project along, GEDA requested and GFCA approved the attached MOU, which contains the provision that GFCA hire a construction manager. Since Senator Pangelinan requested a status report on the project and requested that this item be placed on the GEDA board agenda, the MOU was executed.

GEDA staff recommends that the Board ratify the approval of the MOU with GFCA.

Director Mesa noted that as to item 2(b) of the MOU, it should require that the conditions of section 1(d) should also be satisfied. Director Chiu responded that based on the language of the MOU, section 1(d) is covered under section 1(c) and stated his concern with GEDA liabilities. Director Mesa responded that there is an indemnification provision included.

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

Resolution No. 14-020

RESOLVED, that the Board ratifies the Administrator's execution of the Memorandum of Understanding between the Guam Fisherman's Cooperative Association and GEDA on March 5, 2014.

§7. The next item under Old Business was Real Property: IFB 14-004 – Design and Construction of Lighting and Electrical Improvements at Governor Joseph Flores Park (Ypao Beach Park).

Mr. Larry Toves informed the Board that improvement of the lighting and electrical systems at Governor Joseph Flores Park is part of the capital improvement projects outlined in Public Law 30-228 and is funded by proceeds from the Hotel Occupancy Tax ("HOT") Revenue bonds. The project includes repair and installation of lights in the Park. On January 22, 2014, GEDA issued IFB 14-004 to which seven (7) companies submitted bids before the submission deadline on February 19, 2014. The bidders were Eons Enterprise Corp., DCK Pacific Guam, Inland Builders Corp., Maeda Pacific Corp., Orion Construction Corp., Wadaco Group Inc., and Z4 Corporation.

Doc. No. 34GL-18- 1741.

The Engineer's opinion of Base Bid probable cost was $228,350.00. The IFB included diagrammatic plans and specifications for the design and construction of the lighting and electrical systems. The IFB indicated that an award decision would be based on the lowest responsible and responsive Base Project pricing and Bid Options would be exercised at GEDA's sole discretion. There were seventeen Bid Options in the IFB. None of the bid options have been identified at this time for inclusion in the final design and construction package. Approximately $117,639 of optional design and construction can be executed under this project given a project budget of $330,000, since the lowest Project Base Bid was submitted by Inland Builders for $212,360.81. GEDA and the PMO are reviewing the bid to determine responsibility and responsiveness.

Staff recommends that the Board authorize the Administrator to execute a contract with the lowest responsible and responsive bidder for a "Not-to-Exceed" amount of $330,000 for the Design and Construction of Lighting and Electrical Improvements at Ypao Beach Park with options to be provided to the contractor in the contract. The contract will require final review by Legal Counsel. Thereafter, BBMR, AG and Governor's approval will be required.

Chairman Calvo requested for information on what areas in the park will be improved. Mike Cruz informed the Board that the main festival area (from the amphitheater to the Guam Visitors Bureau ("GVB") office) is one part of the park that is part of the base bid; three other zones will be chosen with consideration of priority. GEDA will be coordinating with GVB and Department of Parks and Recreation, but options have not been determined yet.

Chairman Calvo continued to inform the Board that this investment in improving the lighting at Ypao Park will just be the beginning of improvements at the Park. Later improvements will be based on the priority and will easily be enhanced if more funding is available in the future. Initially, GEDA evaluated at a 100% lighting plan and that estimated cost exceed the funding currently available. As funding becomes available the other zones in the park can be improved. Chairman Calvo added that the focus should remain on the priorities now and that the rest can be addressed later. The first time an IFB was issued for this project, the bids came in too high.

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

Resolution No. 021

RESOLVED, that the Board approves the award of IFB 14-004 for the Design and Construction of Lighting and Electrical Improvements at Ypao Beach Park to the lowest responsible and responsive bidder for a contract amount not-to-exceed $330,000, to include any option within budget, subject to final review by Legal Counsel.

Chairman Calvo announced that Director John arrived at the start of discussion on IFB 14-004.

§8. The next item under Old business was Business Development: Economic Symposium Update.

Mr. Carl Quinata presented to the Board that the dates and location have been finalized, and the symposium will be held during the week of August 18, 2014, at the Hyatt Hotel. GEDA is working to develop an agenda and speakers for the event. Chairman Calvo elaborated that the reservation at the Hyatt also included room rates to promote to investors from off-island, side meeting rooms, as well as areas for meals for the attendees.

The draft agenda is for a three day conference during one week and an announcement to save the date should be coming out soon so that everyone will know about this important event.

Tourism is going to be a major part of this symposium. Not only existing reports, the vision of GVB short term, but also initiatives like the Cruise Line Industry, the Night Market, and other things that we expect GVB to do.

Chairman Calvo informed the Board that interest in this type of event has been expressed to GEDA staff when they attend conferences over the last three months. Administrator Taitano shared that due to the positive ratings that Guam has had, GEDA is starting to see interest in Guam by companies that are not only in the business of investing but have other core functions. In addition to that, there is the Blumberg Report that came out regarding positive ratings and the Huffington Post report about Guam being a fantastic destination. It is perfect timing for GEDA to use the momentum to get new types of investment on Guam.

Chariman Calvo informed the Board that they will be updated with the progress of the symposium planning.

§8. The next item under Old business was Business Development: QC Program Update.

Director John informed the Board that the QC Committee has finalized the recommendations for the New Construction Hotel QC. GVB has requested that GEDA delay presenting it to the Legislature so that further discussions on the draft legislation can be held between GEDA and GVB.

GEDA had requested from GVB as to a threshold as to what constitutes upgrading a hotel; is it a dollar amount per room, is it a percentage of overall value. GEDA would like to ensure that a QC proposed under this legislation is not issued just for painting.

GEDA has also started discussion on how to use the QC to back up the 2020 Vision, what needs to be put in place for an investor market.

New Business

§12. The next item on the agenda was New Business. The first item for discussion was Real Property Division: Determination of Need – Former Star Press Property Lease.

Mr. Larry Toves presented to the Board that in 2013, GEDA attempted to lease the former Star Press property to a company that marketed and installed solar panels. However, the lease was not consummated as the prospective tenant decided against publication of a Determination of Need ("DON") to advise the public and to obtain legislative approval of the actual permits, or licenses for use of public real property whose expected term is to exceed five (5) years. The law requires the following steps to be taken:

1. Prepare a "written Determination of Need justifying by a quantifiable sum an Exceptional Term Contract (i.e., more than five (5) year lease term) and specifying the full term, inclusive of extensions options and renewals..."
2. Publicize a "notice of solicitation" which specifies the term thereof
3. Obtain GSA, Governor, or Board approval of Determination of Need
4. Submit copy of approved Determination of Need to Legislature.
5. Issue RFP.
6. Submit resulting lease to Legislature.
7. Legislature has 60 calendar days to act on ETC (lease) otherwise it is approved. Legislative public hearing must be held. Approval is by law, disapproval by resolution.

GEDA staff requested legal counsel to review the applicability of PL 32-40 to the GEDA Industrial Park lease program as GEDA believed that the law could not apply to an existing agreement that was executed in the late 1960's. However, legal counsel determined that the law does apply to GEDA subleases of its Industrial Park properties. As a result, a DON for the former Star Press property is being presented for Board approval.

GEDA staff recommends that the Board allow the Administrator to publicize the DON and thereafter, provide the DON to the Legislature as the law requires legislative notification (not approval). Once a prospective lessee is selected, the terms of the lease will be presented to the Board for approval. Once approved, the lease will be provided to the Department of Land Management, the Attorney General and the Governor as required by the lease, and then to the Legislature as required by PL 32-40.

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

Resolution No. 14-022

RESOLVED, that the Board approves the Determination of Need for the Former Star Press property located in the E.T. Calvo Industrial Park as presented.

§13. The next item under new business was Assignment of Fred Chao Inc. lease.

Mr. Larry Toves informed the Board that Fred Chao Inc. (owned by Mr. Fred Bee, Mrs. Jean Bee, and Ms. Gina Endaya) subleases Lots 5, 6 and 8, Block 4, Tract 159 consisting of 3124 square meters of land and 9000 square feet of warehouse from GEDA for $24,406.80 per year until 2017, not including options (the "Sublease"). Rent increases 10% every five (5) years thereafter until 2032. The land and building are located behind the ITC building at the base of the Tiyan cliff. Mr. and Mrs. Bee and Ms. Endaya, as represented by Attorney Fred Horecky, are selling their interests in Fred Chao Inc. (the "Tenant"). The Tenant's only asset is the Sublease.

Section 13.01(a) of the Sublease provides as follows:

> Tenant shall not assign, mortgage, or hypothecate this sublease in whole or in part, or sublet all or any part of the sublease Premises, or otherwise permit third parties to occupy the premises without the prior written consent of landlord in each instance, which consent may be withheld by Landlord at its sole discretion. This prohibition against assigning shall be construed to include a prohibition against any assignment by operation of law. Should Tenant be a corporation, the transfer of more than twenty percent (20%) of the capital stock of Tenant shall constitute an assignment.

Pursuant to Section 13.01(a) of the Sublease, the Tenant is requesting GEDA's approval of the transfer of stock from Mr. and Mrs. Bee and Gina Endaya to Tai Fa Import & Export Company Inc. ("Tai Fa").

Tia Fa is currently leasing a warehouse behind the GPA headquarters in Harmon and will relocate its operations to the E.T. Calvo Memorial Industrial Park.

The Tenant currently pays around $7.80/sm/year for the land and building as opposed to $17/sm/yr based upon Carpet Store's 2013 appraisal for land and $11/sf/year for the building (2010 Carpet Store building appraisal). Base rent for the sublease was negotiated shortly after Guam Fresh Inc. defaulted on its GEDA loan and subleased in 2002 and reflected the concern to immediately re-lease the property to obtain rent. Rent was increased in 2006 in consideration of the Tenant's request to remove use restrictions.

Although owned by GEDA, the building is in need of substantial repair. Staff inspection of the facility last year indicated that the roof leaks, interior partitions are in deteriorated condition, while the flooring also needs repair. The Tenant's previous subtenant, California Mart, removed its freezer upon eviction, and use of the facility by Tai Fa will require substantial investment.

GEDA staff recommends that the Board approve the transfer of 100% of the ownership interest in Fred Chao Inc. from Mr. and Mrs. Bee and Gina Endaya to Tai Fa, subject to final legal counsel review of the consent document and any necessary Sublease amendments, and subject to the following conditions:

- Rent increases to fair market rental value based upon an appraisal of the land and one year from approval of the transfer of ownership interest in order to give Tai Fa an opportunity to invest in improvements. The appraisal shall be commissioned by GEDA with the Tenant reimbursing GEDA for the cost of appraisal;
- The appraisals in 2017 and thereafter shall exclude the value of improvements made by the Tenant so as not to penalize the Tenant for making improvements.
- The Tenant shall maintain the building in a manner that preserves and increases its value.
- The Tenant agrees to an increase in subtenant rent from 3% to 15%, even though the Tenant will probably not sublease.
- Fred Chao or Tai Fa pay all fees to process this request including legal and DLM recording fees. Pursuant to Section 13.01(b) of the Sublease, as a condition to its consent, GEDA may require the Tenant to pay all expenses, including legal fees, incurred by GEDA in connection with the assignment.

After further discussion on the appraised value of the property, Attorney Fred Horecky presented to the Board that his clients believe the existing lease already provided for increases of 10% every five (5) years. The lease started in 2002. The lease states that after the initial term first term, GEDA could do a fair market value appraisal. That was supposed to be for the period of 2007 to 2012. GEDA never did the appraisal. Then at that point, 2006, the rent was increased roughly $1700 per year.

Attorney Horecky explained to the Board that his clients and Tai Fa entered into their agreement based on the existing rent and not on the idea that there will be an increase. So if the rent is increased on the lines of what is being discussed, that would drastically affect the understanding of the parties and would make the whole deal impossible. Another option that Fred Chao Inc. might have is just to sublease the property to Tai Fa.

After further discussion on the details, the Board requested to table the Assignment of Fred Chao Lease Agreement so that staff can obtain further information on the value of the property.

Reports

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

Administrator Taitano presented a follow up on the Hagåtña Restoration; the final version of the MOU has been signed. The next step is on behalf of the Hagåtña Restoration; GEDA will issue an RFP for the master plan.

As for other development updates, as GEDA works on the MOUs it has with the other agencies, the Real Property Division will continue to pursue the opportunity to help promote our economic development through these land deals.

The next update was the employee of the month. Administrator Taitano congratulated Purita Quinamague on her designation as employee of the month.

Public Comments

§17. The next item on the agenda was Public comments. Chairman Calvo asked if there were any public comments.

Director Mesa presented information on the Miami Cruise Conference that he attended. He distributed information to the Board. Director Mesa pointed out that Asia's market share in the cruise industry is 3.4% of the total market. The cruise industry has repositioned ships into Asia and Australia, so Guam's opportunity is the transpacific routes. The handouts provided by Director Mesa illustrate the economic impact of the cruise industry.

The Micronesian Cruise Association has been formed and it involves the government of the CNMI, FSM, Palau and the Republican of Marshals. This speaks volume of the activity within the islands.

The opportunity is the on-shore revenues that will be generated. Chairman Calvo expressed that one of the things he would like to see GEDA do is find investment through government or private entities for facilities. One of the things that we have spoken about is that GEDA take the lead on an Economic Feasibility Study for the cruise line industry.

Former Senator Hope Cristobal addressed the Board regarding the Farmer's Coop Project. She mentioned that there was a condition of April 28 which is a month away and would like a status update on the process.

Mr. Larry Toves informed the Board and Senator Cristobal that he and Legal Counsel are finalizing the contract. Legal Counsel will check on what the April 28 date is that was referred to by former Senator Cristobal.

Adjournment

§18. Having no further items to discuss, on motion duly made by Director Chiu and seconded by Director Espaldon, at 3:20 p.m., the meeting was adjourned.

Dated this 24th day of March, 2014

Edward J. Calvo
Chairman

ATTEST:

Arlene P. Bordallo
Secretary

ATTACHMENT

3

The Guam Power Authority and Guam Waterworks Authority collaborated to produce creations that highlight each agency's improvements to the island's power and water system.

Days prior to the parade, GPA staff worked together at one of the power substations to bring to life their designs. Lucas Ogo, from GPA's engineering and distribution section, has been spearheading preparations every year, mobilizing support for the creation of the joint GPA-GWA float.

According to GPA Communications your resolve as to what your purpose is. You really do not know, moving forward, what it is, until you know where you come from. And if you remember what it took to get there, you are much stronger for that."

Frank Santos Jr, a program coordinator at the Port Authority of Guam, said his agency will highlight the unity of teams and communities, which he said is evident days prior to the Liberation Day Parade.

According to Santos, port employees volunteer their time during and after work, and during the weekend, to build their float, which is made from recycled and local materials gathered throughout the island.

Employees, families work together

Describing the night before the Liberation Day Parade as embodying the essence of the theme, Santos said employees and their families head down to the port to help construct the float, sharing food and their time until the day of the parade.

Aside from the use of natural materials, entries will be judged according to theme portrayal, creativity, attractiveness and construction. Participants were also encouraged to incorporate kinetic and mechanical enhancements and sound effects, and to encourage participant involvement.

Last year, Santa Rita snagged the top prize for the village category. For the government of Guam group, Department of Public Works bested other candidates, followed by the Port Authority and, finally, GPA and GWA.

EDDIE BAZA CALVO
Governor of Guam

RAY TENORIO
Lt. Governor of Guam

GUAM ECONOMIC DEVELOPMENT AUTHORITY
Moving Forward

Aturidåd Inadilånton Ikunumihan Guahan

RFP 17-008

FOR SUBLEASE OF LOT AND BUILDING: LOT 7, BLOCK 4, TRACT 259, E.T. CALVO MEMORIAL INDUSTRIAL PARK

The Guam Economic Development Authority (GEDA) is issuing this Request for Proposals (RFP) for the sublease of Lot 7, Block 4, Tract 259, E. T. Calvo Memorial Industrial Park, Tamuning and the building located on the property. The property, formerly known as Star Press, consists of approximately 1,840.9 square meters of land and a 4,800 square foot concrete and butler building (The Property). The Property is located along the road to Triple J Tires and Coral Reef Marine Center. GEDA intends to negotiate a long term sublease(s) for the Property. This RFP is available for public inspection and download from the GEDA website at www.investguam.com. A CD copy of the RFP may also be picked up at the GEDA office located on the 5th floor of the ITC Building 590 South Marine Corps Drive, Tamuning, Guam 96913, Monday through Friday, excluding holidays, between 8:00 a.m. and 5:00 p.m. Offerors MUST complete, and submit to GEDA, the ACKNOWLEDGEMENT OF RECEIPT FORM of this RFP in order to receive addenda, responses or other related notices. The deadline for receipt of proposals by GEDA is 4:00 p.m., Friday, August 18, 2017, GST. Proposals submitted in response to this solicitation must comply with the instructions and procedures provided in the RFP. Any questions must be submitted to the attention of Mrs. Gloria Molo, Administrative Services Officer at (671) 647-4332 or via email at gmolo@investguam.com.

/s/ Jay Rojas, Administrator

590 S. Marine Corps Dr. Suite 511 ITC Building, Tamuning, GUAM 96913 | T 671.647.4332 F 671.649.4186 | www.investguam.com

Pursuant to Public Law 26-12, funding for this ad was paid by GEDA's General Fund.

LOCAL PROCUREMENT

The Honorable Eddie Baza Calvo
Governor

The Honorable Ray Tenorio
Lieutenant Governor

Joseph I. Cruz
Chief of Police

REQUEST FOR PROPOSALS (RFP)

The Governor of Guam, Eddie Baza Calvo, through the Chief of the Guam Police Department is soliciting for professional consulting services in sealed bids for **"Government of Guam Interoperable Communications Land Mobile Radio (LMR) System."** Sealed bids in duplicate will be received at the Guam Police Department Chief of Police Conference Room, no later than (3:00pm) August 9, 2017. At this time and place all bids will be publicly opened and read aloud.

The RFP can be viewed and downloaded from the GPD's website at www.gpd.guam.gov. Notice for firms downloading the RFP online. Prospective offerors who download RFPs are required to register their intent to submit proposals via email to Ms. Ann Marie O. Cruz at icwp@gpd.guam.gov. Notices of intent should include company name, company address, contact name, and contact information which includes an email address. The government will confirm receipt of the intent to submit via email. **Proposals from offerors that have not registered their intent to participate in the RFP will not be considered for award.** It is recommended that offerors register their intent as early as possible.

Prospective Offerors can pick-up an RFP packet at the Guam Police Department Federal Programs Office, 777 Route 4 Ste 102, Sinajana, Guam from 8:00am – 11:45am or 1:00pm – 3:00pm, Monday through Friday, closed on holidays and weekends. If directions are needed please call 671-475-8567/8461. Prospective offerors must have a valid email address in order to receive any addenda or other notices related to the RFP.

The Guam Police Department hereby notifies all bidders that it will affirmatively insure that in any contract entered into pursuant to this advertisement, minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color and national origin in consideration for an award.

The Guam Police Department has the right is reserved to reject any or all bids and to waive any imperfection in the bids in the interest of the Government of Guam.

A pre-bid conference (and site visit) will be held on **July 24, 2017, 8:00am** at the Guam Police Department Federal Programs Office, 777 Route 4 Ste. 102, Sinajana, Guam. A site visit on the proposed project will be conducted immediately after the pre-bid conference, to allow prospective bidders to familiarize themselves with the project's site conditions. Attendance for the pre-bid conference and site visit is mandatory.

/s/ JOSEPH I. CRUZ
CHIEF OF POLICE

P.O. Box 23909, Barrigada, Guam 96921 • Tel (671) 475-8512 • Fax (671) 475-3222

ATTACHMENT

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(Space Above This Line For Recorder's Use)

18-0098

SUBLEASE AGREEMENT

RECITALS

WHEREAS, the Guam Economic Development Authority ("GEDA") is the lessee by way of the Lease executed with the Government of Guam on April 22, 1966 and amended on September 15, 1969 of the Premises more particularly described below; and

WHEREAS, GEDA is authorized to promote investments of entrepreneurial capital in Guam and to, develop and maintain facilities for lease or sale and provide for the expansion of agricultural, industrial, hospital, housing and tourist facilities through financial assistance and other means; and

WHEREAS, GEDA is authorized to acquire, in any lawful manner, any real property, and to hold, maintain, use and operate the same; and to sell, lease, encumber or otherwise dispose of the same, whenever any of the foregoing transactions are deemed necessary or appropriate to the conduct of the activities authorized by GEDA's enabling legislation, and on such terms as may be prescribed by GEDA; and

WHEREAS, on July 20, 2017, GEDA issued Request for Proposals 17-008 for the Sublease of the Premises more particularly described below; and

WHEREAS, a single proposal was received and GEDA commenced negotiations with the proposer; and

WHEREAS, GEDA commenced negotiations with the 1st and only ranked proposer, Tai Fa Import & Export Co. Inc., and the parties have agreed to terms for the sublease of the Premises as are more fully set forth herein; and

WHEREAS, the Board of Directors of GEDA have approved the terms and conditions of this Sublease and the parties desire to enter into a Sublease Agreement based upon the terms and conditions set forth herein; and

WHEREAS, pursuant to the provision of Public Law 32-40, GEDA approved a Determination of Need (DON) in April 2014 (RFP 14-009), a copy of which is submitted with this Sublease proposal, for its intent to solicit proposals for an exceptional term (greater than five (5) years) sublease contract for the Premises more particularly described below; and

WHEREAS, although GEDA's 2014 solicitation did not result in any sublease, GEDA subsequently issued RFP 17-008 which resulted in the successful negotiation of this sublease.

NOW, THEREFORE, the parties do hereby agree as follows:

ARTICLE 1. PARTIES.

Section 1.01. THIS SUBLEASE AGREEMENT (the "Agreement") is entered into by and between the **GUAM ECONOMIC DEVELOPMENT AUTHORITY**, a public corporation, whose address is 590 S. Marine Corps Dr. Ste. 511, Tamuning, GU 96913 ("Landlord"), and **TAI FA IMPORT & EXPORT COMPANY INC.**, a Guam corporation, whose mailing address is PO Box 10178, Tamuning, Guam 96931 ("Tenant").

ARTICLE 2. SUBLEASED PREMISES.

Section 2.01. Landlord leases to Tenant and Tenant hires from Landlord, for the term and at the rental amount set forth herein and upon the conditions in this Agreement, that certain real property described as:

Lot No. 7, Block 4, Tract 259, E.T. Calvo Memorial Industrial Park, Tamuning, Guam, containing a total area of 1,040.5 ± square meters (the "Land") together with that one-story concrete and butler building formerly known as the Star Press Building consisting of 4,800 ± square feet situated on the Land (the "Building"). The Land and Building are referred to collectively herein as the "Premises."

Section 2.02. Condition of Premises. Tenant has inspected the whole of the Premises, and is fully informed and aware of their condition and state of repair, Tenant accepts the Premises and every part thereof "as is" in their existing condition.

ARTICLE 3. AGREEMENT TERM.

Section 3.01. Term. The initial term ("Initial Term") of this Agreement shall be for a period of fifteen (15) years commencing on the date of the Guam Legislature's approval, and expiring, unless sooner terminated, at midnight fifteen years thereafter.

Section 3.02. Option to Extend. So long as Tenant is not in default hereunder, Tenant shall have three (3) options to extend the term of this Agreement for an additional five (5) years each ("Extended Period") by giving written notice to Landlord, at least ninety (90) days before the expiration of the Initial Term or the Extended Period, as the case may be, of the Tenant's intention to extend the term of this Agreement. Tenant's failure to provide Landlord with said ninety (90) day notice shall result in the Agreement terminating upon the expiration of the Initial Term or Extended Period, as the case may be, whose term Tenant sought to extend. Any termination of this Agreement during the Initial Term or any Extended Period, or the expiration of either, shall terminate all rights of extension hereunder. Tenant's tenancy during any Extended Period, except for the duration and rent as hereinafter provided, shall be upon the same terms, covenants and conditions as provided in this Agreement for the Initial Term.

Section 3.03. Holding Over. If Tenant shall remain in possession of the Premises after the expiration or termination of this Agreement, such possession shall be on a month-to-month tenancy upon the same terms and conditions of this Agreement as existed immediately prior to the expiration or termination of the Agreement, except, however, the duration of this Agreement shall be on a month-to-month basis with no option to extend and the monthly rent shall be one hundred and ten percent (110%) of the then-existing monthly rent, until changed by Landlord in its sole discretion.

ARTICLE 4. RENT; DEPOSIT.

Section 4.01. Rent. Tenant shall during the Initial Term pay to Landlord on a monthly basis a rental fee in the amount of ONE THOUSAND AND 0/100 DOLLARS ($1,000.00) ("Initial Base Rent").

Section 4.02. Escalation. Rent will be escalated at an additional rate of 10% every five (5) years for the Initial Term of this sublease. Thereafter, the Rent will be based on the 10% capitalization rate of the Fair Market Value of the land only for all five-year Extension Periods exercised. In no event shall the Rent fall below the monthly rental fee for the immediately previous Initial Term or Extension Period, as the case may be.

Section 4.03. Deposit. Upon execution of this Agreement by the Governor, Tenant shall deposit with Landlord the sum of ONE THOUSAND AND 00/100 DOLLARS ($1,000.00) as security for the faithful performance of all obligations of Tenant hereunder, including without limitation those relating to rent and repairs. This security deposit shall not constitute payment of the last month's rent hereunder. If on expiration of this Agreement, Tenant shall have fully performed all of Tenant's obligations hereunder, then the security deposit, without interest, shall be returned to Tenant. If Tenant is in default, Landlord may use the

security deposit, or any portion of it, to cure the default or to compensate Landlord for any damage sustained by Landlord resulting from Tenant's default. Tenant shall immediately on demand pay to Landlord a sum equal to the portion of the security deposit expended or applied by Landlord as provided in this paragraph so as to maintain the security deposit in the amount initially deposited with Landlord. In the event of a sale, lease or other transfer of the Premises, Landlord may transfer or assign said security to Landlord's transferee, and in such event Tenant agrees to look to such transferee solely for the return of said security.

Section 4.04 Late Fee. In order to compensate Landlord for additional expenses and administrative costs incurred, every rental payment not made in full by the tenth (10th) day of each month shall be assessed a late payment fee of five percent (5%) of the delinquent amount in addition to any interest which may be owing subject to Section 16.10, infra.

ARTICLE 5. UTILITIES.

Section 5.01. Utilities. Tenant shall apply and pay for all water, gas, heat, light, power, sewer, telephone service, rubbish removal, and all other utility services of any kind and nature whatsoever, supplied to and used on the Premises.

ARTICLE 6. USE AND OCCUPANCY.

Section 6.01. Use. Tenant intends to use the Premises for warehouse and possible retail. Tenant shall be permitted to use the Premises for all purposes that are permitted within an M-1 zone, and shall not use or permit the use of the Premises for any other purpose without the prior written consent of Landlord. Tenant is prohibited from using the Premises for the following activities and shall not sublease the Premises for any of the following activities:

(a) Gambling or gaming activities such as poker machines and pachinko.

(b) Nude bars, adult book stores, hostess lounges, massage parlors, or any illicit activities.

(c) Any and all activities or enterprises that are prohibited by Guam law or federal law.

(d) Bars, lounges, night clubs, after hour clubs, and other establishments primarily designed for recreational and amusement customers.

Section 6.02. Compliance with Law. Tenant shall comply with and conform to all Federal and Guam laws and regulations, and any and all requirements and orders of any Guam, or Federal board or authority, present or future, in any way relating to the condition, use, or occupancy of the Premises throughout the entire term of this Agreement.

Section 6.03. Restrictions on Tenant's Use. Tenant agrees, in using the Premises:

(a) Not to commit any waste or suffer any waste to be committed upon the Premises;

(b) Not to commit any public or private nuisance or any other act or thing which might or would disturb the quiet enjoyment of any occupant of nearby property;

(c) Not to burn refuse or other materials in or about the Premises, or permit any activity or activities that might cause unreasonable annoyance to occupants of adjoining properties;

(d) Not to use any advertising medium that may be heard outside the Premises, such as loud speakers, phonographs, or radio broadcasts without Landlord's prior written consent;

(e) Not to use any area outside the Premises as an open storage;

(f) To keep the Premises free of any trash, debris or refuse; and to regularly remove from the Premises any trash, refuse or debris stored in any collection bins.

ARTICLE 7. WORKPLAN.

Section 7.01. Work plan. Tenant shall substantially improve the existing Star Building. Tenant shall invest $200,000 or more to bring the building up to serviceable and acceptable conditions as a retail store/warehouse with office space. Tenant shall undertake all necessary remediation for the existing building. Tenant estimates that completion of the renovations would occur within one year of approval of the sublease by the Legislature. Tenant shall undertake infrastructure improvements, such as combined fencing around both of the subleased lots (subject to GEDA's approval). The first phase will involve cleaning and restoration of the existing building and use for warehouse/storage. The second phase will involve developing a retail store. If the space is not subleased, the opening of the retail store would occur approximately six months after completion of the renovations. A copy of the Work Plan as submitted by Tenant is attached hereto.

ARTICLE 8. TRADE FIXTURES AND SIGNS.

Section 8.01. Installation. Tenant may install in and affix to the Premises such fixtures, and equipment as Tenant deems necessary for the operations of its business.

Section 8.02. Removal. Not later than the expiration of the time within which under any provision of this Agreement Tenant is required to surrender possession of the Premises to Landlord, Tenant may, and if Landlord gives written notice requiring Tenant to do so, Tenant shall remove all trade fixtures installed in the Premises by Tenant. All trade fixtures not removed within such time shall become and remain the property of Landlord. The removal of

such trade fixtures shall be effected solely at the expense of Tenant and in a manner satisfactory to Landlord and without injury or damage to the Premises or the improvements thereon, and Tenant covenants to repair immediately, at Tenant's expense, any injury or damages caused by such removal. This provision shall survive the expiration or sooner termination of this Agreement.

Section 8.03. Signs. Tenant may, at its expense, erect on the Premises reasonable signs and provide reasonable exterior lighting, but such signs and lighting shall be in good taste, shall comply with all applicable laws and regulations and shall be removed by Tenant at Tenant's expense upon termination of this Agreement without injury or damage to the Premises.

ARTICLE 9. TENANT IMPROVEMENTS

Section 9.01. Consent of Landlord. Tenant shall make no installations, additions, or improvements which have an aggregate value in excess of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($250,000.00) in or to the Premises, without the written consent of Landlord, which consent may not be unreasonably withheld by the Landlord.

Section 9.02. No Liability of Landlord. Landlord assumes no liability or responsibility therefor or for any defect in any structure constructed by Tenant or for any claims, losses, liabilities, injuries to property or persons (including, without limitation, death) resulting from Tenant's compliance with such plans or specifications or noncompliance therewith.

Section 9.03. Tenant's Responsibilities.

(a) All work done in connection with any improvement by Tenant ("Tenant Improvement") shall be done in a good and workman like manner and in compliance with all applicable building and zoning laws and with all other applicable laws, ordinances, rules and regulations. Tenant shall have procured and paid for all governmental permits and

authorizations of any governmental department having jurisdiction over the Premises prior to commencement of any work. At all times when any Tenant Improvement is in progress, Tenant shall, at Tenant's sole expense, or cause to be maintained (i) workmen's compensation insurance in accordance with law covering all persons employed in connection with the Tenant Improvement, (ii) general liability insurance for the mutual benefit of Landlord and Tenant expressly covering the additional hazards due to the alternation, modification, addition or improvement and (iii) payment and performance bonds written by a surety company authorized to transact business in Guam, guaranteeing the timely performance of the work and guaranteeing the full and complete payment by or on behalf of Tenant of all costs, charges and expenses in connection therewith free and clear of all liens or encumbrances of any kind or nature whatsoever. Tenant covenants and agrees that it has no power to incur any indebtedness giving a right to any lien of any kind or character upon the right, title and interest of Landlord in and to the Premises.

(b) Tenant shall furnish Landlord all plans, specifications, and working papers for Tenant Improvements, including "as built" drawings as soon as they are available.

Section 9.04. Alterations Required by Law. Any additions, alterations, or improvements in or to the Premises required by any governmental authority or any law, ordinance, or governmental regulation or because of the use to which the Premises are put by Tenant shall be made and paid for by Tenant.

Section 9.05. Mechanic's Liens. Tenant agrees to pay promptly for all labor done or materials furnished for any work of repair, maintenance, improvement, alteration or addition done by Tenant in connection with the Premises, and to keep and to hold the Premises free, clear

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and harmless of and from all liens that could arise by reason of any such work. If any such lien shall at any time be filed against the Premises, Tenant shall either cause the same to be discharged of record within seven (7) days after the date of filing the same or, if Tenant in good faith desires to contest the same, Tenant shall be privileged to do so but in such case Tenant hereby agrees to indemnify and hold Landlord, Landlord's landlord, the government of Guam, and their respective directors, officers, employees, agents, successors and assigns, and the Premises harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure upon said mechanic's lien, cause the same to be discharged and removed prior to the execution of such judgment. In the event that Tenant contests any lien, Landlord may increase Tenant's security deposit or otherwise require Tenant to post adequate security with Landlord sufficient to satisfy the lien. Nothing contained herein shall imply any consent or agreement on the part of Landlord to subject Landlord's interest in the real property, of which the Premises are a part, to liability under any mechanic's lien law.

Section 9.06. Reserved.

Section 9.07. Maintenance by Tenant. Tenant, at Tenant's own cost and expense, agrees during the term hereof to keep and maintain, or cause to be kept and maintained, the Building and all buildings and improvements that may be erected upon the Premises in a good state of appearance, in good order, condition, and repair, including, without limiting the foregoing, all plumbing fixtures and electrical fixtures within the Premises, fixtures, interior walls, and all interior building appliances and similar equipment, reasonable wear and tear excepted.

Section 9.08. Drainage. Tenant, at its sole cost and expense, shall be responsible for any costs or liability arising from or associated with any New or Pre-existing Drainage Conditions.

Section 9.09. Demolition and Replacement. Tenant may replace, or cause to be replaced, the Building after the execution of this Agreement if:

(A) Tenant submits a plan and purpose for demolition or replacement of the Building to the Landlord for approval; and

(B) The Landlord approves the demolition or replacement of the Building proposed by the Tenant.

ARTICLE 10. HAZARDOUS MATERIALS. Tenant shall not permit or cause any condition to exist on the Premises which would constitute material contamination (meaning such contamination as would constitute a violation of federal or Guam laws or regulations or pose a danger to public health which, were prosecution or a civil action instituted, would likely result in liability that would be material relative to the value of the Premises) and shall not use or allow the use of the Premises or any portion thereof for the principal or primary purpose of generating, manufacturing, refining, producing or processing any hazardous wastes or hazardous substances.

(a) As used in this Agreement, the terms "hazardous material[s]" or "hazardous waste[s]" means any oil, flammable items, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials including, without limitation, any substances that pose a hazard to the Premises or to persons on or about the Premises and any substances defined as or included in the definition of "hazardous substance," "hazardous waste," "hazardous material," "toxic substance," "extremely hazardous waste,"

"restricted hazardous waste" or words of similar import, now or subsequently regulated under applicable federal or Guam laws or regulations ("Environmental Laws"), including without limitation, products and materials which are subsequently found to have adverse effects on the environment or the health and safety of persons.

(b) Tenant shall keep and maintain the Premises in compliance with, and shall not cause or permit the Premises to be in violation of any Environmental Laws. All Tenant's activities at the Premises shall be in accordance with all Environmental Laws. Additionally, Tenant shall obtain any and all necessary permits. Tenant's obligations and liabilities under this section shall continue so long as Landlord bears any liability or responsibility under the Environmental Laws for any action that occurs on the Premises during the term of this Agreement.

(c) Tenant shall immediately notify Landlord of, and upon Landlord's request shall provide Landlord with copies of, the following:

(1) Any correspondence, communication or notice, oral or written, to or from any governmental entity regarding the application of Environmental Laws to the Premises or Tenant's operations on the Premises including, without limitation, notices of violation, notices to comply and citations;

(2) Any reports filed pursuant to any Environmental Laws or self-reporting requirements;

(3) Any permits and permit applications; and

(4) Any change in Tenant's operations on the Premises that will change or has the potential to change Tenant's or Landlord's obligations or liabilities under Environmental Laws.

(d) Tenant shall protect, indemnify and hold harmless, Landlord, Landlord's landlord, the government of Guam, and their respective directors, officers, employees, and agents, successors and assigns for, from and against any and all losses, damages, claims, costs, expenses, penalties and liabilities of any kind (including, without limitation, the cost of any investigation, remediation and cleanup, and attorneys' fees) which, in Landlord's reasonable opinion, are attributable to Tenant's violation of this section. This indemnity shall survive the expiration or termination of this Agreement.

(e) In the event that any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work of any kind or nature (the "Remedial Work") is necessary due to or in connection with Tenant's use or occupancy of the Premises, Tenant shall within thirty (30) days after written demand for performance thereof by Landlord (or such shorter period of time as may be required under any applicable Environmental Laws, order or agreement), commence to perform, or cause to be commenced and performed, and thereafter diligently prosecuted to completion, all such Remedial Work. All Remedial Work shall be performed by one or more contractors, approved in advance in writing by Landlord. All costs and expenses of such Remedial Work shall be paid by Tenant including, without limitation, the charges of such contractor(s), and the reasonable fees and costs of the attorneys for Landlord incurred in connection with monitoring or review of such Remedial Work.

(f) Landlord may elect, at Landlord's sole discretion, to perform any Remedial Work. Landlord and Landlord's agents shall have the right to enter the Premises at all reasonable times to inspect, monitor and/or perform Remedial Work. All expenses incurred by Landlord in connection with performing Remedial Work are payable by Tenant, upon Landlord's demand, with interest thereon at the rate of eighteen percent (18%) per annum.

(g) Tenant's failure to abide by the terms of this paragraph shall be restrainable by injunction.

ARTICLE 11. CONDEMNATION.

Section 11.01. Total Condemnation. If during the term hereof there shall be a "total taking" by a public authority under the power of eminent domain, then the leasehold estate of Tenant in the Premises shall cease and terminate as of the date actual physical possession thereof shall be taken. "Total taking" is defined to be the taking of the entire Premises under the power of eminent domain or a taking of so much of the Premises as to prevent or substantially impair the conduct of Tenant's business therein.

Section 11.02. Partial Condemnation. If during the term hereof there shall be a partial taking of the Premises, this Agreement shall terminate as to the portion of the Premises taken upon the date which actual possession of the portion of the Premises is taken pursuant to eminent domain proceedings, but this Agreement shall continue in force and effect as to the remainder of the Premises. The rental payable by Tenant for the balance of the term shall be abated in the ratio that the square footage of the floor area of the Premises taken bears to the total floor area of the Premises at the time of such taking. "Partial taking" is defined to be the taking of only a portion of the Premises under the power of eminent domain which does not constitute a "total taking" as defined above in this Article.

Section 11.03. Effect of Termination. If this Agreement is terminated, in whole or in part, pursuant to any of the provisions of this Article, all rentals and other charges payable by Tenant to Landlord hereunder and attributable to the Premises taken, shall be paid up to the date upon which actual physical possession shall be taken by the condemnor, and the parties shall thereupon be released from all further liability in relation thereto.

ARTICLE 12. INDEMNITY AND INSURANCE.

Section 12.01.

(a) No Liability of Landlord for Tenant's Acts. Landlord shall not be liable at any time for any loss, damage, or injury to the Premises or person of any person whomsoever at any time occasioned by or arising out of any act or omission of the Tenant, or of anyone holding under Tenant or the occupancy or use of the Premises or any part thereof, or directly or indirectly from any state or condition of the Premises or any part during the term of this Agreement.

(b) Indemnification of Landlord. Notwithstanding anything to the contrary in this Agreement and, irrespective of any insurance carried by Tenant for the benefit of Landlord, Tenant covenants and agrees that from and after the commencement of the term of this Agreement, Tenant shall indemnify and hold harmless Landlord, Landlord's landlord, the government of Guam, and their respective directors, officers, employees, agents, successors and assigns from any and all claims, demands, expenses (including attorneys' fees and court costs) or damages for any personal injury or injuries, death(s), damages, or losses to any person(s) or property that may be suffered or sustained by Tenant or any of its agents, servants, employees, patrons, customers, invitees, visitors, licensees, departments, and concessionaires or by any other person or persons in, on or about the Premises or any part thereof, arising from any and all causes whatsoever, except the willful misconduct of Landlord.

Section 12.02. Right to Estoppel Certificate. Each party, within ten (10) days after notice from the other party, shall execute and deliver to the other party, in recordable form, a certificate stating that this Agreement is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate also shall state the amount

of monthly rent, the dates of which the rent has been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate within ten (10) days shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Agreement is in full force and effect and has not been modified except as may be represented by the party requesting the certificate. If a party fails to deliver the certificate within the ten (10) days, the party failing to deliver the certificate irrevocably constitutes and appoints the other party as its special attorney-in-fact to execute and deliver the certificate to any third party.

Section 12.03. Tenant's Insurance. The Tenant shall carry and maintain, during the entire term hereof, at Tenant's sole cost and expense, the following types of insurance, in the amounts specified and in the form provided for in this section:

(a) Casualty Insurance. Insurance against loss or damage by fire, typhoons, earthquake, tidal waves, highwater, and such other risks as are now or hereafter included in a Standard Extended Coverage Endorsement in common use for commercial structures on Guam, including vandalism and malicious mischief, on all alterations, additions, and improvements on the Premises. Such insurance coverage shall be in an amount, as near as practicable, to the full replacement cost of the Building, without deduction for depreciation. If at any time there is a dispute as to the amount of such required insurance, which cannot be resolved by agreement within ten days, Landlord may, not more often than once every twelve months, request the carrier of the insurance then in force to determine the full insurable value of the Building, and the resulting determination shall be conclusive between the parties for the purposes of this paragraph.

(b) Waiver of Subrogation Rights. Tenant shall procure an appropriate clause in, or an endorsement on, any policy of fire or extended coverage insurance covering the personal property, fixtures, and equipment located in or on the Premises, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery against Landlord, and Tenant does hereby agree that it shall not make any claim against or seek to recover from Landlord any loss or damage to its property or the property of others, resulting from fire or other hazards covered by such fire and extended coverage insurance.

(c) Certificates of Insurance. Tenant shall, at all times, carry and provide copies of all certificates of insurance policy upon request and demand by the Landlord. Such policies shall provide that same may not be cancelled without at least thirty (30) days prior written notice to Landlord. In the event that Tenant shall fail to deliver to Landlord certificates of such insurance, Landlord may at its option cause such insurance to be issued, and any bills for the premiums therefor paid by Landlord shall be immediately due from, and payable by Tenant to Landlord and the amount therefor shall be deemed to be, and paid as, additional rent.

(d) Forms. All insurance provided for in this Article may be in the form of a general coverage, floater policy or so-called blanket policies which may be furnished by Tenant, or a related corporation of Tenant or any related entity. The liability and casualty coverage set forth herein shall be issued by insurers of recognized responsibility, as may be reasonably approved by Landlord. All policies of insurance to be provided for herein by Tenant shall be issued in the names of Tenant and Landlord and for the mutual and joint benefit and protection of the parties as their interests may appear.

(e) In the event that Landlord shall at any time and from time to time deem the limits of liability insurance as hereinabove provided to be insufficient, upon notice to

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Tenant the parties shall promptly endeavor to agree on reasonable limits for such insurance coverage then to be carried, and such insurance shall thereafter be carried with the limits thus agreed on until further change pursuant to this section. Should the parties be unable to agree upon the proper and reasonable limits for such liability insurance within fourteen (14) days of notice from Landlord to Tenant, then Landlord may select any insurance company licensed to and engaged in business in Guam (excluding the insurance company then carrying the liability insurance hereunder) to determine the proper limits of liability insurance to be provided and maintained by Tenant hereunder. Said insurance company's determination on the proper and reasonable limits of liability insurance shall be binding upon both parties until such limits shall again be changed pursuant to this section. Such limits may not be readjusted more often than once every five (5) years.

(f) Failure to Comply Constitutes A Default. Tenant's failure to effectuate any and all such insurance and renewal policies of insurance required as set out in this Article 12 and to pay the premiums and renewal premiums on all such policies and insurance as they become due and payable, within the time limits set out in this Article 12, shall constitute a material default by Tenant under the terms of this Agreement.

ARTICLE 13. ASSIGNMENT AND SUBLEASING.

Section 13.01.

(a) Assignment. Tenant shall not assign, mortgage, or hypothecate any of its rights or interest under this Agreement in whole or in part, without the prior written consent of Landlord in each instance, which consent may be withheld by Landlord at its sole discretion. This prohibition against assignment shall be construed to prohibit any assignment by operation of law. Should Tenant be a limited liability company or corporation, the transfer of

more than forty nine percent (49%) of the ownership interest of Tenant shall constitute an assignment hereunder requiring the written consent of Landlord.

(b) Sublease of the Building. Tenant agrees to pay Landlord, in addition to the rent set forth in Article 4 and at the same time that rent is due thereunder, fifteen percent (15%) of the gross rent payable pursuant to any sublease of the Building by Tenant to any third party except an affiliated party ("Sublease Charge"). For the purposes of this paragraph, an "affiliated party" means any entity in which Tenant owns a fifty-one percent (51%) or greater interest or any entity which owns a fifty-one percent (51%) or greater interest in Tenant. Tenant may not sublease any part of the Building to any person or entity without the prior written consent of the Landlord, which consent may be withheld by Landlord at its sole discretion. Tenant shall provide Landlord with a copy of all subleases. Tenant will obtain approval from Landlord, pursuant to Section 9.01, to make improvements to the Premises, the value of which exceeds $250,000.

(c) Condition to Consent. As a condition to its consent, Landlord may require Tenant to pay all expenses, including attorneys' fees, incurred by Landlord in connection with the assignment, mortgage or hypothecating and Landlord may require Tenant's assignee to assume in writing the obligations of Tenant under this Agreement.

(d) No Waiver. The consent by Landlord to any assignment, mortgage or hypothecating shall not constitute a waiver of the necessity for such consent to any subsequent assignment, mortgage or hypothecating. If this Agreement be assigned Landlord may collect rent from the assignee, subtenant, or occupant, and apply the amount collected to the rent due under Article 4, but no such assignment, subletting, occupancy, or collection shall be deemed a

waiver of this covenant, or the acceptance of the assignee, subtenant, or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant.

Section 13.02. Liability of Tenant. Notwithstanding any assignment or sublease, Tenant shall remain fully liable on this Agreement and shall not be released from performing any of the terms, covenants, and conditions of this Agreement.

ARTICLE 14. DEFAULT AND REMEDIES.

Section 14.01.

(a) Termination for Tenant's Insolvency or Dissolution. This Agreement shall be deemed repudiated and breached by Tenant if, during the term of this Agreement:

(1) A petition to have Tenant adjudicated bankrupt or a petition for reorganization or arrangement under any of the laws of the United States relating to bankruptcy be filed by Tenant, or be filed against Tenant, and if so filed against Tenant not be dismissed within fifteen (15) days from the date of such filing;

(2) The assets of Tenant or the business conducted by Tenant on the Premises be assumed by any trustee or other person pursuant to any judicial proceedings;

(3) Tenant becomes insolvent or makes an assignment for the benefit of creditors;

(4) Tenant commits any act of bankruptcy; or

(5) Tenant or assignee or successor in interest of Tenant commences proceedings for winding up.

(b) Landlord's Right of Termination, Reentry, Damages. Tenant expressly agrees that Landlord may at its election terminate this Agreement in the event of the

occurrence of any of the contingencies hereinabove described by giving not less than thirty (30) days' written notice to Tenant, and when so terminated, Landlord may reenter the Premises, and the leasehold interest created by this Agreement shall not be treated as an asset of Tenant's estate. It is further expressly understood and agreed that Landlord shall be entitled upon such reentry, notwithstanding any other provisions of this Agreement, to exercise such rights and remedies and to recover from Tenant as damages for loss of the bargain resulting from such breach, and not as a penalty, such amounts as are specified in Section 14.03, unless any statute or rule or law governing the proceeding in which such damages are to be proved shall lawfully limit the amount of such claims capable of being so proved, in which case Landlord shall be entitled to recover as and for liquidated damages the maximum amount which may be held under any such statute or rule or law.

Section 14.02. Default. Landlord may, at its option and without limiting Landlord in the exercise of any other right or remedy he may have on account of a default or breach by Tenant, exercise the rights and remedies specified in Section 14.03 if:

(a) Tenant abandons the Premises for a period of seven (7) days (a period of seven (7) days' absence while Tenant shall be in default in rent shall be deemed abandonment);

(b) Tenant fails to make payment of rent or any other charge when due; or

(c) Tenant defaults in the performance of any other of its agreements, conditions, or covenants under this Agreement, and if the nonperformance shall continue for a period of fifteen (15) days after notice thereof by Landlord to Tenant.

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Section 14.03. Remedies. On any breach, default, or abandonment Landlord may exercise any of the following rights after the periods of time stated in Section 14.02:

(a) Immediately reenter and remove all persons and property from the Premises, storing the personal property in a public warehouse or elsewhere at the cost of, for the account of, and at the risk of Tenant. In the event of any such reentry by Landlord, Landlord may make any repairs, additions, or improvements in, to or upon the Premises which may be necessary or convenient; provided, however, that Landlord shall be entitled to recover from Tenant the expense of said repairs or alterations only to the extent necessary to restore the Premises to the condition it was in on the commencement of the term of this Agreement, reasonable wear and tear excepted. In such instance, this Agreement will be terminated, and Landlord will be entitled otherwise to recover all damages allowable under law or this Agreement.

(b) Collect by suit or otherwise each installment of rent or other sum as it becomes due hereunder, or enforce, by suit or otherwise, any other term or provision hereof on the part of Tenant required to be kept or performed, it being specifically agreed that all unpaid installments of rent or other sums shall bear interest at the highest legal rate from the due date thereof until paid.

(c) Terminate this Agreement, in which event Tenant agrees to immediately surrender possession of the Premises, and to pay to Landlord, in addition to any other remedy Landlord may have, all damages Landlord may incur by reason of its defaults, including the cost of recovering the Premises.

Section 14.04. Measure of Damages. The damages Landlord may recover include the worth at the time of award of the amount by which the unpaid rent for the balance of

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the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided.

Section 14.05. No Waiver of Default. Landlord's failure to take advantage of any default or breach of covenant on the part of Tenant shall not be, or be construed as a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this Agreement be construed to waive or to lessen the right of Landlord to insist upon the performance by Tenant of any term, covenant, or condition hereof, or to exercise any rights given him on account of any such default. A waiver of a particular breach, or default, shall not be deemed to be a waiver of the same or any other subsequent breach or default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant, or condition of this Agreement.

Section 14.08. Pledge of Tenant's Personal Property. Tenant hereby pledges and hypothecates to Landlord any and all furniture and personal property which Tenant may bring into or upon the Premises including such property as may be exempt by law from execution or attachment, to secure the performance of the terms and conditions hereof. Tenant covenants and agrees that in the event of any default and in addition to all remedies set forth herein, such furniture and personal property shall be subject to a lien on behalf of Landlord. The enforcement of such lien or forbearance from enforcement shall be at the sole option of Landlord.

Section 14.09. Remedies Cumulative. The rights, powers, elections, and remedies of the Landlord contained in this Agreement shall be construed as cumulative and no one of them is or shall be considered exclusive of the other or exclusive of any rights or remedies allowed by law, and the exercise of one or more rights, powers, elections, or remedies shall not impair Landlord's right to exercise any other.

Section 14.10. Landlord's Right to Cure Default. If Tenant shall be in default in the performance of any covenant on its part to be performed under this Agreement, then, after notice and without waving or releasing Tenant from the performance thereof, Landlord may, but shall not be obligated so to do, perform any such covenant and in exercising any such right pay necessary and incidental costs and expenses in connection therewith. All sums so paid by Landlord, together with interest thereon at the rate of two percent (2%) per month, shall be deemed additional rent and shall be payable to Landlord on the next rent paying day.

ARTICLE 15. LANDLORD'S GENERAL PROTECTIVE PROVISIONS.

Section 15.01. Surrender at End of Term. Upon expiration or earlier termination of this Agreement, Tenant shall peaceably give up and surrender to Landlord the Premises. Upon expiration or earlier termination of this Agreement, title to all improvements on the Premises shall be vested in the Landlord without the payment of any consideration therefore and Tenant shall peaceably give up and surrender to Landlord all improvements that are made in or to the Premises in as good a condition and repair as reasonable use and wear and tear thereof will permit. Landlord, alternatively, at its sole discretion, may require Tenant, at Tenant's sole cost and expense, to remove some or all of the improvements, in which case Tenant shall cause the items so designated to be removed within thirty (30) days of such notice and the Premises to be restored to their original condition.

Section 15.02. Release of Landlord After Sale. In the event of a sale or conveyance by the Landlord of the Premises or any part containing the Premises, Landlord shall be released from any future liability upon any of the covenants or conditions, expressed or implied, in favor of Tenant, and in such event, the Tenant agrees to look solely to the responsibility of the successor in interest of the Landlord in and to this Agreement.

Section 15.03. Landlord's Right to Inspect. Landlord shall be entitled, at all reasonable times, to go on the Premises for the purpose of inspecting the Premises, or for the purpose of inspecting the performance by Tenant of the terms and conditions of this Agreement, or for the purpose of posting and keeping posted thereon notice of non-responsibility for any construction, alteration, or repair thereof, as required or permitted by any law or ordinance.

ARTICLE 16. GENERAL PROVISIONS.

Section 16.01. Conditions and Covenants. All of the provisions of this Agreement shall be deemed as running with the land, and construed to be "conditions" as well as "covenants" as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

Section 16.02. No Waiver of Breach. No failure by either Landlord or Tenant to insist upon the strict performance by the other of any covenant, agreement, term, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, condition, agreement and term of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach.

Section 16.03. Time of Essence. Time is of the essence of this Agreement, and of each provision.

Section 16.04. Successors in Interest. Each and all of the covenants, conditions, and restrictions in this Agreement shall inure to the benefit of and shall be binding upon the successors in interest of Landlord and, subject to the restrictions of Article 13, the authorized

encumbrances, assignees, transferees, subtenants, licensees, and other successors in interest of Tenant.

Section 16.05. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the matters covered by this Agreement, and no other agreement, statement, or promise made by any party, or to any employee, officer, or agent of any party, which is not contained in this Agreement shall be binding or valid.

Section 16.06. Partial Invalidity. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

Section 16.07. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant, and neither the method of computation of rent nor any other provisions contained in this Agreement nor any acts of the parties shall be deemed to create any relationship between Landlord and Tenant, other than the relationship of Landlord and Tenant.

Section 16.08. Interpretation and Definitions. The language in all parts of this Agreement shall in all cases be simply construed according to its fair meaning and not strictly for or against Landlord or Tenant. Captions of articles, sections, and paragraphs of this Agreement are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

Section 16.09. Attorney's Fees. If Landlord retains an attorney or attorneys to enforce any of the provisions of this Agreement, or to protect its interest in any matter arising under this Agreement, or to recover damages for the breach thereof, or Landlord commences an action for any of the foregoing reasons or to resolve any dispute relating to this Agreement, and Landlord prevails, then Landlord shall be entitled to recover from Tenant the Landlord's reasonable attorney's fees, costs and expenses incurred in connection with any such action. If the Tenant retains an attorney or attorneys regarding this Agreement, any recovery of attorney's fees, costs or expenses from the Landlord by Tenant is limited by and subject to the Government Claims Act and any other applicable law.

Section 16.10. Interest. Any sum accruing to Landlord or Tenant under the provisions of this Agreement that is not be paid when due shall bear interest at the rate of two percent (2%) per month from the date written notice specifying such nonpayment is served on the defaulting party, until paid.

Section 16.11. Modification. This Agreement is not subject to modification except in writing. Any costs associated with any modification requested by Tenant, including, but not limited to, Landlord's attorney's fees and costs and recordation costs, shall be borne by Tenant.

Section 16.12. Delivery of Rent and Notices – Method and Time. All rents or other sums, notices, demands, or requests from one party to another may be personally delivered or sent by U.S. Postal Service, postage prepaid, to the addresses stated in this section, and shall be deemed to have been given at the time of personal delivery or at the end of the second full day following the date of mailing. All notices, demands, or requests shall be given to Landlord at:

Guam Economic Development Authority
590 S Marine Corps Dr Ste 511
Tamuning GU 96913

And to Tenant at:

TAI FA IMPORT & EXPORT COMPANY INC.
PO Box 10178
Tamuning, Guam 96931

Each party shall have the right, from time to time, to designate a different address by notice given in conformity with this section.

Section 16.13. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of Guam.

Section 16.14. Easements, Agreements or Encumbrances. The parties shall be bound by all easements, agreements (including the Lease entered into by Landlord, as lessee, and the Government of Guam, as lessor, dated April 22, 1966 and recorded at the Office of the Recorder, Department of Land Management, Government of Guam on April 25, 1966 under Instrument No. 75813, as amended) and encumbrances in existence as of the effective date of this Agreement, and Landlord shall not be liable to Tenant for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that holder thereunder.

Section 16.15. Participation in Annual Business Survey. Tenant shall respond to the annual business survey ("Survey") conducted by Landlord. Tenant shall also require its subtenants to respond to the Survey. To the extent permitted by law, Landlord shall keep Tenant's and Tenant's subtenants' responses confidential.

IN WITNESS WHEREOF, the parties have executed this Lease Agreement on the day and year indicated by their respective signatures.

[Signature Pages Follow]

LANDLORD:

GUAM ECONOMIC DEVELOPMENT AUTHORITY

By: _____

JAY ROJAS
Administrator

Date: 2-20-18

TENANT:

TAI FA IMPORT & EXPORT COMPANY INC.

By: _____

SHYH JYE HUANG
Its Duly Authorized Representative

Date: 12/28/17

[Signatures continue on following page]

18-0098

APPROVED AS TO FORM AND LEGALITY:
OFFICE OF THE ATTORNEY GENERAL

By: _____
ELIZABETH BARRET-ANDERSON,
Attorney General of Guam

Date: _____

GEDA 18-0098

APPROVED:
DEPARTMENT OF LAND MANAGEMENT

By: _____
MICHAEL BORJA
Director

Date: MARCH 2, 2018

APPROVED:

GOVERNOR OF GUAM

_____
EDDIE BAZA CALVO

Date: _____

APPROVED:

SPEAKER, GUAM LEGISLATURE

_____
BENJAMIN J.F. CRUZ

Date: _____

31

RECEIVED
03.06.18 e-fd
OFFICE OF THE ATTORNEY GENERAL
SOLICITORS DIVISION

GUAM, USA)
) ss
Municipality of Tamuning)

On this 20th day of February, 2018, before me, a notary public in and for Guam, personally appeared **Jon James Rojas (Jay Rojas),** in his capacity as the Administrator of the GUAM ECONOMIC DEVELOPMENT AUTHORITY, known to me to be the person who executed the foregoing SUBLEASE AGREEMENT, and acknowledged to me that he executed the same on behalf of the GUAM ECONOMIC DEVELOPMENT AUTHORITY.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC

THERESE A. YBARRA
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: January 18, 2021
FTC Bldg. Suite 511, 590 South Marine Corps Dr.
Tamuning, Guam 96913

GUAM, USA)
) ss
Municipality of Tamuning)

On this 28th day of December, 2017, before me, a notary public in and for Guam, personally appeared **Shyh Jye Huang**, in his capacity as the duly authorize representative of TAI FA IMPORT & EXPORT COMPANY INC., known to me to be the person who executed the foregoing SUBLEASE AGREEMENT, and acknowledged to me that he executed the same on behalf of the said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

) S E A L (

NOTARY PUBLIC

DEANNE A. PANGELINAN
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: FEB. 06, 2020
246 Lada Avenue Dededo, Guam 96929