EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor Of Guam

December 28, 2018

Vice Speaker Therese M. Terlaje
34GL-18-2705
DEC 28 2018
Time: 16:21
Received by:

2018 DEC 28 PM 4:41

The Honorable Therese M. Terlaje
Interim Speaker
I Mina'trentai Kuåttro Na Liheslaturan Guåhan
Guam Congress Building
163 Chalan Santo Papa, Hagåtña, Guam 96910

Håfa Adai Madame Speaker:

Attached is Bill No. 363-34 (COR) entitled, *"An Act To Grant And Approve The Qualifying Certificate Negotiated By Core Tech Captive Insurance Corporation And The Guam Economic Development Authority, Qualifying Certificate No. 255, GEDA Document No. 18-0293, To Rebate Income Taxes,"* which I have **VETOED.**

Once again, the Legislature has passed another illegal bill. Both Bill 363 and Section 8 of P.L. 34-116:XIII from where the bill purports to derive its authority are inorganic and void *ab initio*.

In Bill 363, the Legislature has impudently taken it upon itself to change the terms of the Qualifying Certificate (QC) contract[1] that was negotiated by GEDA and Core Tech and approved as to form by the Attorney General. Where the QC provided for an income tax rebate of 75%, Bill 363 increases the rebate to 100%. Bill 363 also adds a new benefit not included in the original QC which allows for the additional abatement of 100% of Gross Receipts Tax.

In the case of *In re Request of Governor Carl T.C. Gutierrez*, 2002 Guam 1 at ¶ 35, the Guam Supreme Court held that it is impermissible for one branch of government to exercise a power belonging to another branch: *"Under the separation of powers doctrine, one branch of government is prohibited from either delegating its enumerated powers to another*

[1] A *Qualifying Certificate* is a contract. 12 G.C.A. § 58101.

branch of the government or aggrandizing its powers by reserving for itself the powers given to another branch. . ." The Supreme Court further recognized that not only is it inorganic for the Legislature to approve or disapprove executive branch contracts, the Legislature is also prohibited from dictating the terms of the contract. *"[I]t is the executive's function to determine how to execute a contract. . . The execution of a contract necessarily includes determining the terms of the contract. By determining the terms of the lease, the Legislature has engaged in a clear executive function."* Id. at ¶ 54.

The Legislature is without power to approve, disapprove, or change the terms of a contract entered into by the executive branch. Bill 363 and its enabling section in P.L. 34-116:XIII:8 represent an inorganic legislative encroachment on an exclusively executive power. Inorganic laws such as Bill 363 and P.L. 34-116:XIII:8 are void *ab initio*, or null from the beginning and without any legal effect. *See, Nelson v. Ada,* 1988 WL 242618, at *3 (D. Guam App. Div. June 8, 1988), aff'd, 878 F.2d 277 (9th Cir. 1989) (an inorganic law is void *ab initio* and cannot be amended by subsequent legislation).

Senseramente,

EDDIE BAZA CALVO
Governor of Guam

I MINA'TRENTAI KUÅTTRO NA LIHESLATURAN GUÅHAN
2018 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LÅHEN GUÅHAN*

This is to certify that **Bill No. 363-34 (COR), "AN ACT TO APPROVE AND GRANT THE QUALIFYING CERTIFICATE NEGOTIATED BY CORE TECH CAPTIVE INSURANCE CORPORATION AND THE GUAM ECONOMIC DEVELOPMENT AUTHORITY (GEDA), QUALIFYING CERTIFICATE NO. 255, GEDA DOCUMENT NO. 18-0293, REBATE OF INCOME TAX,"** was on the 17th day of December 2018, duly and regularly passed.

Therese M. Terlaje
Acting Speaker

Attested:

Régine Biscoe Lee
Legislative Secretary

This Act was received by *I Maga'låhen Guåhan* this 17th day of Dec, 2018, at 5:30 o'clock P.M.

Assistant Staff Officer
Maga'låhi's Office

APPROVED:
VETO

EDWARD J.B. CALVO
I Maga'låhen Guåhan

Date:_____

Public Law No._____

I MINA'TRENTAI KUÅTTRO LIHESLATURAN GUÅHAN
2018 (SECOND) Regular Session

Bill No. 363-34 (COR)
As amended on the Floor.

Introduced by: Dennis G. Rodriguez, Jr.
Joe S. San Agustin
Thomas C. Ada
FRANK B. AGUON, JR.
William M. Castro
James V. Espaldon
Fernando Barcinas Esteves
Régine Biscoe Lee
Tommy Morrison
Louise B. Muña
Telena Cruz Nelson
Michael F.Q. San Nicolas
Therese M. Terlaje
Mary Camacho Torres

AN ACT TO APPROVE AND GRANT THE QUALIFYING CERTIFICATE NEGOTIATED BY CORE TECH CAPTIVE INSURANCE CORPORATION AND THE GUAM ECONOMIC DEVELOPMENT AUTHORITY (GEDA), QUALIFYING CERTIFICATE NO. 255, GEDA DOCUMENT NO. 18-0293, REBATE OF INCOME TAX.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Background and Intent. Public Law 34-116, Chapter XIII, Part I, Section 8 provides:

"**Section 8. Suspension of Renewals or Extensions of Qualifying Certificates.** Notwithstanding any other provision of law, rule, or regulation, there *shall* be a suspension of all renewals and/or extensions of Qualifying

Certificates. The Guam Economic Development Authority *shall not* issue, approve, or grant any renewals or extensions of any Qualifying Certificates. Nothing herein shall affect the consideration of new first-time applications for a Qualifying Certificate that are duly submitted pursuant to applicable Guam laws and regulations. Notwithstanding any other provision of law, rule, or regulation, any new first-time applications for Qualifying Certificates *shall* first be approved by *I Liheslaturan Guåhan* prior to the approval by *I Maga'låhen Guåhan.*"

Due to the suspension on the granting of any Qualifying Certificate (QC) at this time, any QC contract must be approved by *I Liheslaturan Guåhan* prior to *I Maga'låhi's* approval of the same.

The QC application attached and designated as "EXHIBIT A" was recommended for approval by the Guam Economic Development Authority (GEDA) Board of Directors at its August 3, 2017 and August 24, 2017 duly convened board meetings. Additionally, the draft QC agreement was executed by the GEDA Administrator on January 18, 2018, and approved as to form and style by the Attorney General of Guam on August 8, 2018.

It is the intent of this legislation to approve a particular QC vetted by GEDA.

Section 2. Approval of Qualifying Certificate. *I Liheslaturan Guåhan* hereby approves the Qualifying Certificate vetted by the Guam Economic Development Authority and prepared for:

Core Tech Captive Insurance Corporation,

Qualifying Certificate No. 255

GEDA Document No. 18-0293

Rebate of Guam Income Tax.

Section 3. Abatement of Gross Receipt Tax Authorized Pursuant to 12 GCA § 58127.5. Notwithstanding any other provision of law, rule, or regulation, Core Tech Captive Insurance Corporation, Qualifying Certificate No. 255, *shall* include the abatement of all business privilege taxes effective on the date of GEDA Document No. 18-0293 for a period of twenty (20) years, for the gross receipts derived from the underwriting insurance risk either in or out of Guam, including gross receipts derived from investing funds generated from insurance underwriting in Guam. This abatement *shall* follow all other terms and conditions set forth on Qualifying Certificate No. 255, including the renewability of this abatement.

Section 4. Rebate of Income Taxes Authorized Pursuant to 12 GCA § 58128.4. Notwithstanding any other provision of law, rule, or regulation, Core Tech Captive Insurance Corporation, Qualifying Certificate No. 255, *shall* include the rebate of all income taxes effective on the date of GEDA Document No. 18-0293 for a period of twenty (20) years, for the income taxes derived from the underwriting insurance risk either in or out of Guam, including income taxes derived from investing funds generated from insurance underwriting in Guam. This rebate *shall* follow all other terms and conditions set forth on Qualifying Certificate No. 255, including the renewability of this rebate.

Section 5. Effective Date. This Act *shall* be effective upon enactment.

EXHIBIT A

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

Administrator
Adminastradot

MANA SILVA TAIJERON
Deputy Administrator
Sigundo Na Adminastradot

EXHIBIT "A" - Bill 363-34

September 25, 2018

Honorable Therese M. Terlaje
Acting Speaker
I Mina Trentai Kuåttro na Liheslaturan Guåhan
Guam Congress Building
163 Chalan Santo Papa
Hagatna, Guam 96910

Vice Speaker Therese M. Terlaje
34GL-18-2349
SEP 25 2018
Time: 10:13a
Received by:

Dear Acting Speaker Terlaje:

Håfa Adai! Pursuant to Public Law 34-116:XIII:8, the Governor's Office, in a memorandum dated September 24, 2018, has returned Qualifying Certificate #255 for Core Tech Captive Insurance Corporation to GEDA for transmittal to *I Liheslaturan Guåhan.* As per the law, the enclosed QC application must be first approved by *I Liheslaturan Guåhan* prior to the Governor taking action. As such, please see enclosed documents for your review and action.

Si Yu'us Ma'åse,

Mana Silva Taijeron
Deputy Administrator

ENCLOSURE

2018 SEP 25 PM 12:42 GG

2349

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

T 671.647.4332 F 671.649.4146
www.investguam.com

LOCAL FIRST GUAM

EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor Of Guam.

RECEIVED
SEP 24 2018
GEDA

MEMORANDUM

To: Mana Silva Taijeron, Deputy Administrator

From: Sandra C. Miller, Chief Legal Counsel

Date: September 24, 2018

Subject: Core Tech Captive Insurance Corporation
Application for Qualifying Certificate for a Domestic Insurer

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Please find attached the original copy of the application for a domestic insurer qualifying certificate (QC) submitted by Tore Tech Captive Insurance Corporation.

The application is being returned to GEDA because it cannot be presented to the Governor for consideration and possible signature at this time. Pursuant to Public Law 34-116:III:8 (the FY 2019 budget law), any new first-time QC applications are required to first be approved by the Guam Legislature prior to the approval of the Governor.

A copy of 34-116:III:8 is attached for ready reference.

I MINA'TRENTAI KUÅTTRO NA LIHESLATURAN GUÅHAN
2018 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LÅHEN GUÅHAN*

This is to certify that **Substitute Bill No. 323-34 (COR), "AN ACT MAKING APPROPRIATIONS FOR THE OPERATIONS OF THE EXECUTIVE, LEGISLATIVE, AND JUDICIAL BRANCHES OF THE GOVERNMENT OF GUAM FOR FISCAL YEAR ENDING SEPTEMBER 30, 2019, MAKING OTHER APPROPRIATIONS, AND ESTABLISHING MISCELLANEOUS AND ADMINISTRATIVE PROVISIONS,"** was on the 11TH day of August 2018, duly and regularly passed.

Benjamin J.F. Cruz
Speaker

Attested:

Régine Biscoe Lee
Legislative Secretary

This Act was received by *I Maga'låhen Guåhan* this 11th day of August, 2018, at 9:20a o'clock P .M.

Patricia A. Fantasia SAS Po III
~~Assistant Staff Officer~~
~~*Maga'låhi's* Office~~

APPROVED:

EDWARD J.B. CALVO
I Maga'låhen Guåhan

Date: AUG 24 2018

Public Law No. 34-116

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

Section 6. Certification Pay Differential Suspended. Notwithstanding any other provision of law, rule, or regulation, the Certification Pay Differential authorized pursuant to § 6235, Article 2, Chapter 6, Title 4 GCA *shall* be suspended, and *shall* take effect October 1, 2018 and *shall* remain in effect through September 30, 2019. Upon the lifting of certification pay differential suspension, the payment of certification pay differential *shall not* be retroactively applied and *shall only* be prospectively paid.

Section 7. Executive Branch Limitation on Expenditures. Except for Section 1(a), (g), and (h) of Chapter V, notwithstanding the appropriations in Chapters II, III, V, VII, IX, and X of this Act, *only* twenty-five percent (25%) of such appropriations *shall* be expended during the first quarter of Fiscal Year 2019, with the *exception* of appropriations under Object Category 230 for continuing contractual obligations.

Section 8. Suspension of Renewals or Extensions of Qualifying Certificates. Notwithstanding any other provision of law, rule, or regulation, there *shall* be a suspension of all renewals and/or extensions of Qualifying Certificates. The Guam Economic Development Authority *shall not* issue, approve, or grant any renewals or extensions of any Qualifying Certificates. Nothing herein shall affect the consideration of new first-time applications for a Qualifying Certificate that are duly submitted pursuant to applicable Guam laws and regulations. Notwithstanding any other provision of law, rule, or regulation, any new first-time applications for Qualifying Certificates *shall* first be approved by *I Liheslaturan Guåhan* prior to the approval by *I Maga'låhen Guåhan.*

Section 9. Restriction on the Home Use of Government of Guam Vehicles. *Except* as expressly permitted by § 1103(c), Chapter 1, Title 4 GCA, or any other law, no government of Guam owned, leased, or rented vehicles may be

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

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

August 13, 2018

Honorable Eddie Baza Calvo
Governor of Guam
Office of the Governor
Ricardo J. Bordallo Governor's Complex
Adelup, Guam 96910

RE: Qualifying Certificate No. 255

Dear Governor Calvo:

Håfa adai! As the Administrator of the Guam Economic Development Authority (GEDA), I hereby submit the enclosed Qualifying Certificate (QC) for the operation of a captive insurance company by the beneficiary Core Tech Captive Insurance Corporation (CTCIC). The QC was recommended for approval by the GEDA Board of Directors at its duly convened board of directors meeting on August 3, 2017, which was subsequently reconvened on August 24, 2017. The Board issued its recommendation of approval of income tax benefits to CTCIC subject to provisions of Chapter 58, Title 12 GCA ("the QC Law") as well as the terms and conditions contained in the enclosed QC. This recommendation is made pursuant to CTCIC engaging in eligible business activities pursuant to the QC law.

Pursuant to the law, CTCIC is granted, if approved by you, the following tax benefit:

- A rebate of seventy five percent (75%) of all income tax paid by the Corporation to the government of Guam on all income received from captive insurance underwriting either inside or outside of Guam, including all income derived from investing funds from operating a captive insurance company in Guam, for a period of twenty (20) years from the effective date of the Qualifying Certificate; and
- Income Tax Rebate may be considered for renewal at the expiration of the initial twenty (20) year term.

Thank you for your time and attention on this matter. If you have any questions regarding this matter, do not hesitate to contact me at 647-4332.

Si Yu'os Ma'ase,

Jay Rojas
Administrator

Enclosure

18-0293

GOVERNMENT OF GUAM
OFFICE OF THE GOVERNOR

QUALIFYING CERTIFICATE FOR A DOMESTIC INSURER

ISSUED TO
CORE TECH CAPTIVE INSURANCE CORPORATION

Qualifying Certificate No. 255

ARTICLE 1.
TAX REBATE

Grant of Benefits
[§§58105.6, 58128.4, 58131 QC Law;]

§1.01 THIS IS TO CERTIFY that CORE TECH CAPTIVE INSURANCE CORPORATION, a Guam S Corporation (the "Corporation"), created and existing under and by virtue of the laws of Guam has qualified for and is hereby GRANTED the rebates set out in this Article 1 of income taxes payable to the government of Guam, all pursuant to Chapter 58, Title 12, Guam Code Annotated. This Qualifying Certificate ("Certificate") is made upon, and in reliance upon the recommendation for approval by the Board of Directors of the Guam Economic Development Authority ("GEDA"), a public corporation, pursuant to Resolution No. 17-002 adopted by the Board during its Regular Board meeting held on August 3, 2017 and reconvened on August 24, 2017.

Income tax rebate
[§58131 QC Law;]

§1.02 The Corporation shall be entitled to a rebate of seventy five percent (75%) of all income tax paid by shareholders of the Corporation, which has elected to be taxed as a "Subchapter S" corporation, as defined by §1361, Title 26, United States Code, or any successor provision, to the government of Guam on the income of the Corporation which is received from captive insurance underwriting either inside or outside of Guam, including all income derived from investing funds from operating a captive insurance company in Guam, for a period of twenty (20) years from the effective date of this Certificate, provided that as to Guam risks and policy holders the Beneficiary does not issue a policy directly to the policy holder but only issues the same through a licensed Guam insurance broker.

ARTICLE 2.
AUTHORITY FOR ISSUANCE

No transfer without prior approval
[§58121, QC Law;]

§2.01 This Certificate is issued upon the recommendation of the Board of Directors of GEDA in accordance with the provisions of the QC Law. Neither this Certificate nor its benefits may be *transferred*, *assigned*, or *conveyed* to another person, firm, partnership or

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

corporation *without first* obtaining both the written permission of GEDA and the approval of the Governor of Guam. For purposes of this Certificate, a "transfer of benefits" shall have occurred at any time that (i) there is a transfer of a majority of the voting stock of the Corporation resulting in a change in the identity of the principal shareholder(s) who or which control the Corporation, or (ii) the Corporation shall lease, assign or transfer a substantial part of activities or assets outside of the ordinary of its business.

ARTICLE 3.
CONDITIONS

Compliance mandatory
[§§58103, 58135, QC Law;]

§3.01 This Certificate is issued in reliance and is *conditioned* upon (i) the truth and accuracy of the representations contained in the application of the Corporation for the Certificate, *including* all exhibits thereto, and is further *conditioned* upon (ii) *compliance* with the terms and conditions set out in this Article 3, in the rest of this Certificate and in the QC Law.

Compliance with laws, rules, and regulations
[§58111, QC Law;]

§3.02 The Corporation shall comply with all of the laws of Guam and the rules and regulations of its various agencies, including but not limited to those set out in the QC Law, the rules and regulations of GEDA, and Title 22, Chapter 23 Guam Code Annotated (the "Captive Insurance Law").

Income and activity subject to this Certification
[§§58106, 58128.4, QC Law;]

§3.03 The income tax rebates authorized by this Certificate shall only apply to income received by the Corporation from the operation of a domestic captive insurance company located in Guam at *388 S. Marine Corps Drive, Tamuning Guam 96913* (the "Property"), including all income derived from investing funds derived from operating a captive insurance company in Guam. The Corporation must ensure all books and employment tracking are independent from any other business that may be in operation from the same location.

Effective date of Certificate and commencement of tax benefits; Entitlement to benefits
[§58101, QC Law;]

§3.04 The effective date of this Certificate and the commencement of the tax rebates provided for in Article 1, *supra*, shall be the date of approval be the Governor of Guam. Entitlement to the benefits provided for in Article 1, *supra,* shall commence upon the issuance of a Certificate of Compliance by GEDA.

Employment obligations
[§§58116, 58117, QC Law;]

§3.05 GEDA shall, in the exercise of its reasonable good faith judgment, be the sole judge of what constitutes the various employment levels within the Corporation.

§3.05.01 *Minimum employment figures.* At the time of the effective date of this Certificate and at all times thereafter, the Corporation shall maintain a minimum work force of no less than one (1) full-time employee. Additionally, there will be no sharing and/or reassignment of employees amongst related companies to satisfy the minimum workforce requirement or to make up any flow through expenses for the Corporation.

§3.05.02 *Minimum percentages of citizen employees.* At all times during the term of this Certificate, at least seventy-five percent (75%) of the Corporation's non-managerial employees shall be United States citizens or permanent residents of the United States. However, after the expiration of three fourths (3/4) of this Certificate or ten (10) years, which ever is sooner, the Corporation shall satisfy the seventy-five percent (75%) United States citizen or permanent resident employment requirement for both management and non-management employees.

§3.05.03 *Wages.* All resident employees of the Corporation shall be paid at prevailing wage rates and no such employee shall be laid off or have his or her workweek reduced to less than 40 hours in order to create employment for employees who are not United States Citizens or permanent residents of the United States.

Monthly reports
[§58123, QC Law;]

§3.06 Beginning thirty (30) days after the issuance of this Certificate and no later than the fifteenth (15th) of each month thereafter, the Corporation shall submit to GEDA, a confidential report on GEDA Form-45, which report shall cover the Corporation's operations for the previous month and contains the Corporation's financial, employment and payroll data. GEDA may, from time to time, modify or expand the information required in the monthly progress report. GEDA shall treat the Corporation's financial, employment and payroll data as confidential.

Access to the business
[§58135, QC Law;]

§3.07 GEDA and its employees and agents shall at all reasonable times have access to the Corporation's business premises at the Property including its books, records, financial statements and tax returns, as well as to all other aspects of its operations.

Use of Guam insurance broker
[§58128.4, QC Law;]

§3.08 The Corporation shall not issue an insurance policy covering a Guam risk or a Guam policy holder directly to such policy holder, but shall only issue said policy for a Guam risk or a policy holder through a licensed Guam insurance broker.

Insurance license or certificate
[§58114, QC Law;]

§3.09 The Corporation shall at all times during the effective period of this Certificate maintain the necessary insurance license or certificate required for a captive insurance company under the Guam Insurance Law.

Submission of financial statements
[§58135, QC Law;]

§3.10 At all times complete and accurate financial records shall be maintained by the Corporation on its operations, which records shall be available to GEDA. Within one hundred twenty (120) days after the end of its fiscal year, the Corporation shall submit to GEDA audited financial statements together with a certified copy of the Corporation's income tax return for that period. On the showing of good cause, GEDA may accept unaudited annual financial statements, which have been certified as true and accurate by the president and treasurer of the Corporation.

Access for persons with disabilities
[§58111, QC Law;]

§3.11 The Corporation shall make its facilities at the Property accessible to persons with disabilities, and shall comply with the American with Disabilities Act.

Annual Surveillance Fee
[§58143, QC Law;]

§3.12 The Corporation shall commit to the payment of the GEDA annual surveillance fee, currently at one thousand dollars ($1,000.00). The annual surveillance fee is subject to any future changes in the law as it pertains to Qualifying Certificate fees.

Certificate of compliance
[§58135, QC Law]

§3.13 GEDA shall certify to the Department of Revenue and Taxation the compliance by the Corporation with the terms and conditions of this Certificate and with the QC Law. GEDA's certification *must* accompany any request for a tax rebate made to the Department of Revenue and Taxation by the Corporation.

Local professional advice and support
[§58110(i), QC Law]

§3.14 The Corporation shall procure and utilize Guam-licensed entities or employ Guam residents that provide professional advice and support in the areas of records access and legal services. Such service providers shall include, but not be limited to, accountants, attorneys and auditors. This includes any and all Captive Insurance Management Consultants to be hired or retained by the Corporation. The Corporation shall ensure that all professional services currently retained, contracted or hired by the Corporation are duly registered as a company in Guam and

obtains a Guam business license, and will provide copies of the same to GEDA within ninety (90) days of the effective date of this Certificate. GEDA shall have the authority to determine which services are subject to this provision of law, which for the purposes of this Certificate, shall exclude the procurement and utilization of licensed actuary companies.

Public Investments
[§58110(d), QC Law:]

§3.15 As a condition of this Certificate, the Corporation has agreed to make annual Public Investments to GEDA as outlined in the subsections below.

§3.15.01 The Corporation shall make an annual cash contribution of Fifty Thousand Dollars ($50,000.00) to GEDA as a public investment for the full term of the Certificate.

§3.15.02 The first contribution shall be paid to GEDA no later than one hundred and twenty (120) days after the effective date of the Certificate and thereafter payments shall be made no later than the anniversary date of the first payment.

§3.15.03 GEDA will utilize the contributions for the following activities in the following order of priority: (i) to aid in stimulating local economic development and to promote Guam as an investment destination, and (ii) to assist other agencies in providing additional public educational, recreational, and/or commercial facilities, and/or the building of new and/or the improving of existing public recreational facilities.

§3.15.04 GEDA will have Administrative authority over the contributions made pursuant to this Section 3.15.

ARTICLE 4.
FALSE REPRESENTATIONS AND NON-COMPLIANCE

False representations
[§58111(a), QC Law;]

§4.01 In the event that any representation contained in the application of the Corporation for this Certificate or for any amendments thereto shall be subsequently determined by GEDA to have been false or fraudulent, then this Certificate may be suspended, rescinded or revoked.

Non-compliance
[§58111(b), QC Law;]

§4.02 In the event that the Corporation shall fail to comply with any of the terms, conditions and obligations of this Certificate, the QC Law or applicable rules and regulations or any laws and rules of the government of Guam having a direct impact on the Corporation's activities, then this Certificate may be suspended, rescinded or revoked by the Governor upon the recommendation of GEDA. The Corporation may correct such non-compliance within twelve (12) months from the date it was notified in writing as to the nature of the noncompliance. All benefits shall be suspended during this noncompliance period. Failure to correct such noncompliance within the period given shall result in the revocation of this Certificate.

ARTICLE 5.
MISCELLANEOUS

Merger provisions
[§§58101, 58107, QC Law;]

§5.01 This Certificate, when properly executed, shall be a contract between the government of Guam and the Corporation. All of its terms and provisions are set forth herein and all understandings and agreements between the Corporation and GEDA are merged herein. Any amendment or modification of this Certificate must be in writing and in full compliance with the QC Law and with the rules and regulations of GEDA.

Additional conditions
[§58111(b), QC Law;]

§5.02 This Certificate is further conditioned upon the strict observance by the Corporation of *all* requirements of the QC Law and the rules and regulations promulgated thereunder, and upon substantial compliance by the Corporation with all representations and warranties made in the application of the Corporation Case 16-07-03 filed with GEDA.

General grounds for revocation
[§58111(b), QC Law;]

§5.03 Failure by the Corporation to comply with *any* condition or obligation set out in this Certificate shall be grounds for revocation of this Certificate.

Extraordinary Costs
[§58144, QC Law;]

§5.04 In addition to the filing and surveillance fees, the Authority may also assess against the Corporation any extraordinary costs and expenses incurred to process the application or monitor the Corporation's performance of the terms and conditions of the Certificate. Such cost and expenses shall not include the salaries of any employees of the Authority but may include but not be limited to the services of outside consultants, or off-island trips necessitated by the application or the surveillance of the Certificate.

****Execution and Signatures on Following Page****

18-0293

Execution
[§58101, QC Law;]

IN WITNESS WHEREOF, Governor Edward J. B. Calvo, has hereunto subscribed his name as Governor of Guam, on Guam, as of this _____ day of _____, 2018.

EDWARD J. B. CALVO
I MAGA'LAHEN GUAHAN

APPROVED AS TO FORM:
OFFICE OF THE ATTORNEY GENERAL
OF GUAM

By: _____
Elizabeth Barrett-Anderson
Attorney General of Guam

Date: 8/8/18

GEDA 18-0293

RECOMMENDED BY THE BOARD OF
DIRECTORS OF THE GUAM
ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Jon J. Rojas
Administrator

Date: JANUARY 29, 2018

CORE TECH CAPTIVE INSURANCE
CORPORATION.

By: _____
Conchita Bathan
Chief Executive Officer

Date: 1/30/2018

Initial, CTCIC: _____

RECEIVED
05-29-18
OFFICE OF THE ATTORNEY GENERAL

ACKNOWLEDGMENT OF TAX BENEFITS
[§58134, QC Law]

Pursuant to §58134, Chapter 58, Title 12, Guam Code Annotated, the undersigned Tax Commissioner for Guam, hereby acknowledges to the Governor of Guam and to the Guam Economic Development Authority that the tax benefits set out in the foregoing Qualifying Certificate are understood and accepted by the Department of Revenue and Taxation of the government of Guam.

Date: April 30, 2018

John P. Camacho
Tax Commissioner

Initial, CTCIC:

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

RESOLVED, that the Board of Directors of the Guam Economic Development Authority recommends the issuance of a Qualifying Certificate (Certificate) for a Domestic Insurer to Core Tech Captive Insurance Corporation (CTCIC) based upon the findings set forth in Case Analysis 16-07-03 presented to the board and discussed during its August 3, 2017, and reconvened on August 24, 2017 regular meeting of the Board of Directors. The tax benefits approved are as follows:

- A rebate of seventy five percent (75%) of all income tax paid by the Corporation to the government of Guam on all income received from captive insurance underwriting either inside or outside of Guam, including all income derived from investing funds from operating a captive insurance company in Guam, for a period of twenty (20) years from the effective date of the Qualifying Certificate.
- Income Tax Rebate may be considered for renewal at the expiration of the initial twenty (20) year term.

RESOLVED FURTHER, that the Additional Conditions as contained in Case Analysis No 16-07-03 presented to the Board at this meeting are hereby approved, subject to the following:

- CTCIC shall provide a Public Investment, of which funds to be deposited with GEDA to be administered by the GEDA Administrator with concurrence from the GEDA Board of Directors:
  - Fifty thousand dollar ($50,000) annual cash contribution for the full term of the Certificate; and
  - GEDA will utilize the contributions for the following activities in the order of priority: (i) to aid in stimulating local economic development and in promoting Guam as an investment destination and (ii) to assist other agencies in providing additional public educational, recreational, and/or commercial facilities, and/or the building of new and/or the improving of existing public recreational facilities.
- CTCIC shall hire one (1) new full time employee;
- CTCIC shall ensure that all professional services utilized by CTCIC must register and be licensed to do business in Guam; and
- CTCIC shall comply with all provisions of the QC Law, rules, regulations and all pertinent laws of Guam.

Dated this 14TH day of MAY 2018 ~~2017~~.

Edward J. Calvo
Chairman

ATTEST:

Ernesto V. Espaldon Jr.
Secretary

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

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

GUAM ECONOMIC DEVELOPMENT AUTHORITY

August 24, 2017 Reconvened from August 3, 2017 Meeting

Call to Order

§1. The reconvened regular meeting of the Board of Directors of the **Guam Economic Development Authority** (referred to as "GEDA" or the "Authority") was held on August 24, 2017 at the hour of 1:35PM at the Guam Economic Development Authority conference room, Fifth Floor Suite 511, ITC Building, Tamuning, Guam. The meeting was called to order by Chairman EJ 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
David John	Vice Chairman
Vera Wu	Secretary
George Chiu	Director
Ernesto Espaldon Jr	Director
Monte Mesa	Director
Gia B Ramos	Director
Jay Rojas	Administrator
Mana Silva Taijeron	Deputy Administrator

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

Also present were:

Henry Taitano	Core Tech International
Larry Toves	GEDA
Daisy Mackwelug	GEDA
Bernice Torres	GEDA
Mary Camacho	GEDA
Patrick Guzman	GEDA
Gloria Molo	GEDA
Antoinette Leon Guerrero	GEDA
Tina Garcia	GEDA
Angelene Guzman	GEDA
Julius Santos	GEDA
Tria Paulino	GEDA
Matt Baza	GEDA
Ed Camacho	GEDA
Claire Cruz	GEDA
John San Nicolas	GEDA
Dianne Ollet	GEDA
Therese Ybarra	GEDA
Diego Mendiola	GEDA
Mike Cruz	GEDA
Terrence Brooks	Legal Counsel – Brooks Concepcion PC

Approval of Agenda

§3. The first item considered was approval of the agenda. The motion was made by Director Espaldon and seconded by Director Mesa to add the RFP 17-006 & 17-007 for GWA & GPA Underwriting Services as well as an update or a decision that needs to be made on the Real Property Division, Former Star Press Building issue to Old Business - as well as adding to New Business the resolution for the Bond Issuance and Sale for the GWA Bonds. The motion was unanimously approved.

Approval of Minutes

§4. Approval of minutes from the August 2017 board meeting was made at the recessed meeting held on August 3, 2017. The motion was unanimously approved.

Communications

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

§5. The next item on the agenda was Communications. Administrator Jay Rojas brought to the board that our Governor did get quite a bit of media coverage regarding the North Korea threats to Guam. News went global and we did have some concerns from our investors and bond counsel. We were able to secure any fears that they had by essentially saying that this was an opportunity for us, that this is something that Guam goes through all the time – but, now the nation is covering it. It gives Guam a little bit more exposure. It increases our exposure for Guam in saying that Guam is a strategic place for the US Department of Defense and that more commitment from the military and the realignment of the Marines is going to be happening. All the coverage that we did have, it showcased our great weather and beautiful beaches and tourism numbers should be increasing. No numbers from GVB have decreased. In fact, numbers for August are still going up. We will use the exposure from North Korea to our advantage at a federal level – having them look at solving some of our problems now that they know where we are.

We are preparing for our South Korea trade mission, we do have meetings with the US Embassy of South Korea to show that we do have solidarity despite the North Korea threats and that the US and Guam are still in line.

Director Mesa added to Jay's update – it is true that numbers have not yet decreased for tourism for August – however, they are worried about numbers for September and going forward, especially out of Japan. He did mention that our Lt. Governor has recently made a trip to Japan to dispel any bad media coverage about our North Korea threats.

Jay mentioned that he did get an invitation from the White House and he is scheduled to meet with them next week. He is set to meet with Management & Budget as well as Secretary Chow, Department of Transportation and Justice Clark. He plans to specifically talk about H2Visas as well as the Section 30 issue that we have.

Old Business

§6. The next item on the agenda was Old Business. The Approval of the GovGuam Debt Management Plan and Bond Disclosure Policy was motioned for approval by Director Chiu and seconded by Director Espaldon with an addition to have it updated every two years so we can see the trend. Administrator Rojas mentioned that their plan is to update it twice a year. The vote was unanimously approved.

Next on the agenda was RFP 17-006 & 17-007 for GWA & GPA Underwriter. The motion to approve for Barclay's and Citibank as co-managers was made by Director Chiu and seconded by Director Espaldon. The vote was unanimously approved.

The next on the agenda was the Former Star Press Building. The motion to approve was made by Director Espaldon and seconded by Director Mesa giving the Administrator authorization to discuss the terms with final authorization by the board. The vote was unanimously approved.

New Business

§7. The next item on the agenda was New Business. Ed Camacho brought the Application for Captive Insurance Qualifying Certificate by Core Tech Captive Insurance Corporation to the board. The motion was made by Director Mesa and seconded by Director Wu to approve the QC. The vote was unanimously approved at the recessed board meeting on August 3, 2017.

GEDA received a letter on August 23, 2017 from Core Tech regarding the approval of their QC. The motion was made by Director Mesa to approve the request for their rebate for up to 20 years and in addition as an option for the new board, to consider another 20 years. We agree on the GRT, for public investment-an up front $50,000.00 donation to GEDA every year. Regarding the employment, it will stay at one full time employee instead of two - Vice Chairman John seconded the motion. The vote was unanimously approved.

The last on the agenda is the Resolution approving the issuance and sale of Guam Waterworks Authority revenue refunding bonds and approving and authorizing the execution of related documents, agreements and actions. The motion was made by Director Chiu and seconded by Director Wu. The vote was unanimously approved.

Executive Session

§8. The next item on the agenda was executive session. There was none.

Reports

§9. The next item on the agenda was Reports. No board approval was needed.

Public Comments

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

Adjournment

§11. Having no further items to discuss, the motion to adjourn the meeting was made by Director Espaldon and seconded by Director Chiu at 2:52PM.

Dated this __**28th**__ day of ___**September**____, **2017**

Edward J Calvo, Chairman

ATTEST:

David John
Vice Chairman

Adjournment

§11. Having no further items to discuss, the motion to adjourn the meeting was made by Director Espaldon and seconded by Director Chiu at 2:52PM.

Dated this **28th** day of **September**, **2017**

Edward J. Calvo, Chairman

ATTEST:

David John
Vice Chairman

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

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

GUAM ECONOMIC DEVELOPMENT AUTHORITY

August 3, 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 August 3, 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 Vice Chairman David John 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:***
David John	Vice Chairman – Stand in Chairman for EJ Calvo
Vera Wu	Secretary
Ernesto Espaldon Jr	Director
Monte Mesa	Director
Gia B Ramos	Director
Jay Rojas	Administrator
Mana Silva Taijeron	Deputy Administrator
Absent and excused was:	
Edward J. Calvo	Chairman
George Chiu	Director

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

Also present were:

Henry Taitano	Core Tech International
Conchita	Core Tech International
Eun Ho	Core Tech International
Joe Arnett	Core Tech International
Larry Toves	GEDA
Daisy Mackwelug	GEDA
Bernice Torres	GEDA
Mary Camacho	GEDA
Patrick Guzman	GEDA
Gloria Molo	GEDA
Antoinette Leon Guerrero	GEDA
Tina Garcia	GEDA
Angelene Guzman	GEDA
Julius Santos	GEDA
Tria Paulino	GEDA
Matt Baza	GEDA
Ed Camacho	GEDA
Claire Cruz	GEDA
John San Nicolas	GEDA
Dianne Ollet	GEDA
Therese Ybarra	GEDA
Diego Mendiola	GEDA
Mike Cruz	GEDA
Terrence Brooks	Legal Counsel – Brooks Concepcion PC

Approval of Agenda

§3. The first item considered was approval of the agenda. The motion was made by Director Mesa and seconded by Director Espaldon to open the RFP packets received before going over Old Business and to approve the agenda. The motion was unanimously approved.

Approval of Minutes

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

Communications

§5. The next item on the agenda was Communications. Administrator Jay Rojas spoke about how he had the honor of representing our Governor at the Conference of

Regional Governance for the Pacific Community as well as the 10th Conference that they have on a bi-annual basis. This is a meeting of 26 island countries around the Pacific, essentially, the same countries that participate in the Festival of Pacific Arts – at the table were Ministers, Prime Ministers and Presidents of these countries. Some of the key things that came out of the great conversations were getting introductions to the Minister of Foreign Affairs for Australia and New Zealand and they discussed having and Investment Mission to both those areas to primarily pursue airlines between both the North and South of the Pacific. So, we will be courting Quantis Airlines, Virgin Australia and Air New Zealand to look at direct flights into Guam. There was an observer where members of the Ministries of Foreign Affairs for the Government of Singapore – our Governor would like for us to put together an Investment Trade Mission to Singapore – they will assist us in getting some contacts and setting up meetings for that. We will put that on target for next fiscal year, as we won't be able to work on anything for it until about next month. This group does focus on data collection, research and economic development in different areas of fisheries, education, work force development, health as well as marine transport. So, this will be a good way for us to tap into the other islands to look more at the cruise industry. We will be able to build this relationship with the next year and Administrator Rojas will update the board as it happens. Vice Chairman John asked that we appoint another manager to work with Administrator Rojas – Jay appointed Ed Camacho, Manager of Business Development to help. Jay also mentioned that a representative from the airport will also be involved in these meetings and we will notify the board as to who that is once we know. Vice Chairman John also reminded everyone that this would be a good time to look into his request for setting up a business-training center for Guam. No action was needed.

GEDA has issued RFP's that closed on August 2, 2017, RFP's 17-006 & 17-007 for Underwriters for both the Guam Waterworks Authority and the Guam Power Authority, their current underwriter contracts expire on September 30, 2017 – so we do need to be able to obtain underwriters for fiscal year 2018 and beyond. In order for us to do that we did have to go out for these RFP's that again, closed on August 2, 2017. Guam's statute, 12GCA 103.1, does state that the authority shall set a date for the opening of the RFP's from the underwriters and the presence of a quorum from the board is needed for the RFP's. In addition to that, once we do go through the evaluation process for these RFP's, if the selection process is carried over to a meeting outside of Guam – these evaluations will be taking place in San Francisco the week of August 14th. These final selection processes will either be video taped or voice recorded. We have scheduled for Orrick, our bond counsel, to voice record this process as they all make their presentations to us. After reviewing the final presentations, the board shall within 10 working days of the final presentation – select either one managing underwriter or two co-managing underwriters for the bond issuance. This is the reason why we are recessing this meeting to continue on, on August 24th – because the underwriter evaluations will take place the week of the 14th – 17th and we did want to make sure that we are complying with the law. So, the staff behind me will be opening up each one of the packets of the bid proposals that we have received and as they do that they will also be taking inventory of all documents received and everything is in compliance so by the end of the board meeting today, they will be able to report how many were received and whether or not the receipt

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

of the bond proposals are in compliance. With that being said, GEDA employees – Gloria Molo and Patrick Guzman proceeded to open the bid packets received.

Jay also mentioned that this is a new evaluation committee put together specifically for these RFP's. It will be made up of three members of GWA as well as three members of GPA and three members of the Government of Guam. GEDA's role as the main fiduciary of the Government is to be able to evaluate these underwriters while they go through this process. Traveling team will be Jay Rojas, Christina Garcia, Antoinette Leon Guerrero (record keeper), Lester Carlson of BBMR and Bernadette Artero, Chief Financial Advisor to the Governor.

Old Business

§6. The next item on the agenda was Old Business. The approval to table action on the Approval of the GovGuam Debt Management Plan and Bond Disclosure Policy until the August 24, 2017 reconvened August board meaning was motioned by Director Mesa and seconded by Director Espaldon. The vote to table a decision was unanimously approved.

New Business

§7. The next item on the agenda was New Business. Ed Camacho brought the Application for Captive Insurance Qualifying Certificate by Core Tech Captive Insurance Corporation to the board. The motion was made by Director Mesa and seconded by Director Wu to approve the QC. The board unanimously approved the vote.

The opening of the bid proposals for RFP's17-006 & 17-007 for GWA & GPA was moved on the agenda to open the packets before Old Business. The results were as follows:

RFP 17-006 GWA Underwriter/RFP 17-007 GPA Underwriter:

We received seven total bid responses from Citibank, RBC Capital Markets, Barclay's, Bank of America Meryll Lynch, Wells Fargo, Morgan Stanley and one from Jeffries. But, their packet did not have a CD, which disqualifies them from the evaluation.

Executive Session

§8. The next item on the agenda was executive session.

Reports

§9. The next item on the agenda was Reports. No board approval was needed.

Public Comments

§10. The next item on the agenda was Public comments. Happy Early Birthday to Director Mesa. This coming Sunday, we will be celebrating RPD Manager Larry Toves' birthday and on Monday we will celebrating our Acting Chair, David John's birthday.

Adjournment

§11. Having no further items to discuss, a motion to recess the August board meeting to the 24th of August was made by Director Espaldon and seconded by Director Mesa at 2:54PM.

Dated this **28th** day of **September**, **2017**

Edward J Calvo, Chairman

ATTEST:

David John
Vice Chairman

Reports

§9. The next item on the agenda was Reports. No board approval was needed.

Public Comments

§10. The next item on the agenda was Public comments. Happy Early Birthday to Director Mesa. This coming Sunday, we will be celebrating RPD Manager Larry Toves' birthday and on Monday we will celebrating our Acting Chair, David John's birthday.

Adjournment

§11. Having no further items to discuss, a motion to recess the August board meeting to the 24th of August was made by Director Espaldon and seconded by Director Mesa at 2:54PM.

Dated this **28th** day of **September**, **2017**

Edward J Calvo, Chairman

ATTEST:

David John
Vice Chairman

Guam Economic Development Authority
Qualifying Certificate Application
CORE TECH CAPTIVE INSURANCE CORPORATION
CASE ANALYSIS
Case No. 16-07-03

1. Benefits Requested for a Domestic Insurance Company QC:

Nature of Tax	Periods Requested	Percentages Requested
Corporate Income Tax	Twenty (20) Years	One Hundred (100%) percent
Business Privilege Tax	Twenty (20) Years	One Hundred (100%) percent

2. Project Description:

- Core Tech Captive Insurance Company (CTCIC) was established as a domestic Guam corporation and received its Certificate of Authority on July 1, 2016 to offer captive insurance services.
- CTCIC is wholly owned by the Ho Eun and Hui Eun Revocable Trust.
- As a Guam domestic insurance company CTCIC is eligible to apply for tax benefits under GEDA's QC program. (See Legislative Intent P.L. 23-109 re: Eligibility)

A. Incorporators Information:

- Capitalization $150,000 cash ($50,000 capital + $100,000 surplus)
- Incorporated November 30, 2015
- Certificate of Authority issued on July 1, 2016
- Certificate of Deposit in file (Deposit made on June 3, 2016)
- All capital accounts will be managed in Guam by authorized banking or cash management institutions.
- Premiums will be contributed in cash.

Core Tech Captive Insurance Corporation Shareholder Information:

Name:	*Address:*	*% of Share Ownership*
Ho Eun, sole beneficiary of Ho Eun and Hui Eun Revocable Trust	388 S. Marine Corps Drive, Tamuning GU 96913	100%

B. Services

Description of services currently offered per Certificate of Authority: Miscellaneous Lines of insurance for Core Tech International and related companies.

- Provides property insurance and casualty insurance coverage related to self-insured retentions of Core Tech International and related entities and subsidiaries including:
  - Special Property (typhoon, earthquake, and flood) with initial limits targeted at $10 million per occurrence and in the aggregate, evaluating up to $50 million per occurrence;
  - Ancillary Coverages to enhance the current risk management and risk financing of Core Tech:
    - Administrative Actions;
    - Contractors all-risk deductible reimbursement;
    - Directors and Officers liability;
    - General Liability, Difference-in-Conditions;
    - Loss of Key Contract;

- Loss of Key Supplier;
- Regulatory Change; and
- Trade Credit Insurance.

- Certificate of Authority expires: July 1, 2017 (renewed annually)
- Applicant estimates annual premiums for insurance policies written at a projected rate of operations to be two million eighty thousand dollars ($2,080,000) in year 1 and projecting a modest 2% growth year on year.
- CTCIC has indicated that they will be purchasing insurance from local companies for risks not covered by the captive.

C. Licensed Broker

- General Agent – Mrs. Hui Eun
- Insurance License No. – SA4386
- License Issued – July 1, 2014

D. Employees

- Anticipated Employment
  - In year one - One (1) full-time employees
  - By the end of year five - One (1) full-time employees

- Annual gross payroll
  - In year one – $30,000
  - By the end of year five – 33,765 (+3% per year)

- Classification by Department of proposed payroll for year one of operations with QC benefits
  - Administrative Department: One (1) employee

- Nationality analysis
  - The Company affirms that 100% of the employees it is expecting to hire in year one and by the end of year five on Guam (see Anticipated Employment above) will be US Citizens or Permanent Residents

E. Location

- CTCIC will operate out of Core Tech International's offices in Tamuning, Guam.

3. Company Overview:

A. Core Tech International - "Parent Company"

- Core Tech International is a Guam-based company that has decades of experience in local projects as a full-fledged contractor and construction company. Core Tech International and its subsidiaries and affiliates have been involved in some of Guam's largest commercial, government and military infrastructure projects of the last few decades.

B. Establishment of Captive

- Core Tech International had an actuarial study prepared by Rivelle Consulting Services (Final draft November 27, 2015) to provide loss funding projections and premium indications.

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

- Incorporated as a Guam domestic insurer on November 30, 2015 as Core Tech Captive Insurance Corporation.

- As part of Core Tech International's business operations and with the goal to enhance risk management and risk financing activities, CTCIC will provide property and casualty coverage to Core Tech International and related companies and affiliates. The types of coverage offered by CTCIC are outlined in Section 2 (B) of this analysis.

- Through CTCIC, Core Tech International will self-insure its assets. CTCIC will still purchase insurance from local insurance carriers for risks not covered in their captive.

- CTCIC is formed as a stock captive insurance company, with Mr. Ho Eun as the initial shareholder. Its local representative is Ms. Conchita Bathan, a resident of Guam.

- Pacific Risk Solutions Corporation, a Captive Insurance Manager based in Hawaii, will serve as CTCIC's Captive Insurance Manager.

4. Findings:

1. **Does the project meet the eligibility requirements – Yes**
   - §58104 Eligibility (k), QC Law: "insurance issuance, either by commercial insurers, reinsurers, or captive insurers which meet the requirements of Title 22, Chapter 15, Article 3".

QC Application Submitted: - Yes.
- Submitted on July 8, 2016
- "Certified as Complete" on July 28, 2016
- Notice of Application – August 4, 2016

Public Hearing – Yes.
- Hearing Notice: 10/7/2016
- Hearing Date: 10/14/2016

No members of the public attended the public hearing, and no comment regarding CTCIC's application was provided.

1.1. **Creation of Employment – Yes.**
- In the first year, CTCIC will hire one (1) full-time employee, in an administrative position to manage the day-to-day operations of CTCIC.

1.2. **Replacement of imports**
- The establishment of CTCIC is *not expected* to bring to Guam any new services previously not available in Guam. However, CTCIC has indicated that the QC will provide the financial incentive to replace premiums that would ordinarily be paid to off-island companies thereby replacing the importation of those risk products and services.

1.3. **Price Reduction – No.**

1.4. **Creation of a vitally needed facility or affordable housing.**

- Although CTCIC will not directly construct any vitally needed facilities, its parent company, Core Tech International, through which CTCIC will provide captive insurance services, is one of Guam's largest real estate developers and construction companies, and has undertaken many important construction projects over the last several years.

1.5. **Creation of economic activity: - Yes.** Through the Insurance QC program, CTCIC is eligible to claim the income generated from investing funds derived from underwriting insurance. This will encourage CTCIC to invest its funds and may spark additional economic activity in Guam.

In addition, CTCIC has indicated that the savings incurred through the QC would be utilized to generate local business activity. As previously stated, CTCIC's parent company, Core Tech International, has a long history of local projects and local success. Over the last few years, Core Tech has revitalized abandoned projects such as the Ukudo workforce housing and the Summer Towers in Oka. These projects are examples of major re-investments in Guam that have major positive impacts to the island and surrounding communities. In addition, other ventures such as the establishment of their own concrete plant as well as their affordable housing projects is an example of Core Tech's investments that have created jobs and developed valuable facilities. The benefits of the QC, along with the capital invested locally will continue to enhance the financial position of Core Tech International, which in turn will assist them to serve the local affordable housing, government CIP, and commercial development and construction industries.

- **Employment Related Taxes** – Although minimal, the new employment created will result in additional tax revenue through withholding taxes and employee income taxes.

2. **Specific findings on the application** (§58109, QC Law):

2.1 **Impact on existing businesses and markets on Guam:**

- Prior to CTCIC's establishment, Core Tech International purchased property insurance from established commercial insurance providers. The establishment of their own captive insurance company reduces their purchasing of insurance from locally-based insurance companies.

2.2 **Project Risks and challenges.**

- In becoming a captive insurance company, CTCIC is assuming the risk for virtually all of Core Tech International's related companies. Providing self-insured property coverage to their already self-insuring ancillary coverage significantly increases Core Tech's risk. Effective risk-management strategies will help mitigate any potential challenges.

2.3 **Location of the proposed project.** Since it is a captive insurance company, CTCIC will operate out of existing Core Tech International office space in Guam.

2.4 **Importance to the economy and the official policy of the government:**

- The establishment of CTCIC is in line with local Government Policy, specifically The Guam Domestic Insurance QC Law (P.L. 23-109) The following is a portion of the "Legislative Intent" section of the law- *"The Legislature finds that it is desirable to broaden the base of the Guam economy to include more than tourism and military base employment, and that one of the most attractive economic opportunities available*

to the island is to utilize its unique geographic location to become a financial/insurance capital of the Pacific, much like Bermuda in the Atlantic. Persuading insurance issuers, whether reinsurer, commercial insurers, or so-called "captive insurers," to locate their Pacific headquarters in Guam requires the establishment of an environment that permits them to operate their companies aggressively both outside of and within Guam without paying taxes on anything locally, thereby having the advantage of being located in a modern American community with some of the world's finest communication tools, with access to American courts and to the American school and health systems and yet free of local taxes on their worldwide income...The Legislature therefore, in view of the foregoing findings, declares that the intention of the following amendments and additions to the GEDA Law is to encourage insurers to establish headquarters in Guam by agreeing that their premium income will not be locally taxed."

- Additionally, CTCIC's captive will directly support its parent company, Core Tech International, in doing business. Core Tech International's continued ability to provide real property and construction development services will directly lead to existing jobs being retained and creation of new jobs, and will help continue Guam's recent growth in the construction industry.

5. Recommendations:

The recommendation is to APPROVE the Qualifying Certificate Application 16-07-03 for Core Tech Captive Insurance Corporation with the following benefits and additional conditions:

Recommended Benefits for a Domestic Insurance Company QC:

Nature of Tax Recommended	Periods Requested	Periods Recommended	Percentages Requested Seventy Five (75%)	Percentages Recommended
Corporate Income Tax Rebate	Twenty (20) Years	Ten (20) Years – no renewal	~~One Hundred (100%) percent~~ *	One Hundred (100%) percent
Business Privilege Tax Abatement	Twenty (20) Years	NONE – no renewal	One Hundred (100%) percent	NONE

* Pursuant to §58131 as CTCIC is a Subchapter "S" Corporation

Basis for Recommended benefits:

- **Corporate Income Tax Rebate** – The requested percentage meets eligibility of the QC Law (§58128.4).
- **Business Privilege Tax (BPT) Abatement** - The requested percentage meets eligibility of the QC Law (§58127.5). We are not recommending any BPT benefits for the following reasons:
  - Based on the activities identified in CTCIC's application, the direct benefit to Guam in relation to the direct benefit to the applicant is not substantial enough to warrant both a BPT benefit and a corporate income tax benefit.
  - GEDA has issued reduce BPT benefits for past Captive insurance QC beneficiaries *(see QC #248, Take Care Risk Management Services)*
  - In addition, the government of Guam issued its first BPT Bonds in 2011, with subsequent bonds being issued since then. The provision of these bonds is that 3 percentage points of the total 4% BPT is reserved for bond repayment. GEDA has been cognizant of this. In the most recently established QC program (Special Hotel QC), the ability to claim BPT benefits has been greatly reduced.

Recommended Additional Conditions: The following are conditions in addition to the standard requirements of the QC law. The basis for the following recommendations is §58110 of the QC Law

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

which reads: *"**Conditions of benefits.** In its recommendation of specific tax benefits, the Authority shall consider the following as possible terms and conditions to such benefits."* The specific conditions below are considered "Public Investments" as provided for in part (d) of §58110 which reads, *"**Public investments.** Conditioning the tax benefits on the Beneficiary's investing in or creating public improvements separate from its proposed activities"* It is important to note that CTCIC has expressed an interest in operating as a good corporate citizen by making contributions towards "Public Investments" in the areas of local economic development, education, and recreation in line with the following recommendations:

- Make contributions in cash for Public Investments in the areas of local economic development, education, and recreation. GEDA is recommending that the contributions will be provided at a rate of $50,000 in the first year of the QC. Subsequent public investments shall be provided at a rate of ten percent (10%) of the total rebates received by CTCIC per year for the remaining life of the QC.
  Board adjusted to flat $50K annually
- The manner in which CTCIC will pay the Public Investments will be negotiated between GEDA and CTCIC and will be detailed in the final QC.

- GEDA will utilize the contributions to aid in stimulating local economic development, promoting Guam as an investment destination, assist other agencies in providing additional public educational, recreational, and/or commercial facilities, and/or the building of new and/or the improving of existing public recreational facilities.

- The final QC will also detail all conditions of compliance as contained in the QC Law, and GEDA's Compliance Division will ensure that all conditions contained in the QC Law and the QC Rules and Regulations are adhered to.

Prepared By:

Matthew Baza, ID Specialist — Date: 3/24/17

Reviewed and Approved to Present to CRC:

Ed Camacho, BDD Manager — Date 3/24/17

CRC RECOMMENDED ACTION:

The Credit Review Committee reviewed the QC application and has decided to forward the QC application to the Administrator for further action.

ABSENT	[ ] APPROVED
Mana Silva Taijeron	[ ] DISAPPROVED
Deputy Administrator	
Claire Cruz	[✓] APPROVED
Loans and Compliance Manager	[ ] DISAPPROVED
Ed Camacho	[✓] APPROVED
Business Development Manager	[ ] DISAPPROVED
ABSENT	[ ] APPROVED
Natalia Faculo	[ ] DISAPPROVED
CEDD Supervisor	
Christina Garcia	[✓] APPROVED
Public Finance Manager	[ ] DISAPPROVED
Larry Toves	[✓] APPROVED
Real Property Manager	[ ] DISAPPROVED
Bernice Torres	[✓] APPROVED
Admin. & Operations Manager	[ ] DISAPPROVED

ADMINISTRATOR'S ACTION
✓ Approved / / Disapproved

Jay Rojas — Date: 04032017

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

DELAYED continued from page 6

there is only one lane available for traffic to cross the bridge," said Blaz.

According to Blaz, the project is just beginning the initial stages of construction work.

"First temporary works will be installed that will allow the demolition of the old bridges while maintaining the previous condition of one-lane traffic across the bridges," he said. "As construction continues over the next months, foundations for the new bridge will be constructed and eventually half of the new bridge will be completed."

When half of the project is complete, traffic will be moved to the new portion of the bridge and work will start to build the other half of the bridge.

Land ownership

Regarding issues of land ownership at the bridge area, Blaz said all of the property necessary for the construction on the project is under the ownership of the government of Guam.

"The valuation of one parcel is being contested and is currently in Superior Court for a final determination. DPW submitted condemnation proceedings on the contested parcel and deposited monies for the fair market value of the property with the court, DPW has the right to use the property for the bridge construction," said Blaz.

Blaz said weather always has the potential to affect construction.

"Pile driving, just due to its nature, is less susceptible for being delayed than other types of construction work," he said.

GUAM POWER AUTHORITY

ATURIDÅT ILEKTRESEDÅT GUAHAN

P.O. BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Telephone Nos. (671) 648-3054/55 or Facsimile (671) 648-3165

Joseph T. Duenas
CCU Chairman

John M. Benavente, P.E.
General Manager

INVITATION FOR BID

This notice is paid for by the GUAM POWER AUTHORITY REVENUE & CIP FUNDS
Public Law 26-12

BID NO.:	DUE DATE:	TIME:	DESCRIPTION:
RE-BID GPA-021-16	08/16/2016	3:30 P.M.	Wires
GPA-081-16	08/16/2016	3:00 P.M.	Network Equipment Accessories
GPA-084-16	08/18/2016	2:00 P.M.	Relay Test Equipment
GPA-093-16	08/16/2016	2:30 P.M.	Pad Mounted Transformers

Bid packages may be picked up at the GPWA Room 101, Procurement Office, 1st. Floor, Gloria B. Nelson Public Services Building, 688 Route 15, Mangilao, Guam 96913. All interested firms should register with GPA's Procurement Division to be able to participate in the bid. Please call our office at (671) 648-3054 / 3055 to register. Registration is required to ensure that all "Amendments and Special Reminders" are communicated to all bidders throughout the bid process. Procurement instructions are posted on the Authority's website at http://guampowerauthority.com/gpa_authority/procurement/gpa_current_rfps.php#.

GUAM

ECONOMIC DEVELOPMENT AUTHORITY

Aturidad Inadilanton Ikunumihan Guahan

Eddie Baza Calvo
Governor

Ray Tenorio
Lieutenant Governor

NOTICE OF APPLICATION FOR A QUALIFYING CERTIFICATE BEFORE THE GUAM ECONOMIC DEVELOPMENT AUTHORITY ("GEDA")

Filing of application. **Core Tech Captive Insurance Corporation, (the "Applicant"),** filed its application on Thursday, July 28, 2016 with GEDA for a Qualifying Certificate ("QC") pursuant to Chapter 58, Title 12, Guam Code Annotated (the "QC Law").

Address. The address of the Applicant is 388 South Marine Corps Drive, Suite 400, Tamuning, Guam 96913.

Proposed investment. Applicant intends to operate as a captive insurance company specializing in providing property and casualty insurance coverages related to self-insured retentions of Core Tech International and related entities and subsidiaries, with estimated annual premiums for insurance policies written at a projected rate of operations at $2,080,000.00, projected to increase to $2,251,459.00.

Benefits Sought. Applicant is applying, pursuant to the QC Law for the following tax benefits:

1) a rebate of **100% of Corporate Income Taxes** payable to the government of Guam for a period of **20 years;**
2) an abatement of **100% of Business Privilege Taxes** on gross receipts derived from underwriting insurance payable to the government of Guam for a period of **20 years;** and
3) an abatement of **100% of Real Property Taxes** payable to the government of Guam due on the property utilized for activities identified in their application for a period of **10 years** (NOT APPLICABLE).

Name of Shareholder	Address
Ho S. Eun	388 S. Marine Corps Drive, Suite 400 Tamuning, Guam 96913
Hui J. Eun	388 S. Marine Corps Drive, Suite 400 Tamuning, Guam 96913
P.H.C. Morgan	900 Army Drive, Suite 107 Dededo, Guam 96929

/s/ JAY ROJAS
ADMINISTRATOR

Pursuant to the QC Law, costs for this as are at the expense of the Applicant.

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participation in all aspects of the political process and affirm their right to seek the full extension of the Constitution with all the rights and responsibilities that entails."

The Democratic platform reads: "We support self-government and self-determination for the people of the territories, and their right to decide their future status. All Americans should be able to vote for the people who make their laws, just as they should be treated equally. And all American citizens, no matter where they reside, should have the right to vote for the President of the United States."

The remainder of the respective party platforms diverged beyond these two shared points.

The Democratic platform concluded with intentions of possibly extending the Affordable Care Act (ACA), also known as Obamacare, to the territories, as well as increasing the Medicare cap.

As The Post had reported earlier, the Republican platform called for the appointment of a commonwealth and territories advisory committee and a Special Assistant to the President who would serve as a direct link between the citizens of the territories, the Office of Insular Affairs and the White House.

The Republican platform also addressed issues of economic stability and growth potential by suggesting "flexibility or exemption" from laws governing minimum wage and the Jones Act as a means of removing "unreasonable impediments to their prosperity."

According to Margaret Metcalfe, National Committeewoman to the Republican National Convention (RNC), several interest groups attempted to have the specific wording concerning the Jones Act removed from the platform. She and Juan Carlos Benitez, another member of the Guam delegation, who served on the Platform Committee of the RNC, fought against this removal and succeeded in keeping the language in the current platform.

Concerning the implications of the Republican platform with regard to minimum wage laws, Metcalfe stated the following, "There is no such thing as 'one size fits all.' Each state and territory's economy is so different from the next, that in our good attempts at helping, we often create more chaos. Each state and territory should have the power to decide for themselves via their voters and local government to determine just what formula works best for their economic challenges."

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.

'Nowhere to go'

SHELLSHOCK IN DEVASTATED HAITIAN PORT

LES CAYES, Haiti (Reuters) - Huddled in shelters since Hurricane Matthew brought screaming winds through the Haitian port town of Les Cayes, dazed residents emerged on Wednesday to find streets under water and their homes destroyed or damaged.

The cyclone killed at least 25 people on its path through Hispaniola, the Caribbean island that Haiti shares with the Dominican Republic, but authorities are just beginning efforts to assess the full scale of the damage.

Matthew's 145-mile-per-hour winds uprooted trees, billboards and mobile phone towers as the storm's eye passed close to Les Cayes early on Tuesday on Haiti's picturesque southwestern coast, while the surging sea tossed fishing boats from the beach high on to land.



WATER INLAND: *People walk in a flooded area after Hurricane Matthew in Les Cayes, Haiti, Wednesday. Reuters*

Raging river sweeps away mother and children

A mother and her two children, and another child, were swept to their deaths in a raging river a few miles from Les Cayes, in what meteorologists say it was the strongest storm to hit Haiti in more than half a century.

"Everybody . . . was affected, there is nowhere to go," said Sello Dorval, 30, trying to fix the roof of his home with a thin sheet of wood, next to a boat lying in the road.

"I'm in the street now, my house is destroyed, I have kids, I have no house," said Dorval who spent the last two nights in a high school being used as a shelter from the storm.

City has bounced back from other storms

Historians say Les Cayes was destroyed by hurricanes twice in the 18th century, but it bounced back to become an important port exporting coffee and vetiver, an ingredient in perfumes. It is a gateway to nearby Ile-a-Vache, a palm-fringed island Haiti's government wants to develop for international tourism.

Low-lying Ile-a-Vache was in the path of the storm and authorities have not yet been able to communicate with the island to assess the extent of the damage.

Most houses in Les Cayes were left roofless, with many completely inhabitable.

With the main road from capital Port-Au-Prince impassable after a swollen river destroyed a bridge and helicopters not taking off because of cloud cover and rain, outside aid has not begun to reach Les Cayes and other coast towns that took the brunt of Matthew.

Patients stranded in wet, stinking hospital without doctors

Conditions were grim in the town's public Immaculate Conception Hospital, where patients were stranded in leaky wards and most doctors had not been seen since before the storm. In the maternity ward's theater stinking buckets of liquid waste hung off beds, apparently there for several days.

Joulentah held her 14-month-old son Jouvensly, who she brought in on Thursday to cure diarrhea and fever. A doctor had prescribed an IV drip, but there was nobody in the pediatrics ward to administer it.

"I don't have money, I don't know where else to go, he cried for food I have nothing to give him," said Joulentah, who only gave her first name.

Eddie Baza Calvo
Governor

GUAM
ECONOMIC DEVELOPMENT AUTHORITY
Aturidad Inadilanton Ikunumihan Guahan

GEDA

Ray Tenorio
Lieutenant Governor

NOTICE OF A PUBLIC HEARING ON AN APPLICATION TO THE GUAM ECONOMIC DEVELOPMENT AUTHORITY ("GEDA") FOR A QUALIFYING CERTIFICATE ("QC") AUTHORIZING THE ABATEMENT AND REBATE OF CERTAIN GUAM TAXES.

PLEASE TAKE NOTICE that

1. PUBLIC HEARING: In accordance with Chapter 58, Division 2, Title 12, Guam Code Annotated ("the QC Law") and pursuant to the Administrative Adjudication Law, GEDA will conduct a public hearing at GEDA's conference room, located on the 5th floor of the ITC building, 590 South Marine Corps Drive, Tamuning, Guam on **Friday, October 14, 2016 at 10:00 AM** on the application of Core Tech Captive Insurance Corp. (Applicant) for a QC, granting the applicant the following tax benefits: a rebate of 100% of Corporate Income Tax payable to the government of Guam for a period of 20 years; and an abatement of 100% of Business Privilege Taxes due for gross receipts derived from underwriting insurance risks for a period of 20 years.

2. Applicant Address: The address of the Applicant is 388 South Marine Corps Drive, Suite 400, Tamuning, Guam 96913.

3. Nature of Hearing: The hearing shall be open to the public, and shall be conducted by GEDA's hearing officer pursuant to the rule-making procedures of the Administrative Adjudication Law. Oral and written statements will be received from anyone wishing to testify thereat; all statements will be incorporated into the record of the hearing.

4. Further Information: For further information on the hearing and on the Applicant, please contact GBDA's Business Development Division at 647-4332 or visit GEDA's office at Suite 511 ITC Building, 590 South Marine Corps Drive Tamuning, Guam.

5. ADA Compliance: People with disabilities needing assistance are hereby advised to contact Mrs. Gloria Molo, GEDA's ADA Coordinator at 647-4332.

/s/ JAY ROJAS
ADMINISTRATOR

Pursuant to the QC Law, costs for this as are at the expense of the Applicant, Garden Villa, LLC.

Doc. No. 34GL-18-2349.

Doc. No. 34GL-18-2705.