Hagatna, Guam

In response to comments made by David Sablan, the Chairman of the GHURA Board of Commissioners, I offer the following:

The 2011 Qualified Allocation Plan (QAP), the rules of the game so-to-speak for the Low Income Housing Tax Credit (LIHTC) program last year, gave the Executive Director the SOLE authority to accept or reject applications. One of the fundamental criteria for acceptance was "site control", meaning that the applicant had control of the site and could build upon it within the time constraints of the program. My rejection of the first three applications last year because of their lack of site control was truly warranted.

Upon notifying the Board of Commissioners of my decision to reject the first three applications, they then gave me explicit instructions to proceed with negotiations in a pre-determined way. They directed me to negotiate with Great Homes, fourth ranked applicant, and not to begin negotiations with Tower 70 until I concluded negotiations with Great Homes.

I notified the Board of Commissioners in a working session on December 26, 2011, that negotiations with Great Homes was terminated by me. We could not reach an agreement with the pricing, and I rejected their application based on this. They had offered an affordable unit at $560,000 each, when others were offering their units at less than $240,000 each. They were willing to reduce their price down to $390,000 per unit, but this still was out of range since Tower 70, who was building a high rise, and whose construction costs are going to be greater, was offering a price per unit of less than $390,000.

There were other deficiencies in Great Home's application. These were pointed out by an expert from the mainland that was retained by legal counsel to advise on the LIHTC matters. We never got to discussing these deficiencies since we could not come to terms with their price. Chairman Sablan's statement alluding to this being the reason for rejection is completely untrue, and I never made the recommendation to the Board of Commissioners to award tax credits to Great Homes. The minutes of the Board Meetings will reflect this.

After notifying the Board of the inability to reach an agreement with Great Homes, I was instructed by them to proceed with negotiations with Tower 70, the only remaining applicant. Tower 70 presented their proposal, and ultimately I went back to the Board with their best and final offer. GHURA's legal counsel and I were instructed to finalize the paperwork with Tower 70 to award them the credits that they had initially requested.

In the Board of Commissioners meeting of December 27, 2012, the members did not call upon me to answer how the negotiations proceeded. They made a decision to award Great Homes a LIHTC allocation that was more than what they originally requested, giving them the rights to build 81 homes instead of the requested 60. This meant that Tower 70's request had to be split, satisfying it partially in 2011 and 2012. What is left for 2012 is a mere $900,000, when the annual allocation is $2.4 million.

How can a policy making Board decide to make an award without fully understanding how negotiations proceeded? They were not present, nor did they ask me during the Board meeting of
December 27th for my recommendations. They were not aware of the technical discussion and review of each of the two applications.

In the PDN article, Chairman Sablan's statement was that "Camacho wanted to exclude the Great Homes project as well, an idea that ultimately was rejected by the board." This statement has no merit, since I explained earlier that the QAP gave the Executive Director SOLE authority to accept or reject any or all applications. I exercised my fiduciary responsibility by trying to negotiate with the applicants in the best interest of the people of Guam. The Board of Commissioners had no ability to overturn my decision. I warned them that it would open the Board up to legal challenge, both collectively and individually, if they moved to bring back Great Homes after their application had been rejected. They decided to proceed, knowing the potential risks and consequences.

I advised them that I would not sign any of the documents relating to the program awards, since they made the decisions against my better judgement. Today I stand by my decisions, even if it meant me having to resign.

Marcel G. Camacho