



# GHURA

Guam Housing and Urban Renewal Authority  
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## **NOTICE TO THE PUBLIC** **Community Development Block Grant Section 108 Loan Guarantee Program** **Conflict of Interest Exception**

The Government of Guam has applied for a Loan Guarantee under Section 108 of the Housing and Community Development Act of 1974. The Section 108 program is a financing tool that allows communities and states to expand the size of their CDBG programs. It allows communities to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. Additionally, the program is intended to support projects which principally benefit Low to Moderate Income (LMI) people in Guam.

The Guam Housing and Urban Renewal Authority (GHURA) working on behalf of the Government of Guam is the Designated Public Agency (DPA). The DPA simultaneously acts as borrower of the 108 loan funds from HUD and lender of 108 loan funds, in this case lending to an organization (the 'third party borrower') proposing an activity that will fulfill a need within our community and that will serve an eligible low to moderate income population. For this Section 108 Loan, Guam will lend funds for the construction of a public facility, the iLearn Academy Charter School (IACS).

This Notice serves to inform the public that the DPA has recognized that a conflict of interest exists between the third-party borrower and another party to the development team. The Learning Institute ("TLI"), a non-profit organization and third-party borrower, intends to enter into a contract with the for-profit Empower, LLC to develop the IACS project. Mr. Paul Pineda plays a role in both TLI and Empower, LLC as he is sole owner of Empower, LLC, while also a director of TLI. The potential contractual relationship between TLI and Empower, LLC raises a conflict of interest considering the involvement of Mr. Paul Pineda in both organizations. In addition, Mr. Nathaniel Pineda, nephew of Mr. Paul Pineda, is the Chairman, President and Director of TLI, while his uncle, Mr. Paul Pineda is a director of TLI and the owner of Empower, LLC.

GHURA is seeking an exception to the Conflict of Interest provisions of 24 CFR § 570.611(a) and 2 CFR 200.318(c)(1). TLI, as third-party borrower, is considered by HUD regulations to be a subrecipient of GHURA, the DPA. TLI wishes to procure developer services to develop the IACS project from Empower, LLC. 24 CFR 570.611(a) states that "In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 2 CFR 200.317 and 200.318 shall apply." 2 CFR 200.318(c)(1) states that for subrecipients performing procurements, "No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract."

GHURA believes that granting the proposed exception will serve to further the purposes of the Section 108 loan program and the effective and efficient administration of the IACS project. As part of HUD requirements under 24 CFR § 570.611 and 2 CFR 200.318, GHURA has disclosed the nature of the conflict, made public disclosure of the conflict via publication and posting on GHURA's website, and received a legal opinion from GHURA counsel that said the conflict does not violate Guam law.

/s/ Ray S. Topasna  
GHURA Executive Director

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