

Approval of Agenda

§3. The first item considered was approval of the agenda. Vice Chairman Espaldon made the motion to approve the meeting agenda. Director Gia Ramos seconded the motion. The motion was unanimously approved.

Approval of Minutes

§4. The next item on the agenda was the Approval of Minutes from June 5, 2019. Secretary Ramos moved to approve the minutes. Vice Chairman Espaldon seconded the motion. The motion was unanimously approved.

Chairman's Remarks

§5. The next item on the agenda was Chairman's Remarks.

Chairman John stated the GEDA staff continues to make progress on initiatives and projects. He stated that the bond ratings in San Francisco went well. The rating agencies were impressed and see the Government of Guam finances in good standing.

Additionally, Chairman John stated that the following GEDA committees have been filled with directors taking the lead:

H2B Visa Committee- Director Fe Valencia-Ovalles
Real Property Committee- Director Siska Hutapea
Investment Committee- Vice Chairman Ernesto Espaldon, Jr.
Telecommunications- Director George Chiu

Chairman John commended and congratulated Deputy Hernandez on receiving his doctorate degree.

There were no further remarks.

CEO/Administrator's Remarks

§6. The next item on the agenda was CEO/Administrator's Remarks.

CEO/Administrator Melanie Mendiola stated that the Investment, Real Property and H2B Visa Committee reports are enclosed in the meeting packet for the Board's review.

Ms. Mendiola stated GEDA continues to look toward the budget and is currently tracking a loss. GEDA is projecting a loss of roughly \$500,000. Ms. Mendiola stated that it is GEDA's third fiscal year in the red. However, GEDA is currently looking at the long-term sustainability as the agency moves forward on a number of initiatives as it relates to the core services GEDA provides to the government.

In regards to Real Property, Ms. Mendiola stated that the Chamorro Land Trust Commission gave GEDA authorization to proceed with looking at five different properties for commercial leasing. A determination of need is being drafted on the

property located across the Guam Visitors Bureau. Ms. Mendiola stated that if four of the five properties are rented out, projected income is estimated at \$90,000. If the Piti property and the Guam Ancestral Lands Commission (GALC) property leases proceed, there is an expected revenue increase of \$200,000. There is additional government owned land that GEDA is looking into managing.

In regards to the Public Finance, a bond fee schedule has been drafted to identify the financing behind GEDA's resources used for bond services. The schedule will go through the Triple A Process.

Regarding the Business & Economic Development & Compliance Division, GEDA is working closely on the Qualifying Certificate (QC) program to include the introduction of a health insurance QC. If GEDA continues to strengthen the QC program and increase the agency's loan portfolio by issuing more loans, there is potentially a projected revenue of \$250,000.

Furthermore, Ms. Mendiola stated that with the initiatives outlined, there is great promise that GEDA will not experience a major shortfall. In a previous meeting, the Board asked that GEDA look into other ways economic development authorities generate revenue. Ms. Mendiola stated that the economic development authority in New York own and lease property. Other jurisdictions receive funding through taxation. In addition, some authorities work heavily on urban planning and labor.

Director Ovalles mentioned cost saving initiatives that could benefit the Chamorro Village. Furthermore, Director Ovalles stated that it is time that the village be managed properly as it has great potential. Ms. Mendiola stated that GEDA is interested in promoting a business incubator and recognizes that the revitalization of village as an incubator will strengthen the economy.

That concluded the remarks from the CEO/Administrator.

Communications

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

Mr. Austin Grant stated that GEDA is working to improve public perception of the agency. GEDA in the Media will serve as an internal program to inform the Board of Directors of the latest news relative to ongoing projects in addition to engaging the public on GEDA's roles, outreach and initiatives.

Furthermore, GEDA was featured in four articles for the month of June 2019 relative to the Bond ratings and Cruise Ship Industry.

There were no Communications.

Committee Reports

§8. The next item on the agenda was Committee Reports.

Ms. Mendiola discussed the committee reports enclosed in the meeting packet.

INVESTMENT COMMITTEE

Key Meetings:

April 16, 2019 GEDA

Director George Chiu, Alexandria Leon Guerrero (*BG Investment*), Maree Pelkey (*BG Investment*), Bernice Torres (*GEDA*), Sheena Mitchell (*GEDA*)

Discussion Points:

- Review of asset breakdown
- Reduce exposure to international markets
- Recommendations for growth, higher yield investments
- Transfer of SSBCI from BOG Trust of \$3,036,653.62
- Update of signers for investment accounts

Highlights:

- Following the last meeting, we rebalanced the portfolios to reduce exposure in international markets, primarily in emerging markets and fixed income.
 - This move has favored the portfolios well.
- 2nd quarter 2019 saw a lot of market volatility from global trade tensions, however, despite the volatility the overall GEDA portfolio returned 3.01% for the 2nd quarter of 2019, and 14.10% calendar year to date.
- The average annualized return since inception (May 2017) is 7.22% as of 6/30/19.
- The SSBCI account transferred from BOG Trust on May 9, 2019. The account has returned 2.24% since the transfer.

Total Portfolio value as of 6/30/19 is \$19,917,150

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| GEDA General Fund | \$ 4,020,828 |
| Guam Development Fund Act (GDFA) | \$ 11,624,073 |
| Agricultural Development Fund | \$ 1,124,595 |
| State Small Business Credit Initiative | \$ 3,147,653 |

REAL PROPERTY COMMITTEE

Key Meetings Conducted:

- Guam Ancestral Lands Commission – May 8, 2019
- Chief Stone (GFD) – May 10, 2019
- DISID and CLTC – May 20, 2019
- Meeting w/ Board member Siska Hutapea – June 25, 2019
- Others (recent meetings with other agencies including purchase of Hessler Bldg, Mtg w/ Gov RE Fed Lands, Chamorro Village)

Items of Interests:

- **GALC AT&T.** After several meetings with local AT&T facility operators and GALC members, RPD calculated and invoiced back rent of GALC's AT&T lease property, drafted a lease for moving forward and sent all items under GALC signature on May 29, 2019 to AT&T representative in Pasadena, CA.

- **GALC Polaris.** RFP 19-003 has been issued for GALC's Polaris Property with proposals due on July 15, 2019.
- **GFD Tamuning Station Relocation.** Meetings with GFD Chief Stone indicates GFD's continuing desire to relocate Fire Station 1 to GPA's leased property behind ITC Building. Although GPA has no current plans to relocate their operations, RPD sent follow up letter in June to request if GPA has any inclination to do so in the future.
- **DISID.** Legal Counsel has opined that the current law authorizing the leasing of the former Voc Rehab property (PL 33-227) does not need to be amended in order for GEDA to issue an RFP for this property. However, the Governor's plans to potentially move DISID to a facility in Hagatna the language of the RFP. RPD is following this issue as it develops
- **CLTC.** On June 24, 2019 CLTC officially sent notice authorizing GEDA to provide lease services for 5 properties:
 - Lot 5075-REM-A-NEW-R1 (1.9 acres – behind East West Business Center, Upper Tumon)
 - Lot 7054-RS (11.9 acres – near Yigo Gym)
 - Tract 10123 (7128-REM) (30.2 acres across Yigo Gym)
 - Lot 5173-1-R2NEW-R7 (35.4 acres Oka Point, Tamuning)
 - Tract 111, Lot 12 (0.6 acre Across Proa, Tumon)
 RPD is preparing Determination of Need (DON) on these properties for CLTC approval at its next Commission meeting scheduled for July 19, 2019.
- **Piti Mayor.** MOU with Piti Mayor still going through review and approval process. Piti Mayor looking to GEDA to assist in leasing Santos Memorial Park property. RPD has found various property use-restrictions resulting from existence of cable landing site, proximity to a river, and other items. RPD still conducting further research on the property.
- **Chamorro Village.** Governor has announced her desire for management of Chamorro Village to be transferred from the Department of Chamorro Affairs (DCA) to GEDA. RPD researching feasibility and ramifications of executing a Memorandum of Agreement, or introducing Legislation in order to accomplish this.
- **Others** – Recent discussions with other agencies regarding the potential purchase of the Hessler Building in Hagatna, the return of potentially excess federal lands to the government of Guam are still in the initial research and planning stages.

Recommendations:

- RPD continues to follow up with AT&T regarding payment of back rent due and lease moving forward.
- We should consider engaging with GEDA Legislative Oversight Chairman to discuss PL 34-99 (the 5 Year Law) and its effect on lease revenue as there have been no new leases since its passage.
- We should evaluate the efficacy of GEDA itself managing the Chamorro Village and explore the practicality of having a private entity do so.

H2B VISA COMMITTEE

Central Issue:

DHS issues ban on H-2B and H-2A workers from the Philippines effective January 19, 2019.

Department of Homeland Security with the State Department issued a ban on workers from the Philippines starting January 19, 2019. The ban would affect H-2B and H-2A workers seeking employment in the US. The ban is for one (1) year and should expire January 18, 2020.

H-2B visas: Construction and Healthcare

H-2B visas: Agriculture

Key Meetings:

April 25, 2019: The Governor's office through the efforts of former Governor Carl Gutierrez, now Chief Advisor for Economic Development, National & International Affairs met with Executive Secretary Salvador Medialdea and Secretary Francisco Acosta, Chairperson – Commission on Filipinos Overseas, both of the Office of the President of the Philippines to discuss the impact on Guam related to the U.S. ban on the Philippines to import labor into Guam. The Executive Secretary committed to looking into our situation and would assign his office to review.

June 28, 2019: Chief Advisor Carl Gutierrez and representatives of GEDA met with Marciano De Borja, Philippines Consul General to discuss concerns related to the H2B Visa program. The meeting was arranged by Consul General De Borja, at the request of the Office of the President of the Philippines, to follow up on the meeting that took place in the Philippines with Executive Secretary Medialdea. The Office of the President of the Philippines is gathering data to determine how they may support Guam's efforts to resolve the H2B issue.

Other news and updates:**Guam Contractors Association vs USCIS (Court Case #16-00075) - June 25, 2019:**

Judge Joaquin Manibusan recommends the District Court find Defendants in contempt to comply with the Court's Preliminary Injunction Order of January 24, 2018. Federal Judge Joaquin Manibusan issued a *report and recommendation* 6-25-19. USCIS denied H-2B worker petitions using the same prior rationale prior, in denying Ace Builders Petitions. GCA asked the court to hold USCIS in contempt and to impose sanctions for continued visa denial. Failure to provide an adequate or rational explanation for the denials of Ace Builders' petitions 9 times.

On January 24, 2018, the federal court entered an order granting a preliminary injunction against USCIS from denying H-2B worker petitions submitted after the date of this order.

On March 31, 2018, the Court granted the Plaintiff's Motion for Class Certification. Certifying Petitioners as a class, who have or will file an I-129 application under the Peak Load need a category or the One-Time Occurrence category, and those who have received an application denial finding the Petitioner is unable to demonstrate "temporary need".

On May 11, 2018, Plaintiff's filed a motion of contempt against USCIS for H-2B visa worker petitions denied, against ruling on 1-24-18.

On-base Military Housing:

Within the next 3-5 years the military will begin renovation of their housing units on base. This will require a temporary relocation to off-base housing for many of their residents. GEDA will continue to follow up to obtain actual timelines and details of this build out.

Recommendations:

Regroup with stakeholders (Chamber, GCA, etc) and schedule an update with Congressman.

There were no further Committee Reports.

Old Business

§9. The next item on the agenda was Old Business. The first item under Old Business was Loan Programs.

Ms. Mendiola stated that GEDA has provided a loan program presentation enclosed in the meeting packet. Ms. Mendiola went on to explain the loan programs.

Vice Chairman Espaldon stated that GEDA should promote the loan programs more. The recommendation was made to include this outreach in GEDA in the Media.

After further discussion, there was no other business.

New Business

§4. The next item on the agenda was New Business. The first item under New Business was the Rules and Regulations on the Use of Video Conferencing in Board Meetings.

The Rules and Regulations on the Use of Video Conferencing in Board Meetings was presented to the Board.

Deputy Hernandez stated that the law allows for video teleconference to meet quorum requirements. Furthermore, the member calling in must be seen and heard and the same with the members physically present. Ms. Mendiola stated that GEDA staff is looking into potential platforms to launch a reliable video call.

After further discussion, Vice Chairman Espaldon moved to approve the Guam Economic Development Authority Rules and Regulations on the Use of Video Conferencing in Board Meetings. Director Ovalles seconded the motion. The motion was unanimously approved.

The next item under New Business was the Approval of the Sale of Government of Guam GO Bond 2019.

Attorney Brooks presented Resolution 19-01 for the approval of the \$30 million bond issuance for the third cell of the Guam Solid Waste Authority landfill.

RESOLUTION NO. 19-01

RESOLUTION APPROVING THE SALE OF GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND CERTIFICATES AND THE TAKING OF RELATED ACTIONS

Chairman John commended the GEDA staff for working to secure the bond with a very low interest rate.

After further discussion, Secretary Ramos moved to approve the sale of the GWSA bond as stated. Vice Chairman Espaldon seconded the motion. The motion was unanimously approved.

The next item under New Business was the Amendment to the GEDA Bond Continuing Disclosure Policy.

Ms. Christina Garcia mentioned that The Securities and Exchange Commission (SEC) has identified to two additional events to report on.

Prior to the Amendments, the Rule specified 14 events for which Event Notices are required to be filed. The Amendments add two additional events to the Rule, described referred to as "Event 15" and "Event 16". For

Undertakings entered into on or after February 27, 2019, Issuers must also agree to post an Event Notice to EMMA within 10 business days of the occurrence of either Event 15 or Event 16.

Event 15 requires an Event Notice as described below:

(15) Incurrence of a “financial obligation” of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a “financial obligation” of the obligated person, any of which affect security holders, if material.

Event 16 requires an Event Notice as described below:

16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a “financial obligation” of the obligated person, any of which reflect financial difficulties.

After further discussion, Vice Chairman moved to amend Bond Disclosure Policy as required by SEC. Director Ovalles seconded the motion. The motion was unanimously approved.

The next item under New Business was Memorandum of Agreement between the Department of Chamorro Affairs (DCA) and the Guam Economic Development Authority (GEDA).

Attorney Brooks stated that the Memorandum of Agreement designates management of the Chamorro Village to GEDA. Ms. Mendiola stated that the MOA would be sent to DCA, the Office of the Attorney General and the Office of the Governor for review and approval.

The Board recommended that the MOA be approved with the CEO/Administrator’s discretion on any amendments made thereafter. Additionally, the Board asked to communicate any issues or concerns that may develop in the process.

After further discussion, Secretary Ramos moved to approve the Memorandum of Agreement between the DCA and GEDA subject to any amendments made by the CEO/Administrator. Vice Chairman Espaldon seconded the motion. The motion was unanimously approved.

The next item under New Business was Center for Island Sustainability (CIS) presentation delivered by Dr. Austin Shelton.

Dr. Austin Shelton joined the table and thanked GEDA and the Board for the opportunity to speak. Dr. Shelton briefly explained the history of the University of the Guam (UOG) CIS and pitched the idea of developing a Circular Economy for Guam. In addition, Dr. Shelton provided examples of other islands and regions that promote a Circular Economy by developing products that turn waste into resources.

Furthermore, there is an opportunity for UOG to accelerate a Circular Economy through a grant from the National Science Foundation. In the coming weeks, UOG will apply for a \$20 million, 5-year grant to benefit the initiative.

Dr. Shelton explained the Guam Green Growth (G3) initiative is to create a new green economy that would stimulate new circular economy industries, reduce waste and reduce reliance on imports. In addition to numerous projects within the G3 initiative, Dr. Shelton mentioned the maker space and incubator facility to be cultivated.

Two Circular Economy experts will be visiting Guam on August 12th and 13th. The experts started one of the first Circular Economy incubators that has generated about \$5 million in revenue with just a few years in operation.

Dr. Shelton stated that UOG CIS is seeking local matching funds from GEDA in the amount of \$50,000 yearly from 2020 to 2025 to secure the grant. The total matching requirement is \$5 million. There is currently \$2.5 million secured from the UOG financial aid budget. Feedback from GEDA is needed by Monday, July 15, 2019 in time to submit the grant application.

Vice Chairman Espaldon asked if the grant application requires a commitment of funds in the coming weeks. Dr. Shelton stated that a letter is needed from GEDA committing to the funds toward the local matching.

Dr. Shelton stated that due to receiving a previous grant of \$6 million over 5 years from the National Science Foundation, it has demonstrated that UOG CIS is capable managing the amount and conducting cutting-edge research.

Dr. Shelton stated that commitment does not have to amount to \$50,000 per year for 5 years so long as it amounts to the local matching required.

Vice Chairman Espaldon expressed concern with the deadline to submit feedback in time for the grant submission. Mr. Espaldon noted that although circular economy is a great initiative, it would be best to see the projections of funding as it relates to contributions to other worthy causes in the coming years.

Ms. Mendiola asked if the letter from GEDA could pledge the proposed amount subject to the availability of funds. Dr. Shelton noted the inquiry and mentioned he would reach out to the federal program officer for confirmation.

The Board tabled voting and moved on to discuss further business.

The next item under New Business was Community Contribution- Guahan Sustainable Culture (GSC).

Ms. Mendiola stated that in-line with Governor Leon Guerrero's initiative to enhance and revitalize the agriculture industry on Guam; an Agriculture Accelerator Program has been launched. One of the focuses is to get local produce into schools. Three hubs have been identified to make it possible, to included Farmer's Co-op, Guahan Sustainable Culture and Farm to Table Guam. Meetings have been held with the hubs, the Department of Education and other regulatory agencies. The program is currently on track towards getting produce into Okkodo High School once a week.

Relative to the program, Guahan Sustainable Culture is in charge of the micro greens (sprouts). Farm to Table- Guam Corporation is in charge of the leafy greens (lettuce, kale). Farmer's Co-op is in charge of the line share of the produce (cucumbers, tomatoes, fruits, etc.)

The three hubs have also been advised to apply for a line of credit with GEDA.

Guahan Sustainable Culture's mission is to cultivate ideas and strategies of environmental sustainability within our local community through education, social engagement and collaborative partnerships. They provide training skills and information for our community members to help solve pressing issues including access to fresh local food. Additionally

they offer workshops for beginning farmers in cultivating and sustaining small-scale gardens and family farms that include hydroponic and aquaponic methods.

Guahan Sustainable Culture is seeking funding for an upcoming partnership with Village Micro-Farm, the leading microgreen producer on island, to equip and supply a hydroponic production system for leafy greens to increase production of fresh produce to our youth in public schools.

Staff Recommendation

This request qualifies under the category of higher education/cultural preservation contained in QC 254 TNN Guam, Inc. dba Tsubaki Hotel "community contribution" section. The Board therefore recommends approval to allocate \$15,500.00 (fifteen thousand five hundred dollars) from QC No. 254 to support GSC and Village Micro-Farm.

The next item under New Business was Community Contribution- Farm to Table Guam.

Farm to Table- Guam Corporation creates and expands jobs in the agriculture industry by continuously working with new and existing farmers to train, grow, market and sell locally grown produce and products through three sales channels: through farm stand/market stands, a Community Supported Agriculture Subscription Service, and to the commercial market. Most of the farmers do not have any employees and need to stay on the farm. This leaves them with minimal amount of time to market and sell their crops. The company truck and van are critical as they serve as the primary mode of transportation for pick-up, delivery, outreach, and visiting farmers for training.

Farm to Table- Guam Corporation is seeking funding to lease a Nissan NV 1500 Van, Nissan Frontier Pickup Truck and related expenses such as insurance and gas.

Staff Recommendation

This request qualifies under the category of the Economic Development with priority on the promotion of Medical Industry and Small Business contained in QC 252 Guam Healthcare Development, Inc. dba Guam Regional Medical City "community contribution" section. We therefore recommend approval to allocate \$18,000.00 (eighteen thousand dollars) from QC No. 252 to support Farm to Table- Guam Corporation.

Ms. Mendiola discussed the Community Contribution Grant Program and the process of issuing funds moving forward for FY 2020.

Chairman John recommended that community contribution requests be provided in advance of a deadline to provide ample time for review and discussion. Director Ovalles recommend GEDA prepare projections for community contribution to identify funding that is available.

The Board asked if a three-year or four-year pledge to the grant for CIS would suffice instead of the five-year pledge. Ms. Mendiola stated that in previous discussions with Dr. Shelton any amount toward securing the local matching would benefit.

Director Ovalles asked if there are any monitoring factors or ROIs for organizations receiving community contributions. Ms. Mendiola stated that there is currently no matrix available. However, the new Community Contribution grant

program includes a portion relative to reporting the use of funds. After further discussion, the Board recommended that GEDA report the successes of the organizations receiving community contributions moving forward.

Relative to the grant for CIS, Vice Chairman Espaldon asked if UOG has sought local matching funds via other agencies as well. Ms. Mendiola mentioned some of the outreach conducted by Dr. Shelton.

After further discussion, Secretary Ramos moved to approve \$50,000 a year for four years subject to \$20 million grant award, community contribution availability of funds and final review of the letter by the Chairman. Vice Chairman Espaldon seconded the motion. The motion was unanimously approved.

Vice Chairman Espaldon moved to approve the allocation of \$15,500.00 from QC No. 254 to support Guahan Sustainable Culture and Village Micro-Farm. Director Ovalles seconded the motion. The motion was unanimously approved.

Secretary Ramos moved to approve the allocation of \$18,000.00 from QC No. 252 to support Farm to Table- Guam Corp. Director Ovalles seconded the motion. The motion was unanimously approved.

There was no further business discussed.

Public Comments

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

There was no further business discussed.

Adjournment

§11. After further discussion there was a recommendation to adjourn the meeting. On motion duly made by Vice Chairman Espaldon and seconded by Director Ovalles at 11:38 a.m., the meeting was adjourned.



DAVID JOHN, Chairman
Board of Directors

ATTEST:


ERNESTO ESPALDON JR., Vice Chairman
Board of Directors