



Minutes of Regular Meeting to the Board of Directors of the  
**Guam Economic Development Authority**  
March 21, 2019

**Call to Order**

§1. The regular meeting of the Board of Director of the **Guam Economic Development Authority** (referred to as "GEDA" or the "Authority") was held on Thursday, March 21, 2019 at the hour of 9:32 a.m. at the Guam Economic Development Authority conference room, Fifth Floor Suite 511, ITC Building Tamuning, Guam. The meeting was called to order by Chairman David John to consider several items on the agenda.

**Quorum and Attendance**

§2. **Roll call.** As determined by the roll call, the following directors were present:

**Directors:**

David John  
Ernesto Espaldon  
George Chiu  
Monte Mesa

**Offices or Positions:**

Chairman  
Vice Chairman  
Director  
Director  
  
CEO/Administrator  
Deputy Administrator  
Legal Counsel

**Absent and excused:**

Gia Ramos Director

**Also present were:**

Anumita Kaur PDN  
Erin Grajek Sen. Clynt Ridgell's Office  
Tina Garcia GEDA  
Ed Camacho GEDA  
John San Nicolas GEDA  
Matthew Baza GEDA

Bernice Torres	GEDA
Dianne Ollet	GEDA
Mark Mendiola	GEDA
Austin Grant	GEDA
Diego Mendiola	GEDA

### ***Approval of Agenda***

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

### ***Approval of Minutes***

§4. The first item on Approval of Minutes was the minutes from December 19, 2018. Director Monte Mesa stated that a correction was needed under §8. New Business. Minutes should read, "Vice Chairman David John made a motion to waive stipends for Fiscal Year 2019. The motion was seconded by Director Monte Mesa. On that motion, the Board unanimously approved."

Director Mesa made motion to approve December 19, 2018 minutes with corrections stated and January 10, 2019 minutes as is. Director 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 commended the GEDA team for the great work being done. Mr. John asked the Board if they have been kept up to date and well informed by GEDA management. Director Mesa expressed appreciation for the "proactive step" that the CEO and Deputy Administrator have taken.

### ***CEO/Administrator's Remarks***

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

CEO/Administrator Melanie Mendiola started her remarks by addressing the recommendations in the transition report. Ms. Mendiola informed the Board that GEDA is currently working to:

- Renew GEDA Mission as a driver for government economic policy.
- Assess all staff positions to determine the need for reorganization of GEDA
- Develop a strategic plan by which to guide the agency

- Update CEDS from 2011
- Develop marketing strategy to promote GEDA
- Ensure transparency on business transactions
- Work with federal government to improve renewal ratings of H2B Visa applications
- Identify new revenue stream to support agriculture and aquaculture as a viable economic industry.
- Develop a Loan Program that guarantees Start-Ups
- Develop a plan to market “Opportunity Zones”
- Establish Guam as a medical tourist destination
- Implement Medical Marijuana Rules and Regs
- Fill vacant in-house Attorney Position

Ms. Mendiola stated that the Public Finance Division is working to improve government liquidity and promote efficient Capital Improvement Project (CIP) financing.

Guam Solid Waste Authority (GSWA) is looking to finance the construction of Cell No. 3, totaling to \$26 million in financing. Options of financing include a bank loan or going out for a General Obligation (GO) bond.

Guam International Airport Authority (GIAA) is looking to refinance to get a better rate at \$33.2 million. Deputy Administrator Artemio Hernandez is working with GIAA management and the Legislature to educate the parties about the importance of taking advantage of low rates. Mr. Hernandez stated that the bill to be introduced for the refunding is in the “pre-bill legislative process.”

Guam Department of Education (GDOE) is looking to finance the building of Simon Sanchez High School and potentially refinance \$50 million for John F. Kennedy High School (JFK). JFK is currently at a rate of 7.5%. Ms. Mendiola stated that GDOE was looking at the option of a USDA loan for the 40-year amortization but because JFK is being occupied and depreciated, that may not be an option.

Department of Public Works (DPW) is working on Garvee Bonds at \$75 million. Ms. Mendiola stated she will keep the Board updated on the bonds as details develop.

Ms. Mendiola moved on to discuss current legislation being introduced. Bill 1-35, introduced by Senator Regine Biscoe Lee to increase the Dave Santos exemption from \$50,000 to \$250,000. GEDA supports the “spirit” of the bill but the legislation violates the bond covenant to prevent an increase in exemptions. GEDA provided alternative language, stating to pledge the 3% that will be in line with the bond covenant and the additional 2% can be exempted which will still result in savings to businesses generating less than \$250,000.

Chairman John asked what would be the impact of the legislation. Ms. Mendiola stated that according to Department of Revenue and Taxation, exemptions would amount to roughly \$2 million. Mr. John stated that before GEDA takes a stance on any legislation, the agency must analyze the economic impact it will have on the island.

After further discussion, Ms. Mendiola moved on to discuss the Preliminary Bond Issuance Analysis.

<b>Preliminary Bond Issuance Analysis</b>			
<b>Issuer</b>	<b>Amount Outstanding</b>	<b>Breakpoint Assessment</b>	<b>Straight Assessment</b>
GO, Section 30, HOT	\$ 307,925.00		\$ 72.37
BPT	\$ 728,980,000.00		\$ 171,327.84
DOE/GEFF	\$ 208,318,000.00		\$ 48,959.74
Tobacco	\$ 141,780,000.00	\$ 85,068.00	\$ 33,321.71
GIAA	\$ 192,695,000.00	\$ 74,227.10	\$ 45,287.96
GPA	\$ 561,560,000.00	\$ 216,315.80	\$ 131,980.11
GWA	\$ 499,815,000.00	\$ 192,531.31	\$ 117,468.55
PAG	\$ 71,445,000.00	\$ 42,867.00	\$ 16,791.29
	<b>\$ 2,404,900,925.00</b>	<b>\$ 611,009.21</b>	<b>\$ 344,849.63</b>
<b>Department Budget</b>			
<b>Research &amp; Public Finance</b>			
Employee 1	\$ 141,246.00		
Employee 2	\$ 110,056.00		
Employee 3	\$ 38,933.00		
<b>Total Department Compensation</b>	<b>\$ 290,235.00</b>		
<b>Executive and Administrative Overhead</b>			
Management & Compliance	\$ 102,511.53		
Administrative Services Department	\$ 72,463.05		
Research Department	\$ 100,000.00		
<b>Total Overhead</b>	<b>\$ 274,974.58</b>		
<b>TOTAL</b>	<b>\$ 565,209.58</b>		
% of Bonds Outstanding	0.02%		
% of Autonomous Agencies	0.04%		
Low Point	0.02%		
Average	0.04%		
High Point	0.06%		
*Recommend either straight pricing or breakpoint pricing.			
*Reduce issuance bps.			

The analysis addresses how GEDA charges agencies when going out for bonds. After further discussion, Chairman John and Director George Chiu stated that GEDA needs to raise bond fees relative to the workload GEDA takes on.

Ms. Mendiola moved on to discuss the projects under the Real Property division that refine the commercial leasing process for government owned lands so that there is clarity among agencies and efficiency for lease holders.

Ms. Mendiola stated that Senator Taitague has introduced legislation to extend leases from 5 years to 10 years. GEDA is in support of the legislation although the extension is not enough. Chairman John asked if there is a way to quantify how many years are sufficient for a lease. Mr. Hernandez stated that GEDA will approach the senator to discuss quantifying the threshold.

Ms. Mendiola stated that GEDA is revisiting Memorandum of Understandings (MOUs) with existing leases, primarily to review the indemnification areas. GEDA currently pays the legal fees associated with leases. Ms. Mendiola stated that legal fees should be taken care of by the landlord as opposed to the property manager. GEDA will look into ensuring this is reflected in existing and new MOUs.

GEDA has new property leases through the Chamorro Land Trust Commission (CLTC) in the pipeline, currently awaiting approval. The most commercially desirable land is in Tumon across the Guam Visitors Bureau. Ms. Mendiola stated that Director Hattig of CLTC is excited and looks forward to GEDA's assistance.

Ms. Mendiola stated that the Mayor of Piti owns the beachfront land next to the USO. The mayor is interested in commercial leasing arrangements. Additionally, there is a GDOE warehouse GEDA is looking into from potential leasing opportunities.

In regards to HOT Bond projects, an update was given to the Governor and Lieutenant Governor on March 18, 2019. Ms. Mendiola directed board members to review the update as provided in the HOT Bond dashboard enclosed.

Ms. Mendiola moved on to discuss the projects under the Business Development Division.

Ms. Mendiola stated that Governor Carl Gutierrez and GEDA Business Development Manager, Ed Camacho returned from a trade mission meeting with developers and government officials in the Philippines and China. The full trip report is enclosed for review.

GEDA is working to promote and expand loan programs. Ms. Mendiola stated that an Industry Development Specialist is devoted to growing GEDA's loan portfolio. Some initiatives include working closely with farmers and collaborating with GUMA, a business incubator program.

Ms. Mendiola informed the Board that GEDA is working to organize and promote Opportunity Zones. The project is in need of development, update, regulations, and resources. GEDA is presenting to the Guam Association of Realtors to discuss Opportunity Zones regarding where they are located and how to kick start project.

In regards to the Qualifying Certificate (QC) revamp, GEDA is looking into the Recycling QC, which has had no new applicants or issuances for some time. The agency would like to launch a micro Recycling QC that is geared toward businesses that remove waste from the waste stream.

Chairman John stated that the QC committee has discussed the focus of industry specific QCs that will get clear benefits to community and the recipient. The committee is looking into data from health insurance companies and splitting the Captive QC into two QCs (one for local companies and off-island captives).

Ms. Mendiola moved on to discuss Comprehensive Economic Development Strategy updates.

Draft is available on the GEDA website for review. The draft includes the following updates:

- Expanded topics center upon:
  - Niche Tourism- Small Cruise Ships, Educational Tourism
  - Agriculture
  - Island Sustainability
- Additional macroeconomic commentary on:
  - GDP
  - H2B Visa Denials

GEDA is waiting on projects relative to the medical industry and initiatives from the Department of Agriculture and the Mayor's Council.

Director Chiu asked what is GEDA's role in the H2B Visa program. Ms. Mendiola stated that GEDA is working with Department of Labor and the Front Office to get feedback from the private sector, Guam Chamber of Commerce and Guam Contractors Association to drive the sense of urgency of the H2B Visa issue. Furthermore, the Front Office gave the directive to GEDA to apply for a Department of Interior technical assistance grant to study the impact of H2B Visa denials. GEDA has applied and is waiting for an update to proceed.

Vice Chairman Espaldon asked if GEDA has asked for an extension for the USED grant. Ms. Mendiola stated that GEDA has applied for an extension and reached out via phone for guidance. Furthermore, GEDA can extend the project by submitting the final draft and inserting appendixes as more projects are received by GEDA.

In regards to H2B Visas, Chairman John asked for a follow up on the hiring of a lobbyist. Ms. Mendiola stated that GEDA has not reached out for a lobbyist. Chairman John asked GEDA to look into rates for a lobbyist.

After further discussion, Director Monte Mesa directed board members to review the H2B Visa report enclosed.

Directors discussed the impact of Airbnb's on Guam and asked that GEDA advise Department of Revenue and Taxation to take a look at the issue.

In closing to her report, Ms. Mendiola stated that GEDA has attended the following trainings and meetings:

- Budget presentation to Senators
- Individual meeting with
  - Speaker Tina Muna Barnes
  - Oversight Chair Sentor Clynt Ridgell

- Senator Regine Biscoe Lee
- Senator Kelly Marsh Taitano
- Senator Telo Taitague
- Senator Jim Moylan
- Senator Sabina Perez
- Senator Joe San Agustin
- Presentations for:
  - GUMA Program
  - Assembly of Planners
  - Soroptimists International
  - Guam Association of Realtors
  - Joint Leadership Symposium
  - Guam Contractor's Association
  - Guam Chamber of Commerce
  - Guam Product Seal Participants
  - Rotary International

Ms. Mendiola stated that the Office of Public Accountability has commented that the community contributions grant program is too much of a "grey area". Therefore, GEDA will present a grant program to the Board for adoption.

Ms. Mendiola informed the Board that GEDA hosted a Guam Product Seal (GPS) Survey that 30% of GPS members responded. Results from the survey will help to improve the GPS program. Results are enclosed for review.

Ms. Mendiola stated that GEDA has launched the Agriculture Accelerator Program to get more farmed goods in school with the help of the Farmer's Co-op, Farm-to-Table and Sustainable Guåhan.

### ***Communications***

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

Ms. Mendiola informed the Board that Governor Leon Guerrero has appointed Fe Valencia-Ovalles to serve as Member, Board of Directors for the Guam Economic Development Authority. Confirmation hearing date is forthcoming. Appointment letter enclosed for review.

### ***Committee Reports***

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

The H2B Committee Report is enclosed for review.

### ***Old Business***

§9. The next item on the agenda was Old Business. The first item under Old Business was Formation of Board Committees.

After further discussion, Director Mesa made a motion to nominate Director Chiu as the Investment Committee Chairperson. Vice Chairman Espaldon seconded the motion. The motion was unanimously approved. Director Chiu will oversee the Investment Committee.

Directors discussed Board stipends. There was miscommunication as to stipends being donated to the GEDA Employee Morale Association (GEMA). Director Mesa withdrew his motion. Chairman John asked management to review the issue again and address the motion at the next board meeting.

### ***New Business***

§4. The next item on the agenda was New Business. The first item under New Business was Community Contribution- CISX.

Ms. Mendiola informed the Board that UOG's Center of Island Sustainability will be hosting the 10<sup>th</sup> Regional Conference on Island Sustainability to be held from April 8 – 12, 2019 at the Hyatt Regency Guam.

This year's theme "Sustainability Then, Sustainability Again?" recalls Guam's part as a sustainable society. A blend of historical perspective and modern innovations will provide conference participants with ideas to encourage action towards a sustainable future.

The recommendation is that this request qualifies under the category of higher education/cultural preservation contained in QC 254 TNN Guam, Inc. dba Tsubaki Hotel "community contribution" section. Therefore, it is recommended to approve the allocation of \$7500.00 from QC No. 254 to sponsor the University of Guam's 10<sup>th</sup> Regional Conference on Island Sustainability.

After further discussion, Director Mesa made the motion to approve the community contribution of \$7,500.00 to sponsor the University of Guam's 10<sup>th</sup> Regional Conference on Island Sustainability. Vice Chairperson Espaldon seconded the motion. The motion was unanimously approved.

The next item under New Business was Community Contribution-Guam Woman's Chamber of Commerce.



Ms. Mendiola informed the Board that the Guam Women's Chamber of Commerce will be hosting a series of events throughout 2019 aimed at growing Guam's economy through professional development and support for small business start-ups.

The recommendation is that this request qualifies under the category of Economic Development (Promotion of Industry & Small Business) contained in QC 254 TNN Guam, Inc. dba Tsubaki Hotel "community contribution" section. Therefore, it is recommended to approve the allocation of \$7500.00 from QC NO. 254 to sponsor the Guam Women's Chamber of Commerce.

After further discussion, Director Chiu made the motion to allocate \$7500.00 from QC NO. 254 to sponsor the Guam Women's Chamber of Commerce. Director Espaldon seconded the motion. The motion was unanimously approved.

The next item under New Business was Adoption of Grant Program.

Ms. Mendiola requested for the Board's approval of the Qualifying Certificate Community Contribution Grant Program for FY 2020. Ms. Mendiola stated that during the budget process, the Board could authorize how much funding is set aside for community contribution. The grant program will then be advertised and promoted, community members will apply, a committee will rank and score and community contributions will be awarded based on score.

Director Chiu stated that some community members might find it difficult to apply for the grant due to lack of skill set in writing. Chairman John recommended that the grant be flexible.

After further discussion, the Board agreed to adopt the grant program upon the approval of the FY 2020 budget.

The next item under New Business was Litigation— WSTCO vs. GALC.

Georgette Concepcion of Brooks & Concepcion spoke on the matter. Former GEDA CEO/Administrator, Mr. Jon Jay Rojas is being sued in his official capacity. Mr. Rojas is requesting the Board to authorize payment of legal fees for his representation in court. Director Chiu stated that the Board needs legal counsel's advice to approve. Furthermore, the Director Chiu stated that it is morally correct to defend the GEDA CEO/Administrator.

After further discussion, Director Espaldon made the motion to have Brooks & Concepcion represent Mr. Rojas subject to the concurrence by Legal Counsel, Tom Fisher. Director Chiu seconded the motion. The motion was unanimously approved.

**Public Comments**

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

Director Espaldon asked that management provide an update on travel expenses and budget. Director Mesa asked for clarification regarding the approval process of travel requests. Ms. Mendiola stated that in the previous administration, travel of GEDA staff is subject the approval of the Administrator and travel of the Administrator is subject to the approval of the Chair in line with the approved budget. Chairman John stated that transparency is key.

The Board agreed to request for quorum for the next board meeting on April 17<sup>th</sup> or April 18<sup>th</sup>.

There was no further business discussed.

**Adjournment**

§11. After further discussion there was a recommendation to adjourn the meeting. On motion duly made by Director Mesa and seconded by Director Chiu at 10:59 a.m., the meeting was adjourned.

  
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DAVID JOHN, Chairman  
Board of Directors

4/14/19

ATTEST:

  
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ERNESTO ESPALDON, Vice Chairman  
Board of Directors