

Minutes of Regular Meeting of the Board of Directors of the  
**Guam Economic Development Authority**  
September 19, 2019

*Call to Order*

- §1. The regular meeting of the Board of Directors of the **Guam Economic Development Authority** (hereafter referred to as "GEDA" or the "Authority") was held on Thursday, September 19, 2019 at 1:30 p.m. at the Guam Economic Development Authority Conference Room, 5<sup>th</sup> Floor, Suite 511, ITC Building, Tamuning, Guam. The meeting was called to order by Chairman David John to begin discussions of agenda items.

*Inifresi*

- §2. GEDA Board of Directors and all others in attendance recited the *Inifresi*.

*Quorum and Attendance*

- §3. **Roll Call.** As determined by the roll call made by Chairman David John, the following individuals were present:

**Directors:**

David John  
Ernesto Espaldon, Jr.  
George Chiu  
Deepak Dewan  
Siska Hutapea  
Gia Ramos  
Fe Valencia-Ovalles

**Offices or Positions:**

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

**Also in attendance were:**

Ed Camacho GEDA  
Claire Cruz GEDA  
Christina Garcia GEDA  
Bernice Torres GEDA  
Larry Toves GEDA  
Austin Grant GEDA

Jha'Aunie Leon Guerrero	GEDA
Anumita Kaur	PDN
Erin Grajek	Office of Senator Ridgell

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

- §4. The first item considered was approval of the agenda. Director George Chiu moved to approve the meeting agenda. Vice Chairman Ernesto Espaldon, Jr. seconded the motion. The motion was unanimously approved.

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

- §5. The next item on the agenda was the approval of the board meeting minutes from August 22, 2019. Director Chiu moved to approve the meeting minutes, which was then seconded by Director Fe Valencia-Ovalles. The motion was unanimously approved.

#### ***Chairman's Remarks***

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

The Chairman passed on remarks for the CEO/Administrator to begin.

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

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

CEO/Administrator Melanie Mendiola stated that the Authority has had a great and busy month. GEDA has active committees in which all have been making excellent progress.

One of the major progress items included work with the United States Economic Development Administration (USEDA). USEDA staff visited Guam in August 2019. GEDA shared with USEDA its Comprehensive Economic Development Strategy (CEDS) Report. USEDA was pleased with the CEDS report and encouraged GEDA to apply for grants. Ms. Mendiola stated that GEDA is currently working on applications of grants totaling an estimated two million dollars (\$2,000,000) which will fund GEDA's organizational initiatives as well as grants that will allow GEDA to assist other organizations to include economic diversification, agriculture, aquaculture, telecommunications, small cruise ship and others.

Ms. Mendiola stated that GEDA held a training at the University of Guam with USEDA that offered support in the grant writing process to increase the request of grant applications from local non-profits and government agencies. Ms. Mendiola shared that Guam was declared a



disaster area after Typhoon Mangkhut. As a result, for the next two years, Guam is now eligible for an additional amount of funding in excess of what is set forth in the CEDS that will preserve and increase jobs on Guam.

This concluded the remarks from Ms. Mendiola, CEO/Administrator.

### *Communications*

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

Special Projects Coordinator Austin Grant welcomed everyone in attendance. Mr. Grant informed everyone that GEDA was featured in about ten articles this past month, one of which included an international article regarding H2B Visa.

This concluded the communications report by Mr. Grant.

### *Committee Reports*

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

**Real Property Committee:** Mr. Larry Toves, manager of the Real Property Division, reported for the Real Property Committee.

Items of Interest:

- Guam Ancestral Lands Commission (GALC) and AT&T Lease – GALC and GEDA met with AT&T's Legal Counsel on September 12, 2019 and September 13, 2019 to negotiate the lease terms for the Tanguisson Cable Landing Station moving forward, along with the invoice for lease rental arrears from the period of 2007 to 2019. Negotiations have concluded and the results will be presented to the GALC Board of Commissioners at its next meeting scheduled for Wednesday, September 25, 2019.
- Department of Integrated Services for Individuals with Disabilities (DISID) Request for Proposals RFP) – DISID Director Phyliss Leon Guerrero has requested that GEDA hold off on issuing a new RFP for the lease and development of the 5-acre parcel formerly known as the Vocational Rehabilitation property located across JFK High School. Discussions between DISID and the Office of the Governor on moving forward expect to be conducted sometime during the month of September.
- CHamoru Village – GEDA staff met with the President of the Department of CHamoru Affairs, Ms. Anne Marie Arceo and her staff on August 23, 2019 regarding management of the CHamoru Village (CV) located in Hagatna. A Memorandum of Agreement (MOA) has been drafted outlining the responsibilities and services between GEDA and DCA in providing general operational, property management and marketing services for the CV. DCA is currently reviewing the draft MOA and additional information including audited financials for the past years have been requested by GEDA.



- Military Affairs/Excess Federal Lands – A meeting was held on August 29, 2019 between the Navy and GEDA officials in response to the Governor’s letter to the Secretary of the Navy concerning the “Potentially Releasable Federal Lands Report dated June 2019, which identifies over 2,500 acres of terrestrial land and about 17,031 acres of submerged land to the Navy’s excess land inventory. A summary of this meeting has been discussed with the Governor’s Special Assistant for Military Affairs on Tuesday, September 17, 2019.
- Chamorro Land Trust Commission (CLTC) – GEDA provided CLTC with Determinations of Need as required by law to lease 3 properties which will be discussed at CLTC September board meeting. The properties include:
  - Lot 5075-REM-A-NEW-R1 (1.9 acres behind East West Business Center, Upper Tumon)
  - Lot 7054-RS (11.9 acres allocated adjacent to Yigo Gym)
  - Lot 12, Tract 111 (0.6 acres across Proa, Tumon)
- Determinations of Need for Tract 10123 (7128-REM across Yigo Gym) and Lot 5173-1-R2NEW-R7 (Oka Point, Tamuning) are being developed.
- Piti Mayor – Memorandum of Understanding with Piti Mayor still going through review process with comments recently provided by the Office of the Attorney General. Piti Mayor looking to GEDA to assist in leasing Santos Park property. RPD has found various property use-restriction resulting from existence of cable landing site, proximity to a river, and other items. In addition, RPD has found that the Mayor only has maintenance responsibilities over the park. Mayor has indicated that he will be meeting with both the Governor and Legislature, in addition to meeting with his Municipal Planning Council to iron out the issues.
- Memorandum of Agreement (MOA) with Governor’s Office – MOA pending AG approval. OEA grants of \$950K for Grant Management Training and \$997K for Financial Impact Assessment (Marine Relocation) have been awarded, so once the MOA is approved, work can proceed. GEDA fee is estimated to be as much as \$272K.

Recommendations:

- RPD continues to work with Attorneys from both AT&T and GALC to finalize and execute the Lease Agreement and Settlement Agreement as negotiated before September 30, 2019.
- RPD will continue to meet with appropriate agencies regarding property management services for DISID, Piti Mayor, Governor’s Office and CHamoru Village.
- RPD will issue public notice advertising CLTC DONs after CLTC approval during their September 19, 2019 meeting.
- RPD will develop Land Use Plan for Potentially Releasable Federal Lands.

**H-2B Visa Committee:** Director Fe Valencia-Ovalles yielded the floor to Business and Economic Development Division Manager Mr. Ed Camacho to give a report for the H-2B Visa Committee.

Central Issue:

- January 19, 2019: DHS removes Philippines from 2019 register of approved countries for H2B labor and then shortly thereafter issues a new NDAA allowing H-2 labor for Military related projects only.
- March 2019: The Philippines Consul General’s Office on Guam no longer authenticates employment contract if “free food and lodging” are not indicated in the contract. Guam

Department of Labor (GDOL) subsequently meets with the Consul General's Office and are told to take their case to the PI for exemption.

- August 14, 2019: Governor Lou Leon Guerrero approves a delegation to go to the Philippines to make our argument to fix this problem.
- September 16, 2019: Governor Leon Guerrero issues an Executive Order 2019-22 authorizing the Chief Advisor for Economic Development, National & International Affairs, former Governor Carl Gutierrez to research and develop a strategy to allow the inclusion of the Philippines in the H-2A and H-2B Non-immigrant Worker Program, report and recommendation due by March 1, 2020.

#### Key Meetings:

- August 19, 2019: Guam Delegation meet with Philippine Secretary of Labor Silvestre Bello III and Philippine Overseas Employment Agency (POEA) Director Attorney Ria Lano to discuss our concern. Secretary supports Guam's argument and arranges a meeting with POEA the following day.

#### Guam Delegation:

Former Governor Carl Gutierrez  
GEDA Chairman David John  
Department of Labor Director David Dell'Isola  
Black Construction Guam Senior Vice President Leonard

- August 20, 2019: Guam Delegation meet with POEA Administrator Bernard Olalia and others agree that Guam salaries are high enough to be an offsetting benefit for recovering a portion of the food and lodging expenses. Issues order to Guam ConGen to move forward with contract.
- September 4, 2019: Guam Delegation meet with POEA Administrator Bernard Olalia to request for exemption from a provision in the POEA standard employment contract for H1 and H2 workers. The delegation requested employment contract be apostillized instead of going through the Philippine Consulate for authentication.

#### Other News and Updates:

- Number of H-2B visas filed with U.S. Customs and Immigration Services (USCIS) for FY2019: 1,619 with the caveat that FY 2018 arrivals may or may not be included as extensions. GDOL is unable to segregate.
- Number filed for National Defense Authorization Act (NDAA) or related projects: 1,619
- Current H-2B Worker Population on Guam: 990
- Guam Contractors Association vs USCIS (Court Case #16-00075) – June 25, 2019
- June 23, 2019: USCIS file objection with the federal court to reject Judge Manibusan's report and recommendation issued June 25, 2019 that USCIS failed to comply with the preliminary injunction order.

#### Action Items:





- Committee will work towards removing the U.S. Department of Homeland Security (DHS) ban on H-2 labor from the Philippines that was effective January 19, 2019. We will continue to emphasize Guam's overstay rate of only 3%;
- Committee will reach out to the Office of the Governor to determine whether a new strategy is required with dealing with USCIS and DHS;
- Committee will continue to work with the Guam Department of Labor and on receiving updates on their efforts to resolve the H2 issue, and monitor and report updates on the class action suit filed against USCIS by the Guam Contractors Association and 11 other Guam companies.

**Telecommunications Committee:** GEDA CEO/Administrator Ms. Mendiola gave a report for the Telecommunications Committee.

Key Meetings:

- August 29, 2019 – Training with Economic Development
- September 17, 2019 – Telecommunications Committee Meeting

Projects:

- Project 1: Energy Efficient Technology Park. This project is expected to create 50-100 jobs through the development of a Technology Park with a focus on Data Centers located in an Opportunity Zone. The Committee is working with the Real Property and Business and Economic Development Divisions in the project's development. It may involve legislation for tax incentives in particular to address the cost of power. A USEDA grant application is in process for \$500,000.
- Project 2: Network Security Workforce Training Program. There is a demand for this field, but a shortage of local supply leaving employers to look to off island hiring options (including foreign nationals). Additionally, there could be targeted development towards Veterans and underrepresented categories in technology. We are currently doing a needs assessment with stakeholders.
- Project 3: Technology Incubator. This project is to accelerate the development of web and mobile based businesses locally. More research needed on similar incubators.

Next Steps:

- Additional research in projects #2 and #3 and draft submission to EDA by the October 2019 Board Meeting.
- Presentation to members of the Governor's Economic Development Team – Department of Public Works (DPW), Department of Land Management (DLM), GDOL, etc. and stakeholders for their input.

**Small Cruise Ship Industry Committee:** Ms. Mendiola also gave a report for the Small Cruise Ship Industry.

Central Issue:



The Guam Economic Development Authority (GEDA) has been engaging in long term research and study of the potential of establishing Guam as a homeport for a cruise ship. In 2016, the Government of Guam received from the Pacific Asia Travel Association (PATA) a report that indicates that Guam may be a ripe location to homeport a cruise ship of no more than 400 passengers. Since then, the government has been exploring next steps towards potentially instituting a proof of concept test with a cruise ship of that size. The Port Authority of Guam is in the process of refurbishing Hotel Wharf in order for it to safely accommodate a cruise ship, and GEDA, along with other government entities has been placed into a task force to determine the feasibility a cruise ship industry in Guam.

#### Key Occurrences:

- July 2, 2019: Governor Lou Leon Guerrero signs the Executive Order 2019-17 to form a working group to determine a strategy to establish a small cruise ship industry for the island.
- July 12, 2019: GEDA becomes a member of the South Pacific Cruise Alliance (SPCA).
- July 15, 2019: A draft Request for Proposals (RFP) for consultation service regarding the establishment of a small cruise line to homeport in Guam circulated internally for review and approval by GEDA.
- July 31, 2019 – August 2, 2019: GEDA presents Small Cruise Line initiative to ATOSSCOM delegates during the 46<sup>th</sup> Annual Conference at the Hotel Nikko in Guam.

#### Key Meetings:

- May 8, 2019: GEDA hosted meeting with key representatives from PAG and GVB regarding small cruise line homeport to discuss plans to move forward.
- May 22, 2019: Business and Economic Development (BED) Industry Specialist Mr. Sammy Sotelo met with Alcinda Trawen of the PNG Tourism Promotion Authority and during the conference call, learns of the \$5M incremental revenues generated from their recently implemented small cruise line industry. This gives an indication of a potential revenue outlook based on a similar market.
- June 4, 2019: Mr. Sotelo and BED Manager Mr. Ed Camacho met with PAG regarding updates and plans for H-Warf learning of the \$20M renovations slated to be completed within the next 36 months.

#### Other News and Updates:

- The RFP for consultation services is still being reviewed internally since the initial draft. Once finalized, it can be published to solicit response from qualified groups.
- Plans are set for GEDA staff to attend the Sea Trade Asia Pacific Cruise Conference in Shanghai October 9-11, 2019. GEDA will meet with cruise brands that will be attending to begin communications with them to help maximize time during the conference. Mr. Sotelo has prepared a Guam Prospectus catered to the cruise ship audience that includes geographical information regarding potential port calls throughout Micronesia and approximate distance in kilometers.
- A cruise ship is scheduled to arrive on Guam on October 20, 2019 and GEDA will be scheduling an on-board courtesy tour and meeting with the Captain and crew for a firsthand look at their operations.



Action Items:

- Since the ATOSSCOM Conference, GEDA has been in contact with some of the island nations to begin dialogue of planning and preparations. Thus far, Palau, Yap, and the CNMI have been the most proactive island groups. Pohnpei has responded that they do not have a point person on this as they are currently looking for a Seaport Manager to hire. Their marketing team has been in contact on their behalf.
- It is now the intent to have each island nation form working groups to plan for the 36 month goal of launching a small cruise line from Guam to visit their islands. A thorough analysis and discussion with these intended port of call visits is anticipated in the coming weeks.
- Finalize and announce RFP.

*Old Business*

- §10. There were no item on the agenda for Old Business. However, Chairman David John asked for a status update on the Health Insurance QC. GEDA CEO/Administrator Ms. Mendiola noted that GEDA is scheduled to meet with Senator Ridgell on Tuesday, October 1, 2019 regarding this item.

*New Business*

- §11. The next item on the agenda was New Business.

**FY 2020 Budget and FY 2020 Organizational Chart:** Director Deepak Dewan made a motion to table discussions of the FY 2020 Budget and Organizational Chart to allow GEDA staff to finalize the settlement with AT&T as settlement may or may not affect the upcoming budget and to present the finalized budget at GEDA's October 2019 board meeting. Director Gia Ramos seconded the motion. The motion was unanimously approved.

**Committee Contribution – Guam Sports Events, Inc. (United Guam Marathon):** GEDA CEO/Administrator Ms. Mendiola reported on this item. Ms. Mendiola stated that Guam Sports Event, Inc. has requested an amount of \$96,049 to purchase infrastructure assets such as tents, tables, and fence barricades to offset their annual infrastructure rental costs moving forward. GEDA CEO/Administrator recommends the approval to allocate \$25,000 under the category of Economic Development contained in QC 252 Guam Healthcare Development, Inc. dba Guam Regional Medical City "Community Contribution" section. GEDA Board Directors discussed the item. The board of directors did not come to a decision on item and requested that Ms. Mendiola inquire with Guam Sports Event, Inc. on other contribution options other than purchasing infrastructure assets. This item was tabled and will be presented to the board at its October 2019 meeting if information is received before meeting date.

*Public Comments*

- §12. The next item on the agenda was Public Comments.





No public comments were made.

***Adjournment***

§13. Director George Chiu moved to adjourn the board of director's meeting at 2:45 p.m. Director Fe Valencia-Ovalles seconded the motion. The motion was unanimously approved.

  
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DAVID JOHN, Chairman  
Board of Directors

ATTEST:

  
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ERNESTO ESPALDON, Vice Chairman  
Board of Directors