

Minutes of Regular Meeting to the Board of Directors of the  
Guam Economic Development Authority  
August 20, 2020

**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, August 20, 2020 at the hour of 1:33 p.m. at the Guam Economic Development Authority conference room, Fifth Floor Suite 511, ITC Building Tamuning, Guam. The meeting was called to order by Vice Chairman Ernesto Espaldon, Jr. to consider several items on the agenda.

**Inifresi**

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

**Quorum and Attendance**

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

**Directors:**

Ernesto Espaldon, Jr.  
Gia Ramos  
George Chiu  
Siska Hutapea  
Fe Valencia-Ovalles

**Offices or Positions:**

Vice Chairman (via video teleconference)  
Secretary (via video teleconference)  
Director (via video teleconference)  
Director (via video teleconference)  
Director (via video teleconference)

Melanie Mendiola  
Joann G. Camacho  
Terry Brooks

CEO/Administrator  
Deputy Director  
Legal Counsel (via video teleconference)

**Absent and excused:**

David John  
Deepak Dewan

Chairman  
Director

***Also in attendance were:***

Edward Camacho	GEDA
Christina Garcia	GEDA
Bernice Torres	GEDA (via video teleconference)
Claire Cruz	GEDA (via video teleconference)
Diego Mendiola	GEDA (via video teleconference)
Mary Camacho	GEDA (via video teleconference)
Jennifer Calvo-Guzman	GEDA (via video teleconference)
Jha'Aunie Leon Guerrero	GEDA (via video teleconference)
Anumita Kaur	Pacific Daily News (via video teleconference)
Lannie Walker	Guam Daily Post (via video teleconference)
Morgan Legel	Glimpses of Guam (via video teleconference)
Erin Grajek	Office of Senator Clynt Ridgell (via video teleconference)

***Approval of Agenda***

- §4. The first item considered was approval of the agenda. Director George Chiu made the motion to approve the meeting agenda. Director Fe Valencia-Ovalles seconded the motion. A roll call of the remaining board members in attendance was then conducted by Vice Chairman Espaldon, which was unanimously approved.

***Approval of Minutes***

- §5. The next item on the agenda was the Approval of Minutes from July 23, 2020. Director Chiu moved to approve the minutes. Director Valencia-Ovalles seconded the motion. A roll call for votes from the remaining board members in attendance was then conducted by Vice Chairman Espaldon, which was unanimously approved.

***Chairman's Remarks***

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

Vice Chairman Espaldon highlighted several items on the agenda to include the commencement of the Qualifying Certificate Community Contribution Grant Program and stated that GEDA started accepting applications in August. He noted that a press release was issued and encouraged non-profit organizations to apply in the categories of healthcare, public safety, higher education, cultural preservation, tourist attractions and/or projects, sports tourism, and economic development. Vice Chairman further stated that the program is not a first come, first serve basis program but that the application deadline is at the end of the month. Furthermore, he stated that applicants are evaluated on a scoring system and awards range from \$1,000 to \$10,000.

Vice Chairman Espaldon noted that the Guam Small Business Pandemic Assistance Grant Program has been awarded to over 2,118 small businesses totaling \$14.8 million. He stated that potential changes to the program will be further discussed.

Next, Vice Chairman Espaldon highlighted the State Small Business Credit Initiative (SSBCI) loan program partnership with Bank Pacific, Community First, and Bank of Guam. He stated that GEDA looks to offer an additional lending product working towards COVID-19 relief. Vice Chairman further noted that a GEDA guaranty under the SSBCI program will be an interest only loan guaranty until 2022 and that the GEDA team is currently working on the marketing and other program details.

Additionally, Vice Chairman Espaldon stated that the Real Property, Aquaculture, Agriculture, and Healthcare Industry Committees have been working areas related to legislation, program creation, and job creation with the hope of providing opportunities for displaced workers in these industries. He thanked the board members who have volunteered their time in these committees.

Vice Chairman Espaldon stated that the Public Finance Division successfully sold \$166 million worth of GWA bonds and achieved a net present value savings of about \$11.9 million for GWA. Furthermore, he mentioned that bonds were issued as taxable paper with an interest rate of about 3.7%. In addition, Vice Chairman Espaldon noted that the Public Finance team is in discussion relative to the refinancing of the JFK High School and the H.O.T. Bonds for the same purpose of achieving savings. Relative to other Government Capital Projects, he mentioned that Ordot-Chalan Pago Mayor Jesse Gogue has solicited GEDA's assistance in financing a Multi-Purpose Center. Furthermore stating, that Mayor Gogue has received a partial grant and is also borrowing a portion for a total project of \$5.5 million.

Vice Chairman noted that the Guam Brewery Qualifying Certificate application will be reviewed.

Lastly, Vice Chairman announced that GEDA is celebrating 55 years and gave a brief history on the creation of GEDA. He noted that in 1965, Senator Frank Perez and some colleagues introduced a bill to create an economic development authority in Guam only to be vetoed by then Governor Manuel F.L. Guerrero. Then, on August 21, 1965, Bill 167 was passed by the Eighth Guam Legislature and became Public Law 8-80, repealing the Guam Finance and Development Administration and creating the Guam Economic Development Authority (GEDA) as a public corporation. The Eighth Guam Legislature also established GEDA's Qualifying Certificate to recruit investment on Guam that would create jobs and stimulate revenues. Vice Chairman wished GEDA a Happy Anniversary.

This concluded the Vice Chairman's remarks.

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

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



CEO/Administrator Melanie Mendiola began her remarks by wishing GEDA a Happy 55<sup>th</sup> Anniversary. She updated the Board of Directors and attendees on a variety of GEDA actions and initiatives and noted that the GEDA office remains closed to the public and that employees continue to work from home.

First, relative to the Guam Small Business Pandemic Assistance Grant Program, CEO/Administrator Mendiola stated that GEDA continues to accept applications further stating that 2,153 small businesses have been awarded grants totaling \$14 million with more applications currently under review or pending documentation. She noted that later in the meeting, she will be seeking feedback from the Board members regarding the potential use of the remaining funds towards continual relief efforts for the small businesses.

Second, CEO/Administrator Mendiola mentioned that Chairman David John has asked GEDA to work with the local Chambers on promotional information about Guam for businesses in Taiwan and Hong Kong to move to soil in close proximity to Asia and mentioned that the GEDA team continues that initiative.

CEO/Administrator Mendiola informed the Board of Directors and all present that GEDA will participate in a virtual Junior Achievement (JA) Convention with 19 teams from 11 countries participating in this year's JA Company of the Year Competition with CEO/Administrator Mendiola as a judge. She further mentioned that GEDA is happy to be a part of a great program.

Additionally, CEO/Administrator Mendiola stated that GEDA is working with the Guam International Airport Authority in looking towards partnership opportunities for cost savings for the airport. Furthermore, she mentioned that GEDA will introduce a Tax Credit Program Policy for the board's review and will seek policy adoption at the next board meeting. She noted that GEDA would like to be a part of the formal process and develop standards for the Tax Credit Program ensuring that the process and uses are effective.

CEO/Administrator Mendiola noted that GEDA has been involved with Governor Leon Guerrero's projects toward rebuilding the economy such as government capital improvement projects and job creation. Lastly, she informed the Board of Directors that the next board meeting is crucial as several board action will be required to include GEDA's FY 2021 Budget and the JFK Refinancing.

This concluded CEO/Administrator's remarks.

### ***Committee Reports***

- §8. The next item on the agenda, Committee Reports, were tabled for the next meeting.

### ***Old Business***

- §9. The next item on the agenda was Old Business.



The first item under Old Business was the Qualifying Certificate Community Contribution (QCCC) Grant Program.

CEO/Administrator Mendiola stated that QCCC Grant Program launched specifically for non-profit organizations (NPO) with awards ranging from one thousand dollars (\$1,000) to ten thousand dollars (\$10,000) and encouraged NPOs to apply. Claire Cruz, GEDA's Compliance Manager added that as of the Board meeting time, the program received 37 downloads and seven (7) submissions with eight (8) days remaining until the deadline. CEO/Administrator Mendiola added that the total grant available is three hundred thousand dollars (\$300,000).

Vice Chairman Espaldon asked how information was disseminated to the public and if NPOs that applied for the first QCCC round would need to fill out the application. CEO/Administrator Mendiola replied that a press release was issued to the media and posted on GEDA's social media outlets. As for prior NPO applicants, she stated that an application will need to be submitted however if supporting and required documents were previously submitted, then they will not have to resubmit those. Vice Chairman Espaldon recommended that GEDA issue an additional press release to encourage potential applicants. CEO/Administrator Mendiola replied that GEDA will issue a press release and that the deadline may be extended. Secretary Gia Ramos inquired what would happen to any remaining funds as to which CEO/Administrator Mendiola said that it will roll into the next round of grants. Furthermore, she mentioned that GEDA would like to have two rounds of the QCCC grant a year. Director Valencia-Ovalles offered to be a member of the committee.

The second item under Old Business was the Guam Small Business Pandemic Assistance Grant Program.

CEO/Administrator Mendiola informed all those present that the GEDA team has been exploring options on how best to utilize the remaining five (5) million dollars. She noted options to include giving a supplemental award to all those who already received the grant, giving a supplemental award to brick and motor store fronts which is about 1,300 businesses, or giving a supplemental award to bars and restaurants more than 20% of their original award. In addition, CEO/Administrator Mendiola stated that GEDA has inquired with the Department of Revenue and Taxation to provide a count of commercial landlords who were excluded from this program to evaluate and reconsider.

Furthermore, CEO/Administrator Mendiola stated that application period remains open however we can set a specific cut-off date. She noted that GEDA, advocates for economic development, can present options to Governor Leon Guerrero to best utilize the remaining funds. CEO/Administrator Mendiola further noted that the money under the CARES Act is at Governor



Leon Guerrero's discretion and can be redirected to other programs other than economic development adding that she will urge the Governor to spend the remaining funds through GEDA.

Director Siska Hutapea stated that she would like to give a supplemental award to grant recipients stating that it will be effective because there is no need to reapply. Director Chiu agreed stating that supplemental award should be given to all awardees for a wider range as these same businesses are again hurting. Director Valencia-Ovalles was also in agreement however, she expressed that because the program restricted some industries and some businesses were not aware of the grant program, that the funds be made available to businesses.

Director Chiu commended the GEDA team on reaching a wide range of small businesses in line with the U.S. Small Business Administration's definition of a small business noting that applications were wide. Director Hutapea inquired if GEDA received applications from landlords as they too are experiencing business interruption but also acknowledged that opening the program to landlords may be complexed. CEO/Administrator Mendiola stated that GEDA did receive applications from landlords however they were deemed ineligible following federal guidance under the Payroll Protection Program (PPP) and the Economic Injury Disaster Loans (EIDL). She did note that a few property managers were awarded the grant without using rental real property revenue as a basis. Furthermore, CEO/Administrator Mendiola expressed that reasonable indications would need to be made if rent was forgiven and determining rental forgiveness verses rental deferment will be difficult.

Secretary Ramos stated that she empathized with landlords for smaller or commercial buildings and noted that if the intent is to help businesses that are hurting then prioritize those who experienced a 50% business interruption and to industries that didn't receive the grant. Director Chiu commented that landlords have legal recourse to collect rent monies and that GEDA is not in a position to determine rental forgiveness, partial forgiveness, or rental deferment adding that if the federal government will not tackle it, then GEDA shouldn't.

Vice Chairman Espaldon asked if there will be a deadline to apply for the grant. CEO/Administrator Mendiola replied that there would be a deadline of preferential funding further noting that the 20% supplemental award will be awarded in the order the application was processed. In addition, she added that GEDA can do a second push of the grant but believes that no industry was missed. Moreover, CEO/Administrator Mendiola stated that the program does have enough remaining funds to give awardees 20% of their initial award.

After further discussion, there was no other business.

### ***New Business***

§10. The next item on the agenda was New Business.



The first item under New Business was the Memorandum of Agreement (MOA) of Agreement Between the A.B. Won Pat International Airport Authority, Guan (GIAA) and the Guam Economic Development Authority.

CEO/Administrator Mendiola mentioned that last year there was some interest between GIAA and GEDA to explore strategic partnerships noting that across the United States and around the world, Public Private Partnership (PPP) arrangements exist as a viable way for airports to raise money and improve the government's cash flow. She further mentioned that as Chairman John tasked GEDA to explore the partnership, GEDA has been working with GIAA and they have agreed to fund two hundred and eighty five thousand dollars (\$285,000) to cover the Request for Proposal that GEDA will issue for a consultant to study and determine the most beneficial strategic partnership project in hopes of improving revenue and reducing GIAA expenses. Furthermore, CEO/Administrator Mendiola stated that GEDA is not expending any funds through this partnership. Director Chiu gave his support of the MOA and stated it's a great idea noting that PPP is ongoing with other airports including Palau and Haneda airports making them more efficient with streamlining operations and gaining more revenue.

Director Hutapea made a motion to approve. Secretary Ramos seconded the motion. A roll call was then conducted by Vice Chairman Espaldon to obtain votes from the remaining members in attendance. A unanimous approval of motion followed.

The second item under New Business was the Guam Brewery Corporation Qualifying Certificate Application.

Mr. Ed Camacho, Business and Economic Development Division informed the board that GEDA received a Qualifying Certificate (QC) application from The Guam Brewery Corporation in June 2019 and was subsequently opened in September 2019. He gave an overview of the company and noted that they have six (6) different brands of locally crafted beer and are under the Manufacturing industry. Mr. Camacho mentioned that over a million dollars has been invested in the company. Currently, they have four (4) employees with another hire expected in next year's first quarter. Mr. Camacho noted that although the local market has dropped, military sales have increase and further mentioned that they are a locally owned company and money invested are all from local investors.

According to Mr. Camacho, the Guam Brewery Corporation applied for benefits to include: Corporate Income Tax rebate for Twenty (20) Years at Seventy Five Percent (75%), Business Privilege Tax Abatement for Ten (10) Years at One Hundred Percent (100%), and Corporate Dividends Tax (Residents) for Five (5) Years at Seventy Five Percent (75%).

Mr. Camacho informed all present that GEDA had a credit review meeting, reviewed the application, and recommends the following benefits: The Corporate Income Tax rebate for



Twenty (20) Years at Seventy Five Percent (75%) and Corporate Dividends Tax (Residents) rebate for Five (5) Years at Seventy Five Percent (75%). However, GEDA does not recommend the Business Privilege Tax for Ten (10) Years at One Hundred Percent (100%) because they are already exempt as a manufacture wholesaler. In addition, Mr. Camacho added that GEDA recommends that the Guam Brewery pay an annual Public Investment contribution of two thousand five hundred dollars (\$2,500) for years one through ten of the QC, with the annual contribution to increase to four thousand dollars (\$4,000) for years eleven through twenty of the QC periods. He further stated that they meet three (3) of the six (6) eligibility requirements under the conditions of the QC: Creation of Employment, Replacement of Imports, and Creation of Economic Activity further stating that The Guam Brewery indicated that in the next 10 year period, they will have 10-15 employees and double or triple their payroll. Mr. Camacho stated that keeping the company in business will allow them to hire more employees which will be a direct benefit to Guam.

Director Chiu asked if company is planning to have a retail. Mr. Camacho confirmed that they are a wholesale company. The QC will be for the manufacture wholesale. Vice Chairman Espaldon asked for clarification if the QC application was brought to the board for discussion. CEO/Administrator clarified that if the board has enough information to vote, they can. Applicant can be available to answer questions at the next board meeting.

Director Chiu asked what's the expected tax savings from this company based on receiving the QC Annual contribution as the public investments seems and would needs a better understanding on the tax benefit, financial statements, and number of jobs, and who are the shareholders. Mr. Camacho will provide that information to the Board of Directors. CEO/Administrator Mendiola stated that the creation of jobs is in a new and emerging industry and diversifies the skills force.

After further discussion, the Guam Brewery Corporation Qualifying Certificate Application was tabled for the next meeting.

The third item under New Business was the Tax Credit Programs Policy.

CEO/Administrator Mendiola stated that Claire Cruz, GEDA's Compliance Manager has been working on a Tax Credit Programs Policy noting that the legislature has passed bills authorizing tax credits primarily for capital investment projects with some projects left uncompleted. As an example, she mentioned Guam P.L. 27-130, Construction of the UOG Multi-Purpose Sports Complex which is incomplete and granted since 2004. Ms. Cruz added that in GEDA's audit report, the Office of the Public Auditor noted that Tax Credit projects considered inactive should be rescinded. Furthermore, she informed all present that the law states that Tax Credits are available until they are exhausted with no expiration date given. CEO/Administrator Mendiola stated that capital improvements are appropriate under the Tax Credit policy but other types of expenses are not and is hoping to create a Tax Credit Programs Policy with a Resolution and board adoption in September. CEO/Administrator Mendiola will circulate a draft to include a GEDA fee to cover





administrative cost with managing the tax credits. She added that it will create a framework so that tax credits can be used effectively as a tool to rebuild our economy and stated that the Tax Credit Programs have had nice (9) projects associated with Tax Credits, with the most recent being P.L. 33-191 the Harmon Industrial Park Association-Rehabilitation and improvement of the Harmon Industrial Park Roadway.

Vice Chairman agreed stating that it will make overall process more efficient providing proper parameters on the legislation side and address administrative needs. He recommended to keep the Board informed.

CEO/Administrator listed the projects utilizing Tax Credits to include the Guam Racing Federation- Construction of the Guam Raceway Park; the Guam Baseball Confederation – Upgrading, repair of the Paseo Stadium; the Construction of the UOG Outdoor Multi-Purpose Sports Complex; the upgrading and repair of any Public School Sports Facilities; the Guam Football Association – Construction of Soccer Facilities in the North and South; the Guam Basketball Confederation – Renovation of the DPR Tiyan Gym; the Guam Department of Education-GDOE Central Collateral Equipment; the Harmon Industrial Park Association – Rehabilitation and improvement of the Harmon Industrial Park Roadway; the Guam Basketball Confederation - Rehabilitation and improvement of the UOG Calvo Field House.

There was no further business discussed.

#### **Public Comments**

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


No public comments were made.

#### **Adjournment**

§12. After further discussion there was a recommendation to adjourn the meeting. On motion duly made by Director Chiu and seconded by Director Valencia-Ovalles at 2:50 PM. A roll call was then conducted by Vice Chairman Espaldon to obtain votes from the remaining members in attendance. A unanimous approval of motion followed.

  
ERNESTO ESPALDON JR., Vice Chairman  
Board of Directors

ATTEST:

  
GIA RAMOS, Secretary  
Board of Directors

