

Minutes of Regular Meeting to the Board of Directors of the  
Guam Economic Development Authority  
July 23, 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 Monday, July 23, 2020 at the hour of 1:39 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 Chairman David John 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 Chairman David John, the following individuals were present:

**Directors:**

David John  
Ernesto Espaldon, Jr.  
Gia Ramos  
George Chiu  
Siska Hutapea  
Deepak Dewan

Melanie Mendiola  
Terry Brooks  
Rachel Taimanao-Ayuyu

**Absent and excused:**

Fe Valencia-Ovalles

**Offices or Positions:**

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

CEO/Administrator  
Legal Counsel  
Legal Counsel

Director

### *Approval of Agenda*

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

### *Approval of Minutes*

- §5. The next item on the agenda was the Approval of Minutes from June 11, 2020. Vice Chairman Espaldon moved to approve the minutes. Secretary Ramos seconded the motion. A roll call for votes from the remaining board members in attendance was then conducted by Chairman John, which was unanimously approved.

### *Chairman's Remarks*

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

Chairman John remarks are as follows:

We continue to be in rebuilding mode as a result of the COVID19 Pandemic. The Governor's Economic Recovery Panel continues to meet regularly to work towards the full re opening of our economy.

Our Small Business Pandemic Assistance Grant has made its way through 2,187 applications. Mel can give you numbers. We are continuing to look at other ways to improve the liquidity of our small businesses through our loan programs. We have some preliminary indication that the banks are interested in offering an interest only option until 2022 under our SSBCI program. This will bring payments down for borrowers until our economy is back up and running.

Our tourism industry, which by far, has been the greatest industry affected by the COVID19 Pandemic. Many businesses in Tumon have applied for and received monies from our Pandemic Small Business Grant and we do encourage them to look into our loan programs as well.

We may be looking at a potential refinancing of the HOT Bonds which could result in a net present value savings of 19% or about \$13.3 million to the Government of Guam with the savings used towards recovery efforts in Tumon. We are also working on a potential QC to give tax abatements to tourism facing businesses for job preservation. This is primarily geared towards tourism facing retailers.



As we continue to work towards diversification of industry, we have circled back with all of our committees including agriculture and the newly formed healthcare committee to really look at how we can provide opportunities for displaced workers.

In the month of August, the focus will continue to be towards recovery, encouraging those who have not yet applied for our grant to apply. Additionally, we will be launching the Qualifying Certificate Community Contribution Grant Program next week to provide support to non-profits. Lastly, I'd like to welcome our newly appointed Deputy Director, First Lady Joanne Camacho to the GEDA team. Joanne will focus on the Business Development side of the GEDA house and we look forward to her joining us.

This concluded the Chairman's remarks.

### *CEO/Administrator's Remarks*

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

CEO/Administrator Melanie Mendiola reported information relative to the Guam Small Business Pandemic Assistance Grant Program as of July 22, 2020. (Information enclosed in July 23, 2020 Board of Directors Meeting packet.)

### *Executive Session*

58. The next item on the agenda was Executive Session.

Legal Counsel determined that Executive Session was not necessary to proceed with litigation business.

After further discussion, Secretary Ramos made a motion to allow authorization for GEDA's CEO/Administrator to execute settlement and mutual release in order to resolve the litigation that exists between GEDA and WSTCO Quality Feed and Supply, Inc. Director Hutapea seconded the motion. A roll call for votes from the remaining board members in attendance was then conducted by Chairman John, which was unanimously approved.

### *Committee Reports*

59. The next item on the agenda was Committee Reports.

### REAL PROPERTY COMMITTEE



Diego Mendiola, Real Property Assistant Manager made his report. (Report enclosed in July 23, 2020 Board of Directors Meeting packet.)

#### HEALTHCARE COMMITTEE

Director Ramos stated that patients are waiting to be placed in the community, staying at the hospital in the meantime. Services in the community and have entrepreneurs open businesses that offer those services. She further stated that the first step is to amend the law to add this service as a covered benefit under MIP and Medicaid.

CEO/Administrator Mendiola mentioned that the legislation in draft mode is to amend the local law to allow for different types of facilities, residential care facilities to accept MIP and Medicaid.

Chairman John asked if the NDAA bill regarding the H2B issue is strictly for construction or for medical as well. Secretary Gia noted that they were looking to expand the H2B for non-military but that we should seek clarification from Congressman Michael San Nicolas.

Furthermore, Director John recommended that GEDA meet with Governor Leon Guerrero to provide options for the hospital such as Private Public Partnership (PPP) or privatization.

After further discussion, this concluded the Healthcare Committee report.

#### AGRICULTURE AND AQUACULTURE COMMITTEE

CEO/Administrator Mendiola stated that the central focus of the committee is job creation and job replacement. She noted that the committee prepared and sent legislation to the Governor's office and will be transmitted to Senator Clynt Ridgell to add agriculture and aquaculture apprenticeships to the list of registered apprenticeships that can be claimed as tax credits.

Furthermore, CEO/Administrator Mendiola stated that other efforts of the committee include capital creation with grants under the U.S. Economic Development Administration (USEDA). She noted that the committee is working with an individual who is interested in investing \$20 million in an aquaculture facility. In addition, Mr. Bobby Alvarez has been building useful information and tools to place on our website for those who are interested in investing.

Lastly, CEO/Administrator Mendiola stated that the Governor has asked GEDA to continue to lead the agriculture and aquaculture efforts. She noted that forthcoming will be an Executive Order for schools to purchase produce from local farmers and legislation from GEDA and the Department of Agriculture to make farm businesses easier to operate.

After further discussion, this concluded the Agriculture and Aquaculture Committee report.



## INVESTMENT COMMITTEE

Vice Chairman Espaldon stated that the second quarter returns was almost a full recovery from the market downturn that occurred in March 2020 noting that a second quarter return of 14.6% bringing the YTD position of -4.9% compared to a loss of -17.1% as of the ending of the first quarter. He stated that the overall markets have improved from the second quarter positive returns. Furthermore, Vice Chairman Espaldon noted that we may still experience some loss going into the month of August. In addition, for the 12 months, GEDA is still at a positive 2.23% with 6.0% annual return since inception. Lastly, he stated that GEDA's allocation remains at 70% stocks and 30% bonds and cash majority in U.S. stock.

After further discussion, this concluded the Investment Committee report.

## GRANTS

CEO/Administrator Mendiola stated that GEDA applied for the Guam Agriculture Master Plan but has not received a status update. Therefore, GEDA incorporated the grant for the Guam Aquaculture Industry Feasibility Study under the same budget and study which will be submitted. She noted that the Governor sent a letter to the Secretary of Commerce reaffirming her interest in diversifying our economy through Aquaculture. Furthermore, CEO/Administrator Mendiola indicated that most of the projects related were identified in CEDDS document produced last year. She confirmed that the team continues to support the Guam Visitor's Bureau and other agencies in applying for grants related to economic development.

Director Hutapea inquired about other grant initiatives, specifically technology. CEO/Administrator Mendiola stated that GEDA is exploring initiatives: (1) A site that the government owns to build cables and (2) Guam Silicon Village Park which would provide a central location for the clustering of high technology industries and support the growth of a technology ecosystem on the island. She noted that the potential sites for the projects needs to be dedicated for the project. CEO/Administrator Mendiola further mentioned that GEDA continues to work with the Chamorro Land Trust Commission (CLTC) to identify and pledge the sites for these projects.

Relative to the Hagatna Multi-Agency Facility Complex (Land Management Building) has been authorized by the legislature for a specific amount in 2011. GEDA's Real Property Division is taking the lead. GEDA's objective is to secure the grant to offset the cost. GEDA will serve as the property manager.

Vice Chairman Espaldon commended the team for perusing the various federal grant programs and requested that in moving forward to include the start date of the grant applications for tracking purposes.

After further discussion, this concluded the Grants report.



There were no further Committee Reports.

### ***Old Business***

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

The first item under Old Business was the Qualifying Certificate Community Contribution Grant Program. CEO/Administrator Mendiola stated that the target date to announce the program is August 1, 2020 and indicated that promotional data and collateral materials are forthcoming. The Qualifying Certificate Community Contribution Grant Program is the second round of the fiscal year. The \$300,000 funding is coming from the Guam Regional Medical City's (GRMC) Qualifying Certificate. She noted that the program is specifically related to the effects COVID-19 has had on non-profit organizations further stating that the program will be focused on number of awards as opposed to projects with grant amounts of up to \$10,000. Furthermore, she stated the SWICA report is an added requirement to define the organization's operational status and number of full-time employees. Lastly, CEO/Administrator Mendiola stated that no board action is required.

Secretary Ramos added that the Hotel Industry Committee may request for a portion of the QC funds to assist with the retraining.

After further discussion, there was no other business.

### ***New Business***

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

The first item under New Business was Resolution Number 20-12 relative to rescinding GEDA Board Resolution No. 2020-06.

Chairman John stated the Board adopted Resolution 2020-06 on January 23, 2020 relative to the Captive Insurance QC Program. He noted that parameters and protocols set in Resolution No. 2020-06 have made the program uncompetitive in the industry, specifically against Hawaii and the Federated States of Micronesia. Chairman John further stated that adjustments are being made to the program, and in the meantime, the Board of Directors and GEDA would like to rescind 2020-06 in its entirety.

CEO/Administrator Mendiola stated that in its current form, Guam is not competitive in the Captive Insurance Industry. Pohnpei has no Business Privilege Tax (BPT) and any income tax that you pay you can offset with taxes paid in your home country. She further stated that Hawaii doesn't have state taxes but are assessed federal taxes. CEO/Administrator Mendiola then noted



that if you set up a captive on Guam, you must pay BPT, income taxes, and federal taxes. Furthermore, she stated that abatement on the BPT and a rebate on income taxes will attract companies adding that under the current Captive law, there is a Public investment requirement in which we can charge a certain percentage in lieu of taxes making Guam more competitive. CEO/Administrator Mendiola noted that the GEDA Board can set a percentage per QC that makes Guam a competitive entity and at the same time, have those monies directed with the same intent of the BPT, such as the schools and the hospitals. Lastly, she indicated that Hawaii doesn't have a percentage of public investment.

Chairman John added that the percentage of public investment depends on the size of the insurance premium but can create flexibility. With smaller captives, audits will be completed locally and will have an employee requirement under the QC. Larger captives' focus will be on driving job the sector. Enticing companies and making Guam competitive in the Captive Insurance QC program.

**RESOLUTION NO. 20-12**  
RELATIVE TO RESCINDING GEDA BOARD RESOLUTION NO. 2020-06

Vice Chairman Espaldon motioned to adopt Resolution 20-12 relative to rescinding the GEDA Board Resolution No. 2020-06. Director Dewan Secretary seconded the motion. A roll call for votes from the remaining board members in attendance was then conducted by Chairman John with Secretary Ramos and Director Hutapea voting in favor. Director Chiu abstained. Motion passed.

The next item under New Business was the Qualifying Certificate Community Contribution request from the Farmers' Cooperative Association of Guam.

CEO/Administrator Mendiola stated the Farmers' Cooperative Association of Guam is requesting for \$25,000 of Qualifying Certificate funding to purchase equipment and supplies for their proposed grocery store. Mendiola disclosed that the Farmers' Cooperative Association of Guam currently has a \$25,000 loan with GEDA and are delinquent in payment by four months.

After further discussion, Director Chiu motioned to approve \$25,000 to the Farmers' Cooperative Association of Guam subject to the condition that their loan with GEDA is brought current. Director Hutapea seconded the motion. A roll call for votes from the remaining board members in attendance was then conducted by Chairman John, which was unanimously approved.

Austin Grant stated that the audio was turned off at some point. Meeting was called to order at 1:39 pm and at 2:00 p.m. noticed the recorder was not turned on. He further recommended to Memo to file. Chairman John advised circulating the minutes.



There was no further business discussed.

**Public Comments**

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

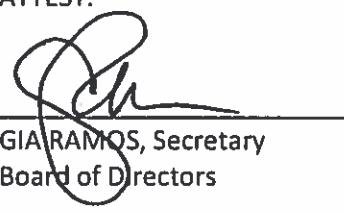
No public comments were made.

**Adjournment**

§13. After further discussion there was a recommendation to adjourn the meeting. On motion duly made by Director Chiu and seconded by Director Dewan. A roll call was then conducted by Chairman John to obtain votes from the remaining members in attendance. A unanimous approval of motion followed.

  
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DAVID JOHN, Chairman  
Board of Directors

ATTEST:

  
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GIA RAMOS, Secretary  
Board of Directors