

**LOURDES A. LEON GUERRERO**

Governor of Guam  
I Maga'Haga Guahan

**JOSHUA F. TENORIO**

Lt. Governor of Guam  
I Segundo Na Maga'Lahen Guahan



**MELANIE MENDIOLA**  
Chief Executive Officer/Administrator  
Atkádi Eksekutibu Ofisial/Atmenestradora

**JOANN G. CAMACHO**  
Deputy Administrator  
Sigundon Atmenestradora

Minutes of Regular Meeting to the Board of Directors of the  
**Guam Economic Development Authority**  
September 17, 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, September 17, 2020 at the hour of 1:43 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:***

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

***Offices or Positions:***

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

Melanie Mendiola  
Joann G. Camacho  
Terry Brooks

***Absent and excused:***

Fe Valencia-Ovalles  
Deepak Dewan

Director  
Director



***Also in attendance were:***

Edward Camacho	GEDA
Christina Garcia	GEDA
Bernice Torres	GEDA
Yong Pak	GEDA
Jennifer Calvo-Guzman	GEDA
Claire Cruz	GEDA (via video teleconference)
Diego Mendiola	GEDA (via video teleconference)
Mary Camacho	GEDA (via video teleconference)
Anumita Kaur	Pacific Daily News (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. Secretary Gia Ramos 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 Vice Chairman Espaldon, which was unanimously approved.

***Approval of Minutes***

- §5. The next item on the agenda was the Approval of Minutes from August 20, 2020. Director Chiu 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 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 stated that he will conduct the meeting and noted that Chairman David John is present via teleconference. He stated that there are several items on the agenda to consider. Furthermore, he informed all present that the GEDA office remains closed due to Pandemic Condition of Readiness 1. He then provided an update on several items/programs.

Firs, Vice Chairman Espaldon reminded all present that GEDA's Qualifying Certificate Community Contribution Grant Program, a grant for non-profit organizations, was announced in August and that the application deadline was extended to Friday, September 11, 2020 further stating that the

Compliance department has been intaking applications and prepping for evaluation and an update will be made once available.

Second, Vice Chairman Espaldon informed all that the Guam Small Business Pandemic Assistance Grant Program has processed 2,244 applications with \$16 million awarded. He highlighted that in the previous months, applications slowed down significantly, but that between the August board meeting and today's board meeting, \$1.2 million was awarded to small businesses.

Third, Vice Chairman noted that the GEDA committees remain active and the Aquaculture Committee, in particular, have been meeting regularly. He further noted that Committee Reports will be tabled and recommended that Board of Directors read the Committee reports provided in their packet.

Next, Vice Chairman Espaldon updated all that GEDA is in the process of a refinancing for John F. Kennedy High School and that the Public Finance team is going through the usual process of rating meetings, investor meetings, etc. In addition, the team is working on the RFP financing for Ordot-Chalan Pago Mayor's Office Project for a Multi-Purpose Center.

Lastly, Vice Chairman Espaldon informed all that GEDA's Administrative Services Manager, Bernice Torres, has decided to retire further noting that a board resolution has been prepared. He conveyed his heartfelt thanks to Mrs. Torres for her 31 years of service further stating that her service has been meaningful and thanked her for keeping the GEDA books clean. Vice Chairman wished Mrs. Torres the best.

#### **RESOLUTION NO. 20-16**

**RELATIVE TO RECOGNIZING, COMMENDING, AND CONGRATULATING MRS. BERNICE Q. TORRES FOR EXEMPLARY SERVICE WHILE EMPLOYED AT THE GUAM ECONOMIC DEVELOPMENT AUTHORITY**

Director Chiu motioned to adopt Resolution No. 20-16 relative to recognizing, commending, and congratulating Mrs. Bernice Q. Torres for exemplary service while employed at the Guam Economic Development Authority. Director Siska Hutapea seconded the motion. A roll call for votes from the remaining board members in attendance was then conducted by Vice Chairman Espaldon. A unanimous approval of motion followed.

This concluded the Vice Chairman's remarks.

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

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

There were no remarks from CEO/Administrator.







Mendiola then stated that GEDA is requesting the board's approval to authorize the CEO/Administrator to allocate an additional \$100,000 to the \$250,000 already approved to reimburse Attorney Fisher for legal expenses incurred thus far.

CEO/Administrator Mendiola noted that in the past, administrative fees were collected under the HOT Bond further noting that there has been little Hot Bond activity to collect for administrative costs such as legal expenses. She mentioned that GEDA will continue to seek reimbursement, but that board action is necessary as GEDA could be presented with additional invoices.

After further discussion, Secretary Ramos made a motion to approve legal expenses under the HOT Bond up to \$400,000.00. Director Chiu 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 John F. Kennedy (JFK) Certificates of Participation (COPs) Refinancing.

Christina Garcia, Public Finance Manager gave a background of the 2010 JFK Lease Certificates of Participation (COPs). She stated that in 2010, the government of Guam entered into a lease with CaPFA Capital Corp. 2010A to finance the new JFK High School with \$65.735 million of COPs and further noted that the financing runs through FY 2041. Ms. Garcia further stated that of those COPs, \$55.56 million become callable at par on December 1, 2020 and the coupons (interest rates) on those COPs range from 6.625% to 6.875% and noted that the municipal market has been volatile for the last three months in the wake of the onset of the coronavirus (industry-wide and not specific to Guam). Ms. Garcia added that although there is some uncertainty for financings in this rating category, Barclays has indicated that the current market rate for these COPs is perhaps 5.25%, creating an opportunity for lease payment savings despite market conditions. In addition, she stated that COPs run a little higher than regular general fund because they are a lease financing as oppose to a direct debt financing.

Furthermore, Ms. Garcia mentioned that under federal tax law, a refunding of these COPs could close as early as 90 days before the call date, or Wednesday, September 2, 2020 and that interest on refunding COPs issued through CaPFA on or after September 2, 2020 would be federally tax-exempt (as is interest on the original 2010A COPs), although not triple tax-exempt as would be the case for a Guam issuer. Ms. Garcia mentioned that the government of Guam and the Guam Department of Education's desire is to install solar energy projects (including battery storage, upgraded LED lighting and other energy efficiency projects) at JFK in order to reduce JFK's power costs. According to projections, the solar project would pay for itself over time by lowering electricity bills.





Ms. Garcia informed the Board of Directors and all present a few financing results. She stated that assuming the government of Guam's current S&P Global lease rating of B+ and today's interest rates, the JFK lease could be refinanced and achieve approximately \$12-17 million of gross (over time) savings or about 13-14% savings after all costs. Ms. Garcia noted that this is a savings ratio (NPV savings divided by refunded principal) of 9.3%, which is well above GovGuam's 2% threshold when refunding for savings. Lastly, Ms. Garcia stated that the figures noted are net of all estimated issuance costs and do not take into account the reduced operating costs afforded by the solar energy. Power bill savings could be significant and estimated that GEDA's fee for this financing about \$141,000.

After further discussion, a motion was made.

#### **RESOLUTION NO. 20-14**

#### **RESOLUTION APPROVING THE SALE OF CERTIFICATES OF PARTICIPATION AND APPROVING AND AUTHORIZING THE EXECUTION OF CERTAIN RELATED DOCUMENTS, AGREEMENTS, AMENDMENTS AND CERTIFICATES AND THE TAKING OF RELATED ACTIONS**

Director Hutapea made a motion to adopt Resolution No. 20-14. 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 third item under New Business, the Ordot-Chalan Pago Mayor's Office Multi-Purpose Financing, was tabled.

The fourth item under New Business was GEDA's Fiscal Year 2021 Budget.

CEO/Administrator Mendiola reported that GEDA is in the black and has received a positive hit on interest of investments, about \$70,000 and \$60,000 from an OEA grant fee for grants training. She also noted that although the board did not formally amend the budget through board action, GEDA management made adjustments to include freezing employee increments as a cost saving measure. In addition, CEO/Administrator Mendiola stated that GEDA's projected revenue is about \$2.8 million, to be exact \$2,813,391. She continued by highlighting other cost saving measures from FY 2020's authorized budget verses actual spending. Furthermore, she mentioned that there are a couple of board actions needed to include the Board of Director's stipend budgeted at \$10,000 and noted that past boards have donated their stipend back to GEDA and the government of Guam.

Director Hutapea made a motion to waive the Board of Director's monthly stipend. Chairman John 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.



CEO/Administrator Mendiola then provided a Qualifying Certificate (QC) update and noted that although not a voting matter, the GEDA board has oversight on the QC program with regard to utilizing the funds. She further mentioned, to remain consistent, that under the Guam Regional Medical City (GRMC) QC, \$350,000 will remain with GEDA for economic development purposes which is allowable under the QC program and noted that the remaining \$650,000 will be distributed through the Community Contribution Grant Program. Vice Chairman Espaldon thanked the Executive Management Team and Bernice for their hard work, and also expressed his thanks to the GEDA employees for foregoing their salary increments.

After further discussion, a motion was made.

Director Hutapea moved to adopt the Guam Economic Development Authority's FY 2021 Budget as presented. 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 final item under New Business was The Guam Brewery Corporation's Qualifying Certificate application.

Mr. Ed Camacho, Business and Economic Development Division Manager 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 three (3) employees with another hire expected in next year's first quarter.

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: 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.

Secretary Ramos asked how the annual contribution/public investment is determined and why it is a flat fee verses a percentage. She further recommended that the calculation be applied consistently to companies that apply for a QC. Mr. Camacho noted that for The Guam Brewery, the Credit Review Committee (CRC) examined the taxable liability for a 10-year period. Furthermore, he stated that the CRC wanted a set fee and did not want to tie the annual contribution into the projected performance of the organization.

Secretary Ramos recommended that the applicant contribute 10% of the tax savings. Chairman John noted that it will be difficult to compute and would require a yearly review and have possible reimbursements to the organization. Claire Cruz, Compliance Manager, agreed with Chairman John. Secretary Ramos and Director Hutapea then recommended that the annual contribution should be a minimum of \$4,000 with subject to the board's review from years 11 to 20 of the QC.

After further discussion, a motion was made.

**RESOLUTION NO. 20-15**  
RELATIVE TO RECOMMENDING THE APPROVAL OF A QUALIFYING CERTIFICATE TO THE  
GUAM BREWERY CORPORATION

Director Hutapea made a motion to adopt Resolution No. 20-15 with the added condition that the annual contribution of a minimum of \$4,000 for years 11 to 20 of the QC be subject to the board's review. 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.

There was no further business discussed.

***Public Comments***

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

No public comments were made.



