

Minutes of Regular Meeting to the Board of Directors of the  
Guam Economic Development Authority  
April 15, 2021

**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, April 15, 2021 at the hour of 1:36 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 the *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.  
George Chiu  
Siska Hutapea

**Offices or Positions:**

Chairman  
Vice Chairman  
Director  
Director (via video teleconference)

Melanie Mendiola  
Joann G. Camacho  
Terry Brooks  
Tom Fisher

CEO/Administrator  
Deputy Administrator  
Legal Counsel  
Legal Counsel

**Absent:**

Deepak Dewan  
Gia Ramos  
Fe Valencia-Ovalles

Director  
Secretary  
Director

***Also in attendance were:***

Claire Cruz	GEDA
Ariana Villaverde	GEDA
Edward Camacho	GEDA (via video teleconference)
Christina Garcia	GEDA
Yong Pak	GEDA
Melvin Tabilas	GEDA
Sheena Mitchell	GEDA (via video teleconference)
Jennifer Calvo-Guzman	GEDA
Cecil Flores	Court Reporter
Michael Carlson	Office of Senator Clynt Ridgell (via video teleconference)
Natasha Charfauros	Office of Speaker Therese Terlaje (via video teleconference)
Gerry Partido	Pacific News Center (via video teleconference)
Morgan Legel	Glimpses of Guam (via video teleconference)
Steve Limtiaco	Pacific Daily News (via video teleconference)
Haidee Gilbert	Guam Daily Post (via video teleconference)

***Approval of Agenda***

- §4. The first item considered was approval of the agenda. Director George Chiu made the motion to amend the agenda and move Executive Session to after the Approval of Minutes. Vice Chairman Ernesto Espaldon Jr. seconded the motion. A roll call of the remaining board members in attendance was then conducted by Chairman John, which was unanimously approved.

***Approval of Minutes***

- §5. The next item on the agenda was the Approval of Minutes from March 18, 2021. Director Siska Hutapea moved to approve the minutes. Director Chiu seconded the motion. A roll call of the remaining board members in attendance was then conducted by Chairman John, which was unanimously approved.

***Executive Session***

- §6. Executive Session took place from 1:40 p.m. to 1:57 p.m.

***Chairman's Remarks***

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

Chairman John greeted everyone present and thanked Vice Chairman Espaldon for facilitating last month's Board of Director's Meeting (BODM).

Chairman John stated that we are mid-way through the fiscal year and although the pandemic continues to be a challenge to our economy, we continue to rebuild and build back better and hopes to be ready to open next month.

Next, Chairman John announced that GEDA closed the sale of the Hotel Occupancy Tax (HOT) Bonds noting that it was 17 times oversubscribed and resulted in a savings of \$19 million to the government of Guam. Furthermore, Chairman John noted that the HOT Bond's pledge of revenue is directly from the Tourist Attraction Fund – tied to the hardest hit industry in the pandemic and stated that the Underwriters noted that we were one of the first credits tied to tourism issued after the start of the pandemic across the country. Chairman John stated that this outperformance of the bond sale is evident of our bond investors' faith in the fundamental strength of our economy and the fiscal leadership of this Administration. Chairman John mentioned that this month's focus is on the Business Privilege Tax (BPT) Refinancing Bond which is currently projected to save the government of Guam another \$40 million over the life of the bond.

Moving on, Chairman John informed all that Mayor Jesse Gogue from Ordot-Chalan Pago held a public information and project kickoff meeting for the multipurpose center project on April 7<sup>th</sup> in which GEDA assisted with this project amounting to \$6.5 million. He also noted that the project is being funded through a combination of a grant and two loans – one from the USDA and one from FHB and is expected to break ground in September. Additionally, Chairman John mentioned that the Governor's Economic Diversification Working Group subcommittees have provided requests for funding through the American Rescue Plan (ARP) Act, primarily for the purposes of workforce training and marketing in which GEDA is vetting the requests and consolidating with GEDA's total ask.

During last month's BODM, Vice Chairman Espaldon introduced us to the work being done with the Office of Congressman San Nicolas on the State Small Business Credit Initiative (SSBCI) program. Chairman John announced that \$54 million was approved for Guam, consistent with other territories and smaller states and will be dispersed in three tranches of funding and used to guarantee loans with our partner lenders and a new venture capital component. Furthermore, Chairman John noted that the GEDA team met with eight (8) lenders to get an idea of the pipeline they'd like to push out in the next 12 to 24 months and is connecting with Hawaii's SSBCI administrator to discuss their work in the venture capital space.

Next, Chairman John informed all present that the Governor's Medical Center Working Group met twice, a kickoff meeting on March 24<sup>th</sup> and another meeting on April 13<sup>th</sup>. He stated that the first meeting was an organizational meeting attended by members of the legislature,



government, medical community, and other stakeholders. Furthermore, Chairman John indicated that there may be three committees: Health Services to focus on services, Land and Facilities to focus on land and construction issues, and Financing and Procurement. Moreover, Chairman John mentioned that the second meeting was a serious look at the location alternatives and that while the Eagles Field site in Mangilao remains a focus – the group is looking seriously at alternative sites including the Oka Point site. Chairman John noted that the view of everyone is that we cannot put all our eggs into one basket – we need to understand the benefits and risks associated with all viable sites in the event of any environmental, cultural, infrastructure, etc. concerns arise. Chairman John noted that as the Guam Memorial Hospital (GMH) is leading the meetings, GEDA is helping to facilitate the meetings. He also noted that the Governor's vision is to consolidate all medical agencies – GMH, Department of Public Health and Social Service (DPHSS), and Guam Behavioral Health & Wellness Center (GBHWC) into one campus.

Lastly, Chairman John announced that the BODs were provided GEDA's audit report from Ernst and Young and announced that GEDA is looking at its 17<sup>th</sup> year of a clean audit. Chairman John recognized and thanked the team for maintaining this standard. The audit can be found on GEDA's website at [investguam.com](http://investguam.com) and on the Office of Public Accountability's website.

This concluded the Chairman's remarks.

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

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

CEO/Administrator Melanie Mendiola stated that while there is no board action required, that discussion regarding the ARP request and GEDA's mid-year budget performance will take place.

CEO/Administrator Mendiola reported that the Public Finance Division team has been busy closing out the HOT bond and are moving forward with the BPT refinancing and further noted that the Guam International Airport Authority will also be doing a refinancing sometime in July 2021. CEO/Administrator Mendiola provided updates concerning capital projects, such as the Ordot-Chalan Pago project and the Fishermen's Co-Op project which is in the permitting stage with the Army Corps of Engineers on the seawall portion. CEO/Administrator Mendiola noted that GEDA remains in contact with the Co-Op on its progress. In addition, CEO/Administrator Mendiola stated that GEDA is working with the Department of Public Works and the Chamorro Village to assess the upgrade and update of facilities including the conversion of the huts to a more usable state.

Next, CEO/Administrator Mendiola stated that a kickoff call with the US Economic Development Administration took place concerning the Aquaculture Grant GEDA received for \$200,000 and

further noted that GEDA is prepping a Request for Proposal with the desirable items we need to know to build a strong Aquaculture Commercial industry specifically with environmental and permitting concerns. Moreover, and in line with aquaculture efforts, CEO/Administrator Mendiola mentioned that GEDA facilitated a panel for the Center for Island Sustainability's annual conference with excellent discussion about regional agriculture's opportunities in diversifying our region's economies. Additionally, she informed all present that GEDA presented to the Farmers Co-Op at their annual meeting on April 8th to gather their feedback on the current state of agriculture and the need of local commercial farmers and noted that the Farmers Co-Op is happy with their partnership with GEDA and wishes to continue pressing forward in partnership. Furthermore, CEO/Administrator Mendiola stated that GEDA has provided sponsorship to the Farmers Co-Op for their curbside produce initiative during the pandemic which they would like to continue those efforts.

In addition to taking on more support efforts for farmers, CEO/Administrator Mendiola added that Agriculture, Aquaculture and the Silicon Village efforts will be the main focus in the coming weeks. With regard to the EDA Grant, CEO/Administrator Mendiola noted that at this time, GEDA is in organizational mode now that the financing is in place further noting that the Agriculture Committee can accelerate forward movement. Pertaining to the Silicon Village, CEO/Administrator Mendiola mentioned that GEDA has been invited to join the 2021 EPSCOR Steering Committee as the Governor's representative further stating that the committee is chaired by Dr. Robert Underwood and is about marrying research and innovation with entrepreneurship.

Furthermore, CEO/Administrator Mendiola stated that after the BOD approved about \$300,000 in community contribution grants at last month's meeting, a virtual award ceremony was held on April 5<sup>th</sup> for the Qualifying Certificate Community Contribution (QCCC) Series 3. CEO/Administrator Mendiola added that Governor Leon Guerrero provided remarks at the ceremony and further stated that it was a great opportunity for our grantees to share how they would be utilizing the grant funding specific to growing jobs and incubating new businesses in the coming 12 months. Additionally, CEO/Administrator Mendiola mentioned that GEDA launched the QCCC Grant Program, Series 4 on April 7<sup>th</sup> with a submission deadline of April 28<sup>th</sup>. She also announced that GEDA will be hosting a virtual training session (applicants not required to attend) for guidance and assistance and informed all in attendance that registration is ongoing via GEDA's website.

Next, CEO/Administrator Mendiola corrected a misstatement she had made at the last BODM regarding Bill No. 42-36, introduced by Speaker Therese Terlaje relative to shifting approximately 80% of community contributions from the Guam Regional Medical City (GRMC) to differential pay for nurses. CEO/Administrator Mendiola had previously stated that the bill was on the session floor when in fact it has yet to reported out of committee.

Lastly, CEO/Administrator Mendiola stated that although the Communications Report is in the packet, she shared that GEDA has received great coverage citing a March 29<sup>th</sup> editorial by former Governor Carl Gutierrez who gave thanks to the GEDA team for the management of federal grants for small businesses through the pandemic and a Pacific Daily News (PDN) editorial on April 9<sup>th</sup> by PDN staff relative to their view on how GEDA grants benefited the community. In closing, CEO/Administrator Mendiola stated that it's not expected but is much appreciated and great to be recognized. Furthermore, CEO/Administrator Mendiola noted that GEDA in the media in the past month has been largely positive.

This concluded the CEO/Administrator's remarks.

### ***Committee & Standing Reports***

#### **§9. The next item on the agenda, Committee Reports.**

As the 1<sup>st</sup> quarter closed, Vice Chairman Espaldon reported for the Investment Committee and noted that the committee met with BG Investments. Vice Chairman Espaldon reported a \$1.14 million increase with total gains for the quarter at 3.93% of GEDA's portfolio and added that given the choppiness of the market, we are satisfied with that return. In addition, Vice Chairman Espaldon mentioned that one outlook that BG Investments provided is that the reopening trade remains strong and earnings are expected to hopefully produce more gains in the stock market. Nevertheless, Vice Chairman noted that there is concern in watching on the inflation front. Furthermore, Vice Chairman stated that he asked BG Investments to watch the value play and the possible rotation into cycles, from growth to value and to review our funds and see whether or not we can benefit from additional exposure to an ETF that had more of a value allocation. Additionally, Vice Chairman requested BG Investments to watch the environment, especially when bonds are pretty flat and to think creatively of other fixed income or at least conservative investments in case we continue to see that trend and a potential negative return on bonds.

Moving onto the Grants Report, CEO/Administrator Mendiola restated that GEDA continues to be in final consideration for a couple of grants from the US Economic Development Administration, one for construction of an upgrade of some market facilities and another for an update on our CEDS plan, which will help us get more funding for the diversification efforts.

Chairman John inquired if anyone is looking into the Biden Administration's infrastructure plan. CEO/Administrator Mendiola stated that Governor Leon Guerrero is definitely very interested grants for water projects, such as improving the water infrastructure for housing areas in the Gill Baza Subdivision and overall upgrades needed in the water system. Furthermore, CEO/Administrator Mendiola noted that the Office of the Governor is seeking clarification whether or not Guam is included in President Biden's infrastructure plan as it wasn't explicitly mentioned.

This concluded the Grants report.

The Real Property, Agriculture/Aquaculture Committee Report and the Communications Report are included in the packet.

### ***Old Business***

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

The first item under Old Business was the Qualifying Certificate Community Contribution (QCCC) Program, Series 4.

CEO/Administrator Mendiola stated that GEDA opened up the application period for its Qualifying Certificate Community Contribution Grant Program, Series 4 from April 7 - 28, 2021 after the BOD approved \$300,000 for the series. CEO/Administrator Mendiola informed the BOD that there have been 26 downloads as of yesterday and that previous rounds have received around 30 to 40 submissions.

Chairman John inquired if previous applicants who weren't awarded have submitted for this series. CEO/Administrator Mendiola stated that in this round, there are been resubmissions as GEDA has been aggressive in informing the public. In addition, she noted that if organizations received a larger sum of money in the last 12 months, points will be deducted and it's not likely that those organizations will receive another grant. Chairman John stated that he has received positive comments regarding the program and commended the GEDA team.

There was no further business discussed.

### ***New Business***

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

The first item under New Business was Resolution No. 21-09 Relative to Approving the Issuance and Sale of One or More Series of Government of Guam Business Privilege Tax Refunding Bonds; Approving Forms of Supplemental Indentures; Approving the Distribution of an Official Statement; Authorizing the Execution of One or More Bond Purchase Agreements, Forms of Escrow Letters and Other Related Documents; and the Taking of Related Actions

Christina Garcia, Public Finance Manager stated that after successfully selling bonds on the market for the Hotel Occupancy Tax (HOT) Bond, we're now able to move forward confidently in refunding some Business Privilege Tax Bonds. Ms. Garcia noted that normally, these bonds would have a call date in October but even in the market with the low interest rates, we're able



to issue some taxable bonds and achieve savings in the current Fiscal Year, which will help with the government cash flow and management.

Chairman John questioned if there are concerns with regard to taxables for the period that we're locked in. Ms. Garcia answered no and further stated that very conservative scenarios have been run and with those conservative scenarios, there's an outlook in achieving over \$40 million in gross savings. Furthermore, Ms. Garcia stated that up to \$4.9 million savings in the current Fiscal Year and mentioned that the primary advantage of the advanced refunding is that even with the risk contribution, the savings will be locked in beneficial to the FY 2022 budget discussions knowing what the Debt Service will be.

Chairman John asked if it's all savings or are we getting proceeds as well. Ms. Garcia answered that there are no proceeds, all savings. Moreover, Ms. Garcia stated the government is looking to refund these bonds, with no extension of maturity, and at least about a 7% present value savings, lowering the interest rate to about 4%. With that said, Ms. Garcia presented the BOD with the BPT Bond Resolution and noted that GEDA's legal counsel, Terry Brooks, has reviewed the documents. Mr. Brooks stated that he has no concerns with the BPT Bond Resolution. Ms. Garcia provided that meetings with Rating agencies can take place next week and Pricing in May to lock in the savings.

#### **Resolution No. 21-09**

**Relative to Approving the Issuance and Sale of One or More Series of Government of Guam Business Privilege Tax Refunding Bonds; Approving Forms of Supplemental Indentures; Approving the Distribution of an Official Statement; Authorizing the Execution of One or More Bond Purchase Agreements, Forms of Escrow Letters and Other Related Documents; and the Taking of Related Actions**

Director Hutapea motioned to adopt Resolution 21-09. Vice Chairman Espaldon seconded the motion. A roll call of the remaining board members in attendance was then conducted Chairman John, the motion was unanimously approved.

The second item under New Business was the American Rescue Plan (ARP) Act Small Business Grants.

CEO/Administrator Mendiola announced that GEDA submitted a request to the Office of the Governor and noted that Governor Leon Guerrero has a multitude of priorities to balance. Nonetheless, CEO/Administrator Mendiola stated that the Governor is very committed to the continued building and growth of our economy. CEO/Administrator Mendiola outlined GEDA's request to include \$1.8 million to close out the Rent Assistance Grant (RAG) Program from late 2020 as some businesses were approved but because the funds were exhausted, they continue to wait and further stated that GEDA asked that the RAG funding be made a priority.





Additionally, CEO/Administrator Mendiola stated that GEDA requested \$31 million for economic recovery grants for small businesses inclusive for farmers. Furthermore, she added that smaller farmers could not avail to assistance via the USDA under the CARES Act which was geared towards the commodity farmers and producers and not the small, new and developing farmers, like we have on Guam. In addition, CEO/Administrator Mendiola stated that a \$5 million request was submitted for the Governor's Economic Diversification Working Group initiatives to include Agriculture, Aquaculture, Silicon village, Ship Repair, Construction, Safe Haven, Alternative Dispute Resolution, incubator and startup support for small businesses and further mentioned that committees budget requests were reviewed and consolidated before submitting to the Office of the Governor. CEO/Administrator Mendiola stated that the total request to the Office of the Governor is \$37.8 million.

Moreover, CEO/Administrator Mendiola announced that GEDA plans to hold Stakeholder meetings regarding the small business grants with the BODs, Guam Chamber of Commerce, the Guam Women's Chamber of Commerce, the Korean Chamber, the Chinese Chamber, etc. CEO/Administrator stated that GEDA has started developing the framework for the new grant similar to the Guam Small Business Pandemic Assistance Grant launched last May with a few modifications. Chairman John inquired if coordination was made with the Small Business Administration (SBA) with regard to the new restaurant and bar program under the SBA. CEO/Administrator Mendiola stated that GEDA has communicated with SBA and noted that the program is not final and with preliminary guidelines and further noted that we want to avoid double dipping as federal funding can't be used for the same purposes which may lead to having applicants declare how the grant through GEDA will be used. Vice Chairman Espaldon inquired about the ARP timeframe and outlook of GEDA's request should it be approved. CEO/Administrator Mendiola stated that the team will be preparing documents, holding the Stakeholder meetings for the remainder of the month and hopes to deploy all direct funding out to the programs in May and June. CEO/Administrator Mendiola further stated that a business that qualified last year due to business interruption may not qualify for this new grant because their business may not have experienced interruption this time around as people were spending more. She added that GEDA is projecting that 2,400 businesses could apply for the new grant, but at the same time, expressed uncertainty as some businesses will apply for the SBA restaurant and bar program. CEO/Administrator Mendiola also mentioned that if GEDA doesn't need the full \$31 million, it will give the governor time to reprogram the monies.

In addition, CEO/Administrator Mendiola noted that the Economic Diversification Working Group is looking to issue RFPs for some services and contractual marketing, training and workforce development. Furthermore, CEO/Administrator Mendiola stated that GEDA aims to spend ARP funds by June 2023 and noted that the final deadline for ARP spending is December 2024 and noted that we need to be agile with the funds and give advance notice if monies need to be reprogrammed.

The third item under New Business was GEDA's Budget / Finances Mid-year Review.

CEO/Administrator Mendiola stated that we are halfway through the fiscal year and the approach at the beginning of this fiscal year was to be very conservative about GEDA's expenses and noted that expenses in 2019 was about \$3 million and projected expenses for this fiscal year is \$2.8 million.

Chairman John added that some expenses related to the diversification initiatives should be factored in as the common theme that keeps arising are good ideas from the government, such as the Trust laws and capital programs, but we aren't able to market those initiatives. Chairman John noted that as Deputy Joann Camacho works on how we can piggyback on the Guam Visitors Bureau (GVB) offices in the different countries and have those offices also serve as Economic Development offices, we can have GVB push out the Economic Diversification Group's initiatives. CEO/Administrator Mendiola agreed and stated that it's a great idea to hone in on and that we are seeking cost center type as opposed to revenue centers.

With regard to GEDA's revenue, CEO/Administrator Mendiola reported that GEDA is tracking rentals, Qualifying Certificates, and bond revenue which at the moment is lagging mainly because we have three very busy bonds and a busy couple of bond months at the end of the year. Relative to GEDA's Grants Revenue, CEO/Administrator expects the revenues to increase as there are two grants that we're managing, one with the OEA and one with the EDA. Furthermore, she stated that the grants are in line but about 4% off from our mid-year variance. Under Operating Expenses, CEO/Administrator noted that there is a 2% increase to salaries primarily because we paid out a longtime employee who retired. Additionally, CEO/Administrator Mendiola stated that as GEDA is attempting to shrink its office space, the Guam PEALS is now renting a space from GEDA so that will help with rental income. Furthermore, CEO/Administrator Mendiola also indicated that other income and expenses were much higher than projected primarily because the performance of the market and not GEDA's performance and stated that GEDA's mid-year budget, revenue, and expenses are in line and believes the next six months of the fiscal year will operate in a similar fashion.

Director Chiu inquired when the bond investment/income go into GEDA's books and if GEDA is allowed to spend those funds. To which, Administrative Services Manager, Ariana Villaverde answered monthly. CEO/Administrator Mendiola replied that GEDA is allowed to spend the funds if it's a restricted account, such as GDFA, SSBCI, or ADF account and we encumber those expenses. Director Chiu asked if we are recording it differently as it could give off the wrong impression that GEDA has all these monies or profits. Chairman John asked if it would be an unrealized gain, and Director Chiu commented that because of the new accounting standards, they make you realize the unrealized gain. CEO/Administrator Mendiola stated that one of the ways we can account for those funds is to call it Restricted Investment or Restricted Income – untouchable. Director Chiu and Chairman John agreed. Director Chiu added that the bond fees

of \$300,000 are for the entire year and recommended prorating it and not recording \$300,000 at the end so you have a larger loss of your operating expenses and report \$150,000 and save the other \$150,000 for the second half as those funds are not really a profit or GEDA's money but in an investment account. CEO/Administrator Mendiola mentioned that she has spoken with senators regarding how GEDA's finances operate because GEDA's audit doesn't distinguish between restricted and unrestricted accounts, like the Tobacco Revenue that's not GEDA monies. Chairman John requested that the financials be shared with the BODs once a month. Deputy Camacho stated that Ms. Villaverde can make adjustments and

Lastly, Chairman John inquired if GEDA will be receiving administrative fees. CEO/Administrator Mendiola replied that GEDA can draw down on Administrative fees but that there's an upward limitation and stated that we may come to the BODs in the next month or two with requests in the event we need to front anything to expand our personnel or training.

There was no further business discussed.

#### ***Public Comments***

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


There were no public comments.

#### ***Adjournment***

§13. After further discussion there was a recommendation to adjourn the meeting. On motion duly made by Director Hutapea and seconded by Director Chiu. A roll call of the remaining board members in attendance was then conducted by Chairman John, the motion was unanimously approved.

  
ERNESTO ESPALDON JR. Vice Chairman  
Board of Directors

ATTEST:

  
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GIA RAMOS Secretary  
Board of Directors