



**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
August 19, 2021**

Call to Order

- § 1. The regular meeting of the Board of Directors of the Guam Economic Development Authority (“GEDA” or the “Authority”) was held on Thursday, August 19, 2021 at the hour of 1:35 p.m., at the GEDA conference room, Suite 511, GITC Building, Tamuning, Guam. The meeting was called to order by Chairman David John to consider 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 Chairman John, the following individuals were present:

<i>Directors:</i>	<i>Office or Position:</i>
David John	Chairman
Ernesto (Jun) Espaldon	Vice Chairman
George Gia Chiu	Director
Siska Hutapea	Secretary (via video teleconference)
Fe Valencia-Ovalles	Director (via video teleconference)
Andrew Park	Director
Melanie Mendiola	CEO/Administrator
Joann G. Camacho	Acting CEO/Administrator
Georgette Bello Concepcion	Legal Counsel

Also, in attendance were:

Diego Mendiola	GEDA
Christina Garcia	GEDA
Ariana Villaverde	GEDA
Melvin Tabilas	GEDA
Claire Cruz	GEDA
Gloria Molo	GEDA
Yong Pak	GEDA
Therese Santos	GEDA
Matt Baza	GEDA

John San Nicolas
Patrick Guzman

GEDA
GEDA

Stephen Field
Mike Carlson

Citi
Office of Sen. Ridgell
(via video teleconference)

Morgan Legel

Glimpses of Guam
(via video teleconference)

Myracle Mugol
Dr. Austin Shelton
John O'Connor

G3 / CIS / UOG
G3 / CIS / UOG
Guam Daily Post

Absent:
Deepak Dewan

Director

Approval of Agenda

- § 4. Motion was made by Director Fe Valencia-Ovalles and seconded by Director Chiu to approve the Agenda for today's meeting. The motion unanimously passed.

Approval of Minutes

- § 5. Motion was made by Director Fe Valencia-Ovalles and seconded by Director Chiu to approve the July 15, 2021 board meeting minutes. The motion unanimously passed.

Chairman Remarks

- § 6. Chairman David John reported the following.
- a. The island achieved the 80% vaccination rates and will remain vigilant on the COVID-19 situation happening on the island. Specifically, the challenges being based by local businesses.
 - b. The governor has authorized the grant programs to move forward. First, the authorization of the 1.8 million for the commercial rent assistance grant. Six hundred eighty-six (686) businesses were approved last year for commercial rent relief. The Governor's initial funding of \$3 million dollars was depleted leaving two hundred ninety-two (292) businesses without aid. The Governor and Lieutenant Governor received feedback that this was a critical area in need especially during the second wave of the pandemic this time last year. She pieced together funding from other sources but demanded to exceed the funds to 1.8 million. We're appreciative that she has fulfilled her commitment to wholly fund this program.
 - c. Second, the small business pandemic assistance 2021 was authorized in the amount of 20 million dollars. In April there were a number of stockholders meetings to silicate

the input of the Guam Chamber of Commerce, Guam Woman's Chamber of Commerce, the Chinese Chamber of Commerce, the Korean Chamber of Commerce, JHRA and other community members volunteered to provide feedback. The board has already approved the program's SOP so the team would be ready to pull the trigger if the funds were allotted. The next step, Adelup's legal is reviewing two source documents: an executive order authorizing the program and a memorandum of an understanding between GEDA and the office of the Governor.

- d. In today's board meeting we'll have a couple requests for Public Finance: a new loan for the GDFA Program, an update on the Ordot Chalan Pago Center transaction as well as the issuance of the RFP for underwriters. A business development – the Governor's economic working group recommended that the board adopt a resolution to support the establishment of captive insurance companies and incentivizing them for 20 years through a QC program. The working group believes that it will greatly enhance the competitiveness of the captive insurance industry on Guam.
- e. In the last meeting it was disclosed that the Governor was going to DC to, among other things, secure support for the medical campus. She met with the Department of Interior, Chairman of House and Natural Resources Committee, White House Inter-Governmental Affairs Office, and the US Army Course of Engineers. She also met with a number of other agencies, but these were identified to be the most critical and securing sources for the new hospital. She also met with the office of Homeland Security concerning about the HBT challenges. Notes specific to GEDA, she met with the Deputy Assistant to the President an Asian American, Native Hawaiian and Pacific Islander Senior Erica Matsuba, who is not only familiar with the GEDA Offices but recognizes our recent work in promoting our economic diversification of exports.
- f. On Federal opportunities, the US Economic Development Administration recently sent notices of over 3 billion dollars of federal funding available on competitive basis. GEDA is currently involved in statewide planning grant application, an indigenous community grant and is looking at other opportunities that we may be able to tap into for Guam.
- g. GEDA is currently administered two EDA grants for our siege updates and agricultural updates. Let's keep the ball moving toward our strategic items to build our economy.

Executive Session

- §7. A motion to move the Executive Session up and having the Administrator Remarks afterwards was made by Andrew Park. Seconded by Jun Espaldon. The motion unanimously passed. The Board went into Executive Session after clearing the conference room.

CEO's/Administrator's Remarks

- § 8. Melanie Mendiola is in leave for a few more weeks. Joann Camacho reported the following:
- a. Closed the GIAA bond refunding in the amount of 104 3.4 million. which resulted in a savings of \$47.5 million for GIAA. Good job to the public finance group, Tina and her team and former deputy, Ricky Hernandez, who got the bill done in a challenging environment for the airport.
 - b. GEDA has issued a number of RFPs that are in different stages of evaluation. RFP investment advisor is in the process of being awarded. This is for investment management of GEDA's funds.
 - c. RFP for GEDA's new and improved website is being negotiated. Hopefully it will be done by tomorrow or early next week.
 - d. An RFP integrated marketing and communications is under review for issue in the next few days.
 - e. As the fiscal year is coming to a close, GEDA would like to engage the board in the budget planning process. GEDA anticipates closing the year in a healthy fiscal position, however next year will not be business as usual. We are in need of rebuilding and building back a better and stronger economy.
 - f. Grant work that was done within the last three years as we are starting to see improvement of those projects. So much as this is reaching out to the board members to discuss the anticipation of the 2022 budget approval.
 - g. A quick update on a recent Grant that was awarded. This grant was meant to assist businesses with exporting products and services. GEDA has \$150,000 which it will begin dispersing to the STEP participants. There will be an Export Conference as a follow up to the conference last year. Taking The Leap Beyond Guam, Exporting for Businesses will be on September 10. By using STEP funds, we were able to make this virtual conference free and open to the public. Closing out the STEP project, GEDA purchases and will be attending the ASC Market Week Trade Show this weekend from August 22nd to August 25th to highlight those companies who are a part of the STEP program.

Committee & Standing Reports

- § 9. The following committee reports were made:
- a. Vice Chairman Espaldon gave the report on behalf of the Investment Committee. In the process of finalizing and awarding an investment services RFP. A big step for GEDA. Good news it will actually be a second advisory group that will most

likely be joining in and there is more than enough business to go around. Looking forward to continuously having the money being managed in the most professional way possible.

- b. Diego Mendiola, Real Property Division Manager. Nothing for the activity on assistance. Their consultant is still on island and would be leaving either this or next weekend. Been setting up a few meetings. Right now, there is data collection being done and once they are done with that they can go in and update on work. In regards to the 2020 Census information that is needed, they are doing preliminary numbers in regards to the population. This month they will be finishing up a drone key for a design build. Met with PPW and the Inarajan Mayor on it. What GEDA is doing is developing the design package that will be handed over to PPW. It will be a really big deal for GovGuam and the community.
- c. Healthcare Committee. In regard to healthcare is that the PPP has made a bootcamp in GCC. Medical billing is an area where there is a severe shortage of workers and GEDA supporting PPP with that Grant. It's an excellent program and high school students could go into training program. There is a high demand for workers.
- d. Agriculture/Aquaculture Committee. There are still recent studies from June 10 and is under negotiation with the statue of consultant for the project.
- e. Matt Baza. Qualifying Certification Report: Apart from all the issues that have been worked on with the Chairman and the board for a QC on captive insurance companies. We just need to finish the term of the interest and the key interest from the beginning of the year. One QC's weather proof that was for the brewery and the rest of the QC's are things we have received better interest on. They are interested in getting tax benefits, but it is getting worked on in the process. Hoping there will be further updates next month. The special hotel QC Legislation: It has been prepared and provided to the Legislature and the administrators have been working on that. Health insurance QC for GRT: it is also being worked on. The moratorium was rescinded through the governor's executive order and as far as Matt knows that based on the budget process, the language in the budget has not been copied over based on the review of the budget.
- e. Communications report is in the packet.
- f. Melvin Tabilas. Grant Report. Aquaculture grant is moving along and would need to negotiate. There are two other grants: manufacturing and trash shipment grant.

Old Business

- § 10. Public Finance Division. GEDA noted the Chalan Pago Ordot Municipal Planning Council in securing a \$3 million dollar loan for the construction and extension of their multipurpose center in the village of Chalan Pago Ordot. The RFP was issued 21-006 on July 16 it was actually approved to commence negotiation with Bank of Guam who was awarded the RFP. One of the terms that was requested but was not authorized was the requirement of food saving credit of the Government of Guam and the waiver of sovereign immunity. We went back to Bank of Guam and asked what it would take to get those two conditions removed because there is a deadline to complete this project and move along with the loan guarantee. It came back and removed items one and two and after negotiation, amended the collateral to include an assignment of a depository account with the bank in the amount of 3 million dollars. This would be conditioned under the USDA loan take out. The Department of Defense extended the project to September 20, 2021 so there is a deadline to have the loan approved. In order to complete the project GEDA is now coming to the board for recommendation to move the financial forward by providing the amount of 3 million dollars from the Guam Development Fund Act to have as a restricted reserve for the term of the construction trip loan. The GDX balance as of the end of June at Bank of Guam was approximately \$13.5 million dollars. The original federal government contribution through the Guam GDXA program was approximately \$6.7 million dollars. Asking the Board to commit to supporting the project by putting the \$3 million dollars in a restricted reserve and subject to the USDA loan take out of the construction loan with the Bank of Guam. Not touching the original but it's more program income putting with them. Already have some funds with the Bank and the Bank will keep a note that there is going to be a lien on it.

Vice Chairman Espaldon made a motion to set aside 3 million dollars as a security for the Chalan Pago Ordot project. Director Fe seconded the motion. The motion passes.

New Business

- § 11. Public Finance Division. RFP 21-008 Underwriter Services. According to GEDA statute, GEDA provides underwriter services to the Government of Guam and to the commerce agency. The assignments are for a short-term period with options to renew. GEDA assisted GWA and the Guam Power Authority with issuing RFP21-008 and RFP21-009, respectively, to six proposals from underwriting firm for the two agencies. The current term expires on September 30, 2021. The term for this new RFP and after discussion with GPA and GWA will be a two-year term through September 30, 2023 with two options to review for an additional two years. The collection of underwriters GEDA statute specifically states that the authority shall put a date on the opening of the RFP from underwriters, a quorum of board member is required for the initial opening of the replies to the RPP and shall be made available for the Board. After it is distributed the meeting may be adjourned and reconvened but only within 15 working days of the opening of the reply. Both RFPs were issued on August 9th with the closed date of August 30th. GEDA gives them three weeks to allow the mailing of the proposals. Due to time restraints, a request for the GEDA board could be reconvened on August 31st so that the submitted

proposal can be opened as well as the evaluation of the proposal. The final recommendation will be presented on the September GEDA Board Meeting.

The Board has been asked to reconvene and coming back on August 31st – specifically for the opening of the RFPs.

A motion was made by Director Chiu to reconvene on August 31st to review the proposals, RFP return responses, and finalize by the scheduled Board meeting on September. Director Andrew Park second the motion, which passed unanimously.

- § 12. Flexibility with the corrections facility quoting the idea with one of the senators at the legislature on having a bill put in place allowing GEDA to be a conduit for potential PPP projects. Public Finance will work with Guam Council and report back on the September Board Meeting.
- § 13. Loan Approval. Island Family Pharmacy. GEDA runs a program under the Guam Development Fund Act Loan and a loan application has been presented from DCRX Services doing business as Island Family Pharmacy. They requested a total of \$450,000 with \$140K for working capital, \$210K for furniture fixture equipment renovations, and \$100K dollars line of credit. The term of the \$210 will be ten years, the loan for \$140 will be a seven-year term, and the line of credit for 12 months with principle due after the 12 months. The loan rate is at 5.2%. For the background on Island Family Pharmacy, it will operate as a limited liability company consisting of members Ms. Nicolette Rodrorino, President, and Ms. Juanita Rodrorino, Vice President. The location of Island Family Pharmacy is in the same building – across from GEDA – in the Camacho compound and they are taking up the area where Café Mocha formerly was located. They have attached to the loan a UCC-1 on the business and equipment, a personal guarantee of Ms. Juanita Rodrorino that they are going to secure a lean on a newly purchased vehicle for the business used for delivery and will offer a lien of the residential home of Ms. Juanita Rodrorino which has an estimated market value of \$450,000 as of 2010 and that the value is lien free. The credit committee reviews this application and after discussion of the term, they do recommend approval by the GEDA board of directors.

Both members of Island Family Pharmacy went to BankPacific requesting a loan however was denied and placed in \$91,000 (in the detailed write ups; there is a summary write up as well). Nicolette is the licensed pharmacist (in the detailed write up as well).

Vice Chairman Espaldon recalled on a question he asked to the committee on this topic: they did project an 80% increase in revenue in 2022 and his question to them was that given that people are at existing pharmacies, where did they see that increase coming from? Gloria spoke in their behalf and stated that they mentioned that they don't believe that Guam has any delivery services provided for the manamko' or individuals that can't come to the pharmacy, so they are focusing on that group of people. They are also doing the challenging of their medication in terms of receiving the medication through delivery. Some individuals would have multiple and different medications and the pharmacy

would package all that for those individuals. They are paying for 15 minutes of delivery for the products and bringing in new technology in managing the process.

Director Fe said that she has looked at all the documentations, the filings, and personal guarantees and asked if there were any existing mortgages, were there credit reporting done? She thinks that George is correct because if one goes to a normal bank, it would be easier to get a loan and the interest rate would be much less. She is questioning the projection on the progress of how they would do and do inventory on the pharmacy. Director Fe suggests that they should get a clear projection on how to turn over, how the pharmacy supply would be done for inventory? Would the line of credit be used or if it has to be established with another bank or are we giving line of credit as well in addition to the \$140,000? She also suggests on an evaluation on the property (Ms. Juanita Rodrorino's residential home) that's going to be covered under this process; would it suffice with what they are borrowing? Gloria said that the client would need to provide an updated evaluation and that the applicant told them that it is currently lien free. The applicants were informed that in order for any funds are released, an updated evaluation would need to be provided. Director Fe said to the Chairman that a PTR is in order before accepting the loan. Gloria said that it was part of the condition, and a PTR has already been ordered. If anything in the PTR shows that the property is not lien free, the loan will not go through. It is mentioned that Ms. Juanita Rodrorino has a total asset value of 2.8 million and Nicolette, her daughter, has \$273,000 in personal assets. Juanita is just supporting Nicolette and Nicolette would want to get this project done on her own as soon as possible.

Director Chiu made the motion on approving the loan and Director Park seconded the motion. Vice Chairman Espaldon agreed however Director Fe is still had questions on the personal guarantee. Gloria mentioned that the applicants filed a lien with Revenue and Taxation and that both applicants would need to sign. The UCC-1 has been recorded at Revenue and Taxation as well as filed against the property. Director Fe eventually agrees with the condition of seeing the updated report. The motion passed unanimously.

- § 14. Business Economic Development Division. Resolution for Qualifying Certificates Relative to Captive Insurance. Back in March the Chamber of Commerce was working with the Guam Development Certification Working Group for one of the subcommittees, Captive Insurance. Captive Insurance is one of their initiatives. The Chairman received a letter that stated that for Captive Insurance companies they would like to see, if all possible, for the GEDA board to adopt a resolution or a document that states that for the next three years that the board, if and when the Captive insurance QC application comes to GEDA, that the board would be open to approving the benefits for a full 20-year term. Chairman David believes this is for an off-island QC. The current resolution states that in stage two of the resolution, the benefits are what the board would be looking to recommend: it would be the increment, the BPT, and the dividend tax. The percentage are all set – they're all 100% for domestic insurance company – what's variable is the term. The current law states that the benefit is for underwriting risks either in or out of Guam. On the current resolution it does state that in or out of Guam for the cash benefits. What the resolution does is that it guarantees for the next three years upon the document

of the resolution, that the board is saying that we will give the QC benefits for the full 20-year period. This is in response of the Guam Chamber of Commerce letter sending a letter to GEDA indicating on having the program easier to understand and potentially more attractive to a company that they know they'll get the benefits for 20 years. Chairman David and Gloria agree that it was a different write up and this was supposed to be for off island companies. They agreed to make a motion if it is for off island. Director Chiu would want to table the topic. It was unanimously tabled.

Director Chiu motion for recess for August 31, 2021 at 1:30pm and Vice Chairman Espaldon seconded the motion. The motion passes.

Public Comments

§ 14. There were no public comments.

Recess

§ 15. Meeting has been called to recess at 2:50pm.

for 

DAVID JOHN, Chairman
Board of Directors

Attest: 

SISKA HUTAPEA, Secretary
Board of Directors