

Minutes of Regular Meeting to the Board of Directors of the  
Guam Economic Development Authority  
February 18, 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, February 18, 2021 at the hour of 1:34 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 Chairman John, the following individuals were present:

**Directors:**

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

**Offices or Positions:**

Chairman  
Vice Chairman  
Secretary  
Director  
Director  
  
CEO/Administrator  
Deputy Administrator  
Legal Counsel

Melanie Mendiola  
Joann G. Camacho  
Terry Brooks

**Absent and excused:**

Fe Valencia-Ovalles                      Director  
Deepak Dewan                              Director

***Also in attendance were:***

Claire Cruz	GEDA
Edward Camacho	GEDA (via video teleconference)
Christina Garcia	GEDA
Ariana Villaverde	GEDA
Yong Pak	GEDA
Melvin Tabilas	GEDA
Jennifer Calvo-Guzman	GEDA
Michael Carlson	Office of Senator Clynt Ridgell (via video teleconference)
Gerry Partido	Pacific News Center (via video teleconference)
Haidee Gilbert	The Guam Daily Post (via video teleconference)
Morgan Legel	Glimpses of Guam (via video teleconference)
Anumita Kaur	Pacific Daily News (via video teleconference)
Nestor Licanto	KUAM (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. Secretary Gia Ramos seconded the motion. The motion was unanimously approved.

***Approval of Minutes***

- §5. The next item on the agenda was the Approval of Minutes from January 21, 2021. Vice Chairman Ernesto Espaldon Jr. moved to approve the minutes. Director Siska Hutapea seconded the motion. The motion was unanimously approved.

***Chairman's Remarks***

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

Chairman John greeting everyone present and expressed his gratitude that the island continues its movement towards the reopening with Pandemic of Readiness (PCOR) 3 imminent. Additionally, he informed all present that the Guam Economic Development Authority (GEDA) employees have fully returned to working from the office.

Chairman John stated that since the last board meeting, Governor Leon Guerrero's Economic Diversification Working Group has established its subcommittees and commenced its meetings and noted that there are team leads in various industries including: Alternative Dispute Resolution, Guam Based Trusts, Captive Insurance, Pharmaceutical Manufacturing, Ship Repair,



Safe Haven Port, Construction, Satellite Launching, and the Relocation of High-Net-Worth Individuals. In addition, Chairman John announced that team leads will be assembling next week to discuss their committee goals, Moreover, updates will be provided to Governor Leon Guerrero monthly. Chairman John thanked Director Hutapea for being a Co-Chair in this effort.

Next, Chairman John mentioned that CEO/Administrator Melanie Mendiola will provide status updates on the CARES Act grant programs noting that the Governor is working hard to secure the remaining \$1.8 million needed for the Rent Assistance Grant Program, which she and Deputy Joann Camacho continue to follow up daily. Chairman John added that Series 3 of GEDA's Qualifying Certificate Community Contribution (QCCC) Grant Program launched on February 5, 2021 with a deadline of February 26, 2021. Furthermore, he noted that during the Healthcare Committee Report, there will be discussion on a couple of QC Community Contribution requests that were previously tabled.

In addition, Chairman John stated that the Real Property Division has been focused on assisting the Guam Ancestral Lands Commission with Requests for Proposals (RFP) for two selected properties in Andy South and Polaris Point, as well as assisting the Office of the Governor in obtaining the return of federal lands. Chairman John stated that the Business & Economic Development Division is currently working on three main Qualifying Certificates (QC): Health Insurance QC, Special Hotel QC, and Captive Insurance QC. Furthermore, he said that the Health Insurance QC is primarily an administrative item since the board passed a resolution last year. Also, Chairman John noted that the Special Hotel QC sunsets at the end of this year so GEDA is meeting with stakeholders to determine a path forward and that Captive Insurance is one of the Governor's economic diversification efforts, so GEDA is working with information we have and on marketing collateral.

Furthermore, Chairman John announced that one of the items under New Business will be Approving the Sale of Government of Guam Hotel Occupancy Tax (HOT) Refunding Bonds. He further added that as the tourism industry has been the most vulnerable industry in the pandemic, the refunding of these bonds will result in no extension of debt service or increase in payments along the way. Chairman John did note that the refunding will result in an estimated savings to the Government of Guam of about \$18 million over the life of the bond. Additionally, he mentioned that the Public Finance Division is managing the HOT, Guam International Airport Authority (GIAA), and Business Privilege Tax (BPT) refunding, as well as the Ordot-Chalan Pago Multi-Purpose Center.

Related to the Gross Domestic Product (GDP), Chairman John stated that the Bureau of Economic Analysis noted that real GDP which adjusts for inflation increased to 2% in 2019. He referenced that in 2019, the island was dealing with the H2-B Visa crisis that resulted in some pent-up demand for construction but also indicated that it was a terrific year for tourism, which is classified as an "export" in the GDP. Chairman John stated that if we want our economy to



grow, GEDA should continue a concerted forward effort to ease any barriers to investing whether it be finding ways to speed up construction on the federal side, private side, or the government side. Furthermore, he mentioned that GEDA needs to press forward with government construction projects and noted that GEDA is working towards rebuilding tourism through the bond refinancing and our Special Hotel Qualifying Certificate.

Moreover, Chairman John stated that as it relates to imports, Guam continues to miss out on internet sales as far as tax – Amazon does NOT pay BPT. Chairman John went on to state that he has seen a lot of entrepreneurs pop up recently, as people are getting creative about earning income and stated that we to assist them by encouraging local purchasing versus online purchasing. Chairman John indicated that GEDA has offered assistance to the Office of the Governor to aid in this. In addition, Chairman John clarified that discussion regarding internet sales has been in taking place for a couple of years with bond counsel and the current administration about how we can capture internet activity, as well as potentially moving from a BPT to a sales tax. He indicated that hurdles have been causing issues to move to a sales tax that have to do with the encumbering of the BPT for bonds. Chairman John indicated that the issue with BPTs and Gross Receipts Taxes (GRT) is that those are owed by a company where as a sales tax is owed by whoever purchased the goods. Chairman John suggested that under the Use Tax and if there are enough transactions, we can state that that companies are part of the community even though the company is not physically on Guam or have a Guam Business License. He further added that the proper law needs to be introduced and that GEDA will work with the Legislature on that piece.

Vice Chairman Espaldon asked if an online vendor would charge that fee to the customer. Chairman John said there could be a third party involved and Guam will set its rules. Furthermore, he stated that larger commerce companies will get involved saying that it will be a streamlined functionality process. Chairman John reiterated that the right laws must be in place and clarified that a sales tax is done immediately whereas a Use Tax or BPT is owed by the company and without the law on Guam, the vendor may not pay. Chairman John stated that eventually, we may want to move from Use Tax to Sales Tax but for that to happen, we must pay off all our bonds which isn't feasible at this time. He stated that the alternative is to transfer the risk from the BPT to the Sales Tax but noted that a record must be kept showing that the revenue stream is consistent and acceptable. Chairman John added that we will work with the business community.

After some discussion, this concluded the Chairman's remarks.

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

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



CEO/Administrator Mendiola announced that with a new round of CARES funding, the likelihood of GEDA receiving the additional \$1.8 million to complete our Rent Assistance Grant Program for commercial businesses is imminent, and GEDA is prepared to process the grants. In addition, CEO/Administrator Mendiola mentioned that GEDA will be hosting a Qualifying Certificate Community Contribution (QCCC) Grant informational session via with about 50 registered attendees. She stated that the QCCC Grant is available for non-profit organizations (NPO) and government of Guam agencies with Series 3 focused on economic development, specifically on strengthening entrepreneurs, job creation and retraining.

Furthermore, CEO/Administrator Mendiola announced that GEDA launched its Guam State Trade and Export Program (STEP) in partnership with the Small Business Administration (SBA). CEO/Administrator Mendiola explained that in this program, small businesses receive training on exporting their products and as an added incentive, they received mini grants to aid in their export efforts. She added that this continued support for small businesses is on the heels of GEDA's Taking the Leap conference, and of course, all our other activities to support small businesses like our grant programs funded under the CARES Act. Moreover, CEO/Administrator Mendiola noted that the special aspect about the STEP is that is it funded through a grant with SBA and stated that should these "mini" grants filter to the small businesses and is successful, it can be a program that GEDA can renew yearly and continue to provide the service to small businesses.

Next, CEO/Administrator Mendiola stated that the Office of the Governor has asked GEDA to look at tax credit legislation coming out by various legislators and to provide an analysis and discussion with regard to effective use of tax credit. In addition, she mentioned that Governor Leon Guerrero has also appointed a Hospital Task Force and funding through the OEA is expected for the medical campus probably in March. CEO/Administrator Mendiola stated that GEDA will be assisting to assemble the task force. On another note, CEO/Administrator Mendiola announced that one of the past QCCC Grant recipients, I Hagan Famalão'an, a group whose mission is to strengthen Chamorro women received a mini grant from another organization to provide micro loans to female artisans. CEO/Administrator Mendiola mentioned that the group is seeking GEDA's assistance in developing underwriting standards and lending standards, and said that it will be a nice partnership for GEDA moving forward. In addition, CEO/Administrator Mendiola stated that the Administrative Services Division (ASD) will be issuing a Request for Proposal (RFP) next week for an Investment Advisor and noted that a committee of evaluators will be assembled.

Additionally, CEO/Administrator Mendiola announced that Congressman Michael San Nicolas commented about the designation of about \$85 million to Guam's Small State Business Credit Initiative (SSBCI) Program and noted that the SSBCI funding is used as a loan guarantee program through several local banks, including the Bank of Guam, Community First, and Bank Pacific. CEO/Administrator Mendiola stated that GEDA then can act as a guarantor of loans similar to





SBA and mentioned that small businesses can apply for a Line of Credit or a Term Loan. CEO/Administrator Mendiola explained that in its current form, the SSBCI program allows small businesses to directly apply for a loan with a participating lender. Furthermore, if the business is considered a slightly higher credit risk, the lender will seek out SBA or SSBCI to provide a guarantee on the loan. She then stated that GEDA, with its own underwriting service and Credit Review Committee will then review. If approved, the funds are distributed. CEO/Administrator Mendiola also noted that some of the funds are distributed to the participating lender for security in the event of a default and a draw-down is necessary. However, CEO/Administrator Mendiola indicated that one of the caveats is that you must utilize the money within a two-or three-year period, otherwise, you risk the funds getting reassigned to another jurisdiction.

CEO/Administrator Mendiola stated that GEDA will meeting with Congressman San Nicolas' Office and discuss the volume that is realistic for Guam and mentioned that the SSBCI program through GEDA has provided about \$11 million worth of capital into small businesses in the community, since its inception in the last administration. As CEO/Administrator Mendiola believes that there is room for flexibility for direct financing, meaning it doesn't necessarily have to be a guarantor, GEDA will look at the rules and regulations concerning the SSBCI funding and mentioned that it will be great having additional capital flowing into Guam.

Furthermore, CEO/Administrator Mendiola clarified that Congressman San Nicolas stated in a recent address that the Financial Services Committee passed a provision that would reauthorize SSBCI and raise the funding to \$85 million and noted that GEDA is actively communicating with the Congressman's office and has put in a request for realistic funding or an adequate volume. CEO/Administrator Mendiola stated that the money could be appropriated elsewhere if we don't utilize the funding within the said period. Deputy Administrator Joann Camacho added that if the funding isn't utilized, they would want to know what is hindering GEDA in allocating the funding. Chairman John stated that consumer lending is down and deposits are up, which has put some pressure and capital reserves. Chairman John also stated that as companies reopen, there will be a need for operational flows with Lines of Credit being tapped into and because many companies have spent their reserves through this last year, he believes that it is great timing. Director Hutapea agreed that this much needed SSBCI boost to the economy will be helpful for small businesses as commercial loan lending is risky for lenders at this time.

This concluded the CEO/Administrator's remarks.

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

- §8. The next item on the agenda, Committee Reports.

Director Hutapea reported that inspections were done and that the Star Press Building is in dire condition. She further stated that she and Diego Mendiola, Real Property Division Manager will be deciding the next course of action. Deputy Administrator Camacho added that she and

CEO/Administrator Mendiola met with Senator Joe San Agustin who supports reversing the 5-year Lease Law. CEO/Administrator informed the board that in December 2020, a draft was given to the Governor's office and Governor Leon Guerrero did provide some feedback so GEDA will provide another draft. Deputy Administrator Camacho inquired about a good threshold. Director Hutapea recommended 50 years because it takes about five years for a commercial development from start to finish and then the lease/homeowner will have about 45 years to recoup their investment. Director Chiu noted that CNMI is a 40-year lease with approval from the Department of Public Land but without legislative approval, but if you want to extend for 15 years (after the 40 years), a legislative approval is required.

CEO/Administrator Mendiola recapped the 5-year Lease Law which states that all government leases are subject longer than five years require legislative approval. Director Chiu added that he understands limiting a lease to five years if it's for a complete building but stated that no one will build anything for a 5, 10, or 15-year lease. He suggested an increase to at least a 30-year lease. Secretary Ramos suggested that we give the legislature a timeline to approve, however Director Chiu indicated that would be ideal but not realistic. CEO/Administrator Mendiola noted that one of the last bills passed in 2020 was a bill allowing the University of Guam to enter into long-term Public Private Partnerships, long-term leases without legislative approval which could be a good indication as to the appetite of the legislature going forward for these types of arrangements.

Other items are included in the Real Property Report. This concluded the Real Property Committee report.

For the Healthcare Committee, CEO/Administrator Mendiola reported that under the direction of Secretary Ramos, the Healthcare Committee met, and there were two requests received, one from the University of Guam (UOG) and one from the Guam Community College (GCC). As these items were tabled in a previous meeting, CEO/Administrator informed the board that there are two options: (1) Board action or (2) Have UOG and GCC submit an application for the QCCC Grant, Series 3 Program. She added that the two requests have been vetted by the Healthcare Committee and agreed that Certified Nursing Assistants (CNA) are a needed occupation that would assist individuals who are looking to get certified.

Vice Chairman noted that since the reason the requests were not granted as the first round of CARES Act funding were exhausted, he inquired that as Guam will be getting more funding, if there is a possibility of fronting their request and somehow GEDA get reimbursed from the CARES Act. CEO/Administrator Mendiola suggested a conditional approval because the Healthcare Committee encouraged and recommended its approval, and GEDA could use the Community Contribution and if another round of CARES Act funding comes through, we can try again. Vice Chairman stated he is fine with the conditional approval. Chairman John suggested that we seek reimbursement. CEO/Administrator Mendiola indicated that the new round of



funding is expected to come through in March. However, the Governor has discretion as to how the funds are allocated and there's no indication as to its allocation. Furthermore, CEO/Administrator Mendiola noted that the motion will be to advance the money and seek reimbursement through the CARES Act funding along with the request.

After some discussion, Director Chiu made a motion to approve the University of Guam's request for \$30,000 (thirty thousand dollars) from the QC No. 252 to support UOG with their certified nursing assistant program. Secretary Ramos seconded the motion. The motion was unanimously approved.

Note: Relative to GCC's request, it was determined that a motion was not made due to the request was for Medical Coding and Billing and not for CNAs. This request will be addressed at the next board meeting.

In addition, Director Chiu inquired if a Dental Hygienists program exists at UOG and if not, as there's a severe shortage in the community, he recommended that GEDA look into it. Director Chiu said that it's a needed job for the community and a program will be beneficial. Secretary Ramos stated that in addition to what Director George said about the hygienists, it should also be promoted as private and public type of adventure and determine GEDA's role if we are to promote the program.

After further discussion, this concluded the Healthcare Committee report.

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

### *Old Business*

59. The next item on the agenda was Old Business.

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

CEO/Administrator Mendiola stated that \$300,000 has been allocated for the QCCC Series 3 Program under the Guam Regional Medical City and the Tsubaki - TNN Guam QCs geared towards job training and entrepreneurship training. Furthermore, she announced that GEDA will be hosting an informational session with about 50 participants. CEO/Administrator Mendiola stated that thus far, there have been 30 downloads and two submissions. Moreover, she noted that at the next board meeting, we hope to seek board approval for the Series 3 awardees and seek approval for a QCCC Series 4.





The second item under Old Business was the Guam State Trade Expansion Program (STEP).

CEO/Administrator Mendiola informed the board that under the STEP, 11 applications have been submitted for the program with potentially 11 applicants for mini grants through the SBA to fund their export activity. Vice Chairman Espaldon asked what is the budget for the program. CEO/Administrator Mendiola indicated that there is no operations budget for GEDA. Melvin Tabilas, GEDA Special Projects Coordinator stated that GEDA received \$150,000 from SBA and \$118,000 of that will go directly to the businesses depending on their request and criteria eligibility with the max disbursement of \$10,000.

Furthermore, CEO/Administrator added that GEDA has had the grant for a couple of years and that because of COVID-19, the timeframe to utilize the funds were extended so it must be used by this Fiscal Year, FY 2021. CEO/Administrator Mendiola stated that prior to the pandemic, the grants were used to defray the cost of attendance at a tradeshow, the movement of products and shipping. Furthermore, she mentioned that due to the pandemic, GEDA redirected the program and turned it into an online training and then reimbursement for the cost businesses have spent for their marketing, like their website, their marketing and promotional activity. Mr. Tabilas informed the board and all present that the next action item is to determine the eligibility of STEP applicants, clarify GEDA's process for disbursement of funds to selected participants, and begin planning a virtual reverse trade mission.

There was no further business discussed.

### ***New Business***

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

The first item under New Business was Resolution No. 21-05 Relative to Approving the Sale of Government of Guam Hotel Occupancy Tax Revenue Refunding Bonds and Approving and Authorizing the Execution of Related Documents, Agreements, and Certificates, and the Taking of Related Actions.

Christina Garcia, Public Finance Manager, stated that Hotel Occupancy Tax (HOT) bonds were issued in 2011 and is now at the 10-year period where it can be refinanced. She stated that based on the analysis, we will be able to take out about \$70 million in HOT bonds with a borrowing of \$61 million saving the government \$18 million, or about 28%. Ms. Garcia indicated that the goal is to reduce the debt service, push savings to the front end. Ms. Garcia noted that the plan is to take the bond to investors around March 11<sup>th</sup> and then close on March 31<sup>st</sup>. Furthermore, pursuant to Public Law 35-127 in which the government has authorized the refunding of these bonds, Ms. Garcia informed the board that provided in their packet are drafts of the Supplemental Indenture, the Preliminary Offering Statement, the Continuing Disclosure



Statement, and the Bond Purchase Agreement and noted that the documents will be finalized as closing date nears. Ms. Garcia also stated that documents were drafted by bond counsel with standard language and reviewed by the Office of the Attorney General. In addition, she indicated that Governor Leon Guerrero will be signing off on the documents as this is a great deal for the government of Guam and seeks board approval.

Chairman John asked if the Guam Visitor's Bureau (GVB) is aware of this potential refunding, CEO/Administrator Mendiola informed all that GVB is aware and an active participant in the Rating Meetings and the Investor Roadshows.

Moreover, Ms. Garcia added that for 2021 with a few months left, the savings will be about \$117,000 and cash savings of about \$2.9 million in 2022 with debt service decreasing from \$7 million to about \$3 to \$5 million. Furthermore, Ms. Garcia stated that it's a restructuring of upfront savings and no extension of debt service.

Director Chiu inquired if even in the current situation, will we be saving money by refinancing the HOT Bonds at low rates. CEO/Administrator Mendiola noted that the rates are low and that in addition to the structure of the of the refinance, repayments are lower in the first year or so then and then backloaded. Director Chiu stated we definitely need to restructure the bonds and noted that although the bonds are based upon the occupancy tax, which is almost zero at this time, we need to cut down the cash flow outflow until things get back on track.

CEO/Administrator Mendiola noted that this is a Limited Obligation Bond backed by the full credit of the government of Guam, so there's still steady revenue coming in from the federal side of the house.

#### **Resolution No. 21-05**

**Relative to Approving the trend, Sale of Government of Guam Hotel Occupancy Tax Revenue Refunding Bonds and Approving and Authorizing the Execution of Related Documents, Agreements, and Certificates, and the Taking of Related Actions.**

Vice Chairman Espaldon motioned to adopt Resolution 21-05. Director Chiu seconded the motion. The motion was unanimously approved.

The second item under New Business was Resolution No. 21-06 Relative to Authorizing Individuals to Enter into Agreement with Bank of Guam Online Services as Online Banking Administrators.

CEO/Administrator Mendiola stated that a Resolution for online banking is required identifying ASD Manager Ariana Villaverde and Christina Garcia, PFD Manager as Administrators and removed former ASD Manger, Bernice Torres due to her retirement.



Director Chiu suggested that CEO/Administrator Mendiola be added as an online banking Administrator.

**Resolution No. 21-06**  
**Relative to Authorizing Individuals to Enter into Agreement with Bank of Guam Online Services as Online Banking Administrators**

Vice Chairman Espaldon moved to adopt Resolution 21-06, with a condition to add CEO/Administrator Mendiola, along with ASD Manager Ariana Villaverde and Christina Garcia, PFD Manager as an Online Banking Administrator. Director Hutapea seconded the motion. The motion was unanimously approved.

The third item under New Business was the Performance Evaluation of CEO/Administrator Melanie Mendiola.

Chairman John informed the board that he met with CEO/Administrator Mendiola to discuss her Performance Evaluation that resulted in a rating of either outstanding or highly satisfactory across all categories. Furthermore, Chairman John indicated that there are no increases at this time with the agency freezing increments. However, when increments are unfrozen, Chairman John hopes the board will review and possibly increase her salary.

Director Chiu moved to approve CEO/Administrator Mendiola's Performance Evaluation. Director Hutapea seconded the motion. The motion was unanimously approved.

On another note, Chairman John informed the board that the GEDA team is actively working and negotiating taking on Economic Development offices in Taiwan and will bring more information to the board as it becomes available. Director Chiu asked how we can get Guam included on the Tax Treaties and noted that if there was a tax treaty, they would just pay 10% with no filing required and GovGuam would get their 10% of any money remitted overseas. He also stated that the one that is permitting the money is responsible for withholding the 10% on the tax treaty. Director Chiu also mentioned that it will be a huge incentive for foreign companies to invest in Guam as we're so close to Asia and closest American soil to Asia. Director Chiu recommended that GEDA meet with Department of Revenue and Taxation's Director, Daphne Shimizu to discuss further.

There was no further business discussed.

**Public Comments**

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

There were no public comments.

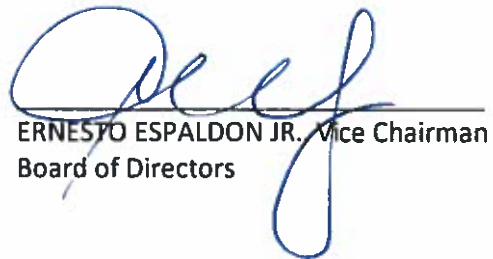
**Adjournment**

§12. After further discussion there was a recommendation to adjourn the meeting. On motion duly made by Director Chiu and seconded by Director Hutapea. The motion was unanimously approved.

ATTEST:



GIA RAMOS, Secretary  
Board of Directors



ERNESTO ESPALDON JR., Vice Chairman  
Board of Directors