

Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
January 21, 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, January 21, 2021 at the hour of 1:38 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 (via video teleconference)
Secretary (via video teleconference)
Director (via video teleconference)
Director (via video teleconference)

Melanie Mendiola
Joann G. Camacho
Terry Brooks

CEO/Administrator
Deputy Administrator
Legal Counsel (via video teleconference)

Absent and excused:

Fe Valencia-Ovalles
Deepak Dewan

Director
Director

Also in attendance were:

Edward Camacho	GEDA
Christina Garcia	GEDA (via video teleconference)
Diego Mendiola	GEDA
Bernice Torres	GEDA (via video teleconference)
Ariana Villaverde	GEDA (via video teleconference)
John San Nicolas	GEDA (via video teleconference)
Yong Pak	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)
Frank Lake	(via video teleconference)
Anumita Kaur	Pacific Daily News (via video teleconference)

Approval of Agenda

- §4. The first item considered was approval of the agenda. Director Siska Hutapea made the motion to approve the meeting agenda. 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 December 17, 2020. Vice Chairman Espaldon moved to approve the minutes. Director George Chiu seconded the motion. A roll call for votes from the remaining board members in attendance was then conducted by Chairman John which was unanimously approved.

Chairman's Remarks

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

Chairman John greeted everyone present in person and via Zoom and stated that although the COVID-19 pandemic continues to depress our economy, GEDA has been moving towards greater economic diversification. Chairman John mentioned that on January 14th, the Governor's Economic Diversification Working Group convened a kickoff meeting with Governor Leon Guerrero and noted that diversifying our economy has been on Governor's agenda since she

took office in 2019. Chairman John further stated that GEDA has been working on her initiatives in Agriculture, Aquaculture, Small Cruise Ship, and Healthcare. He further noted that the Guam Chamber of Commerce introduced and reintroduced various other initiatives in a white paper, which was then shared with the Governor and evolved into this working group. Chairman John stated 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 and stated that the industry teams are meeting in February to discuss short, medium, and long-term goals. He then thanked Director Hutapea, a co-chair in this Working Group for her hard work in getting this off the ground.

Next, Chairman John mentioned that in support of these efforts, he and the executive office met with the Taiwan Economic and Cultural Office and are looking into recommendations they made including expanding our tourism office to handle broader economic development efforts. Chairman John noted that GEDA also met with Chief Daniel Stone from the Guam Fire Department who gave good insight about the fire permitting process and ways to streamline the process of obtaining a permit.

Chairman John noted that CEO/Administrator Melanie Mendiola will provide status updates on the grant programs. He did mention that GEDA is working with the administration to secure the additional \$1.8 million needed for the Guam Small Business Rent Assistance Grant Program. In addition, Chairman John mentioned that the GEDA team will be rolling out the next round of Qualifying Certificate Community Contribution Grants.

Moving on, Chairman John announced that on the heels of our *Taking the Leap Conference*, GEDA is rolling out the STEP Program. He mentioned that the Guam State Trade and Export Program, in partnership with the Small Business Administration (SBA), has launched this program so small businesses can receive training on exporting their products out and as an added incentive, receive mini grants to aid in their export efforts – continued support for our small businesses.

Additionally, Chairman John stated that while GEDA waits for the Office of Economic Adjustment funding regarding updating our overall hospital and medical system study, GEDA's Deputy Administrator, Joann Camacho, has been assisting the front office in mobilizing the stakeholders needed so that we can push forward with this project. He further noted that other government projects that GEDA is assisting to move along are the Fishermen's Co-op Building in Hagatna, the Ordot-Chalan Pago Multi-Purpose Center, and the pool.

In closing, Chairman John stated that GEDA's focus in the coming months will be getting the Governor's Economic Diversification working group off the ground as smoothly as possible. He also stated that GEDA anticipates upcoming road shows (virtual or in-person, we are not sure



yet) for the refinancing of the Hotel Occupancy Tax (H.O.T.) Bond as well as Guam International Airport Authority (GIAA).

Chairman John added that when the COVID-19 pandemic hit, GEDA was working on a Special Qualifying Certificate (QC) for the Health Insurance industry. He announced that in the next few weeks, GEDA, in consultation with the Governor's office, will be working on that initiative.

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 reported that as Guam is now in Pandemic Condition of Readiness (PCOR) 2, the GEDA office is open to the public. She also mentioned that majority of the GEDA staff is reporting into the office with the exception of a few employees who will continue to telework (until further notice) in the event a COVID-19 case is identified in our office. Furthermore, CEO/Administrator Mendiola mentioned that GEDA has been fortunate that it hasn't had any positive cases. She further noted that in the event a GEDA employee does test positive, the GEDA will immediately shutdown and disinfect the office in less than 24 hours. CEO/Administrator Mendiola added that although GEDA is open to the public, we strongly encourage appointments and virtual meetings.

In addition, CEO/Administrator Mendiola mentioned that GEDA has been busy with the Governor's Economic Diversification Task Force. She further noted that GEDA is currently working on revamping GEDA's website to be more functional and dynamic for potential investors. CEO/Administrator Mendiola also noted that the website work will be done in-house, but GEDA is prepping a Request for Proposal (RFP) for technical assistance we may need. Furthermore, she stated that GEDA is also revamping its marketing materials and noted that materials such as GEDA's QC application and fact sheets can be used for investors in Taiwan and other places.

Next, CEO/Administrator Mendiola stated that GEDA continues to work with the front office concerning the Small Business Rent Assistance Grant Program with regard to securing the remaining \$1.8 million to assist approximately 250 businesses. In addition, she stated that GEDA also continues to seek federal grants to offset some of the economic development projects we are working on. She referenced the Grants Report and noted that GEDA did receive good feedback last month regarding GEDA's application to update the Comprehensive Economic Development Strategies (CEDS) document. In reference to the CEDS report and the Commercial Aquaculture Feasibility study, CEO/Administrator Mendiola mentioned that the amounts flowing in for these two grants is approximately \$285,000. She stated that GEDA was preliminarily selected for the aforementioned, which means that GEDA needs to provide additional backup or

documentation, and further noted that assuming all documentation is in order, she believes GEDA will pass the next round of vetting and receive funding in a few months.

Moving on, CEO/Administrator Mendiola announced that GEDA will launch the next round of the Qualifying Certificate Community Contribution (QCCC) Grant Program and stated that the target launch of application and materials is in the first week of February. She informed the Board of Directors that their approval will be sought for the grant program amount for the series. Additionally, CEO/Administrator Mendiola stated that a Press Release was issued relative to STEP and noted that funds do not go towards GEDA operations, but rather is passed through to programs to support small businesses engaging in export activities, including building a website and getting experts to help them get their products off of Guam. CEO/Administrator Mendiola announced that GEDA will have participants attending various training starting in February, and as an incentive, they may qualify for grants to support their export business.

Lastly, CEO/Administrator Mendiola stated that the Real Property Division remains GEDA's main source of revenue and she thanked Director Hutapea for her ongoing guidance in this department. In addition, CEO/Administrator Mendiola stated that the Public Finance Division is extremely busy with two bond offerings and the Ordot-Chalan Pago project that the bank closed on. Furthermore, she mentioned that the Governor's office has tapped GEDA to assist on many other capital projects to include the pool, the Chamorro Village, and the hospital project.

This concluded the CEO/Administrator's remarks.

Committee & Standing Reports

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

Vice Chairman Espaldon reported for the Investment Committee and stated that GEDA's portfolio finished with an 11.8% gain for the year or approximately \$3 million in gains. He noted that GEDA went from a low in the first quarter of -17% to a double-digit growth, and further stated that in Quarters 2 to 4, GEDA saw the markets bounce back. Vice Chairman Espaldon stated that GEDA, given all that has happened, is thankful for this growth and return as he recalled that in 2019, GEDA was at about 18%. Furthermore, Vice Chairman Espaldon stated that all asset classes posted positive returns for the year which was led by US equities, large caps (bank stocks performing well), and Emerging Markets. Vice Chairman Espaldon stated that in Quarter 4, a strong rally in the US Small Cap Equities helped to close out the year on a strong positive note. He continued by noting that GEDA has investments in all and maintains an investment allocation split of 70/30. Vice Chairman Espaldon announced that the outlook for 2021 is conservatively bullish and is being driven by earnings, and added that we may not see the same type of gains as 2020.

Chairman John inquired if the GEDA funds are invested in a single mandate or is split up between short-term and long-term money with two separate pools. Vice Chairman stated that it's one mandate but it is something that GEDA can look into. Chairman John added that with all that has happened, at some point it might be good to have separate pools to ensure that there is no panic when the market changes. Director Chiu inquired of the allocation split to which Vice Chairman Espaldon answered that the allocation is 70/30, Equities (stocks) to Bonds. He further noted that its bonds and cash but mostly bonds. In addition, Vice Chairman Espaldon noted that on the stock side, the 70% equity side is about 45% US and 24% emerging, which makes up the 70%. Director Chiu asked who GEDA's money manager is as Vice Chairman indicated that it is BG Investments tied to Bank of Guam. Chairman John inquired when GEDA will be issuing an RFP for that service. Vice Chairman noted that no date has been set to issue an RFP but stated that it can be resurrected again if it's something the board would like to pursue. Chairman John recommended that GEDA should pursue an RFP for Money Management Service and be kept on a five-year cycle. Both Chairman John and Vice Chairman Espaldon agreed with the recommendation.

Secretary Gia Ramos commended Vice Chairman Espaldon on the \$3 million gain but questioned if GEDA were to reinvest back into the market is there a certain percentage with less volatility. She also asked if certain monies are set aside that won't be impacted as much if the market makes a downturn. Vice Chairman Espaldon stated that it is something that the board can discuss. Furthermore, he stated that GEDA's portfolio is moderately aggressive at this point in time and that the years of growth have been relatively good but respects if the Board's decision is to become more conservative with a certain amount of our funds. David John added that it's not necessarily from an allocation standpoint, but being more conservative by tranching it and breaking it up into monies we might need in the next 36 months. Vice Chairman Espaldon stated that although it's a moderately aggressive portfolio, it's conservatively managed further stating that even on the down markets, we're at least protected on the downside. In addition, he noted that putting something aside for 36 months allows GEDA to be more aggressive than we're positioned on the longer-term funds.

Director Chiu stated that GEDA needs to find additional revenue sources and questioned how GEDA can use this portfolio – to tap into some of the gains for operating expenses. Director Chiu stated that GEDA is one of the government agencies that are self-sufficient and must identify its funding and added that it becomes difficult to task GEDA to create various programs but the funding source is not identified. Furthermore, he recommended that GEDA explore ways to help offset operating expenses, to charge a fee for managing the portfolio. Attorney Terry Brooks stated that he did not recall looking into if GEDA can charge a management fee against the investment pool for work and effort involved with managing the loan fund. Chairman John recommended that CEO/Administrator Mendiola seek Attorney Brooks advisement. CEO/Administrator Mendiola stated that the current practice is what employees directly spend on the loan programs - time they spend marketing and administering the programs, etc. is



charged against our loan fund directly. CEO/Administrator Mendiola informed the Board of Directors that she will work with Legal Counsel on identifying the availability of utilizing a set overhead percentage or a set administrative percentage instead of a direct expense method of billing the loan fund.

After further discussion, this concluded the Investment Committee report.

For the Real Property Committee Diego Mendiola, Real Property Division's Manager, reported. The Guam Ancestral Lands Commission (GALC) office opened at the end of November with three employees and are leaning heavily on GEDA's Real Property Division to assist them with leasing out properties and managing their existing leases. Mr. Mendiola informed the Board of Directors that two (2) RFPs that have been prepared and are pending the GALC's review and approval.

Vice Chairman Espaldon asked for an update regarding the Tropic Color building. Mr. Mendiola informed the board that the current lessee is 39 LLC who has been leasing the building since 2014. In addition, Mr. Mendiola mentioned that the current lessee's original plan was to use is as a doctor's office facility but that has not been done and further noted that the tenant is behind on their rent. However, Me Mendiola did note that the tenant was current until the COVID-19 pandemic started, caught up and fell behind again and further mentioned that GEDA continues to work with the tenant to become current. In addition, Mr. Mendiola informed everyone present that GEDA requested that moving forward, the tenant provide their plans which they promised to deliver to GEDA by the end of the month. Chairman John added that as properties free up, GEDA continues to get them to market rates

This concluded the Real Property Committee report.

For the Healthcare Committee, Secretary Ramos stated that there still remains a shortage in the healthcare industry. Mr. Mendiola reported that prior to the COVID-19 pandemic, GEDA was in communication with Speaker Therese Terlaje's during the last legislature which was put on hold due to the pandemic as well as the new election cycle. Mr. Mendiola also mentioned that as Speaker Terlaje remains the Health Committee Chair, GEDA will reach out to the Speaker and resurrect the Healthcare Industry conversations. Secretary Ramos suggested that we hold a virtual meeting with her and Public Health.

Additionally, Secretary Ramos asked if GEDA can reach out to the Department of Labor (DOL) to address the Healthcare Industry shortage – how we can get private industries on board to take part in an On-the-job training (OJT) program. She further mentioned that private industries are willing to do retraining and to work with DOL on the OJT program but stated that there's nobody assigned to address getting private industry signed up for the program. Secretary Ramos questioned whether there's federal funding available for the OJT program. In addition, she recommended that CEO/Administrator Mendiola speak with the DOL's Director for feedback on

their programs and if they can identify a dedicated person to address the private industries who are willing to retrain.

CEO/Administrator Mendiola said the issue was addressed at her last meeting with the Office of the Governor but at that time, funding was not identified. She added that she isn't sure if this particular pool of money was available, but she will discuss it with DOL's Director.

After further discussion, this concluded the Healthcare Committee report.

CEO/Administrator Mendiola reported for the Agriculture / Aquaculture Committee announcing that GEDA has been preselected for a grant for a Commercial Aquaculture Feasibility and further noted that there are opportunities to assist on the local level to help with the Farmers Co-Op. CEO/Administrator Mendiola mentioned that if you visit the Farmers Co-Op storefront, you will see a tilapia tank that sells live fish. She added that to take it from subsistence to commercial, we need to understand our resources as well as government resources to assist with infrastructure, etc., which is the purpose of this particular grant.

With regard to Agriculture, CEO/Administrator Mendiola informed all that the GEDA team is putting together a report. She outlined a few Agriculture highlights to include the Farmers Co-Op who continues to operate their curbside pickup of vegetables and other produce as GEDA was a sponsor for that and further mentioned that Farmers Co-Op is looking at a second site in Agana. In addition, she mentioned that Farm to Table recently received a \$1.2 million grant from the Administration for Native Americans in which GEDA wrote a letter of support for them. Additionally, CEO/Administrator Mendiola stated that Guahan Sustainable is also operating a curbside type of pickup and noted that they also receive some funding from CAHA for a history of Agriculture project. Lastly, CEO/Administrator Mendiola stated that GEDA can revive conversations with regard to the local produce in our schools when the lunch program is running.

This concluded the Agriculture / Aquaculture Committee report.

CEO/Administrator Mendiola informed the Board of Directors that GEDA submitted follow-up documentation for the three grants. She also noted that GEDA is still awaiting word on some other grants. In addition, CEO/Administrator mentioned that GEDA is working on active drafts for various projects in different areas.

This concluded the Grants report.

Old Business

- §9. The next item on the agenda was Old Business.

The first item under Old Business was the Guam Small Business Pandemic Assistance Grant (GSBPAG) Program.

CEO/Administrator Mendiola provided an update as of January 20, 2021 and indicated that since the program's launch in May 2020, GEDA has given 2,350 business with the total amount of awards in the range of \$17 million. Furthermore, CEO/Administrator Mendiola stated that the GSBPAG Program has closed out.

The second item under Old Business was the Healthcare System Stabilization (HSS) Grant Program.

CEO/Administrator Mendiola provided an update and specified that the program received 33 applications and processed 24 as of January 20, 2021 with \$1.387 million awarded. She did indicate that there is one reconsideration that is under review, so there is a potential for the total award to go up about \$50,000 more. CEO/Administrator Mendiola mentioned that the governor set aside \$2 million for the HSS Grant Program but that the remaining funds may have been tapped by the Department of Public Health or by Homeland Security for public health measures.

The third item under Old Business was the Small Business Rent Assistance Grant (RAG) Program.

CEO/Administrator Mendiola stated that as of January 20, 2021, GEDA received 1,039 applications. Of that amount, 312 applicants were deemed ineligible while 695 applications were processed and approved. In addition, she stated that 403 businesses were awarded the grant in the amount of \$2,997,492.84 just under the \$3 million that the program was allotted. To that, CEO/Administrator Mendiola noted that GEDA continues to work with the Governor's office with request to identify additional funding for the 292 businesses with a total grant amount of \$1.752 that remains unfunded. Vice Chairman Espaldon asked if the 292 businesses were informed. CEO/Administrator Mendiola stated GEDA sent out letters to inform them that we processed their application, and although they met the eligibility requirements and were approved, there are no remaining funding at this time. In addition, she noted that applications were on a first come completed, first served basis noting that in the beginning, many applications were incomplete.

In closing, CEO/Administrator Mendiola stated that the three grant programs are basically complete and that GEDA will continue with its internal audit.

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 the Qualifying Certificate Community Contribution (QCCC).

CEO/Administrator Mendiola stated that the Qualifying Certificate Community Contribution Grant Program was created so that grants that came through GEDA's QC process could be transparent and available to the community at large. She mentioned that this is the third series which will focus on the retraining and training of employees and incubating small businesses for Economic Development only. CEO/Administrator Mendiola requested an authorization of \$300,000 for this program under the Guam Regional Medical City and the Tsubaki - TNN Guam QCs. She further noted that the \$300,000 will be utilized for Series 3 grant program with a maximum award of \$50,000. In addition, CEO/Administrator Mendiola informed all that GEDA would like to hold a webinar or informational session to assist grantees with the application process.

Vice Chairman Espaldon clarified that the QCCC Series 3 is geared to Economic Development with retraining and asked if Non-Profit organizations (NPO) or agencies that received Series 1 and 2 were eligible again. In addition, he sought clarification if NPOs that were denied in the past could apply this time.

CEO/Administrator Mendiola stated that she highly encourages NPOs and agencies to apply again. Vice Chairman Espaldon recommended that GEDA reach out to QCCC Series 1 and 2 applicants – the top 10% that were denied and assist them with their application.

Resolution 21-04
Relative to Approving the Qualifying Certificate Community Contribution (QCCC) Grant Program, Series 3

Vice Chairman Espaldon motioned to adopt Resolution 21-04. Director Hutapea seconded the motion. A roll call was then conducted by Chairman John 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.

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. A roll call was then conducted by Chairman John to obtain votes from the remaining members in attendance. A unanimous approval of motion followed.


DAVID JOHN, Chairman
Board of Directors

ATTEST:


GIA RAMOS, Secretary
Board of Directors