

Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
March 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, March 18, 2021 at the hour of 1:32 p.m. at the Guam Economic Development Authority conference room, Fifth Floor Suite 511, ITC Building Tamuning, Guam. The meeting was called to order by Vice Chairman Ernesto Espaldon Jr. to consider several items on the agenda.

Inifresi

- §2. GEDA Board of Directors and all others in attendance recited 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.
Gia Ramos
Siska Hutapea
George Chiu
Fe Valencia-Ovalles

Offices or Positions:

Chairman (via video teleconference)
Vice Chairman
Secretary (via video teleconference)
Director
Director (via video teleconference)
Director (via video teleconference)

Melanie Mendiola
Joann G. Camacho
Terry Brooks

CEO/Administrator
Deputy Administrator
Legal Counsel

Absent:

Deepak Dewan

Director

Also in attendance were:

Claire Cruz	GEDA
Edward Camacho	GEDA (via video teleconference)
Christina Garcia	GEDA (via video teleconference)
Yong Pak	GEDA
Melvin Tabilas	GEDA
Jennifer Calvo-Guzman	GEDA
Michael Carlson	Office of Senator Clynt Ridgell (via video teleconference)
Jocelyn De Guia	Office of Speaker Therese Terlaje (via video teleconference)
Gerry Partido	Pacific News Center (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 Siska Hutapea made the motion to approve the meeting agenda. Director George Chiu seconded the motion. A roll call of the remaining board members in attendance was then conducted by Vice Chairman Espaldon, which was unanimously approved.

Approval of Minutes

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

Chairman's Remarks

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

Vice Chairman Espaldon chaired the meeting on behalf of Chairman David John who was off-island at the time of the meeting, and he greeted everyone present.

First, Vice Chairman stated that GEDA's Fiscal Year 2020 audit, being performed by Ernst and Young is near complete and recapped that approximately seven (7) months of the fiscal year were spent in the throes of the COVID-19 pandemic. Furthermore, Vice Chairman Espaldon mentioned that the Board of Directors (BOD) were meeting virtually, and that the GEDA



management and staff were coming into the office and working from home on a rotational basis.

Vice Chairman Espaldon stated that during that period, GEDA administered two grant programs – one for small businesses and one for clinics – in the amount of about \$18.4 million. In addition, he said that GEDA issued a third program, the Rent Assistance Grant program for businesses and further stated that GEDA's operating revenue was relatively stable but to err on the side of fiscal prudence, GEDA lowered operating expenses by about \$67,000. Moreover, Vice Chairman Espaldon noted that GEDA was not reimbursed for the costs of running the small business grant programs under the CARES Act. Vice Chairman Espaldon stated that the grant programs were our "fiscal" emergency relief for businesses and noted that as we continue to move towards reopening our island to visitors and other industries, we need to accelerate activities that contribute to rebuilding the economy for the long term. Furthermore, Vice Chairman stated that the Governor's Economic Diversification Working Group subcommittees have been meeting and briefed the Office of the Governor last week. He thanked Director Hutapea, who has been an integral part of keeping this initiative going.

Next, Vice Chairman provided an update relative to the Hotel Occupancy Tax Bonds (HOT Bonds Refunding) in the amount of \$62 million that the BOD approved at the February 2021 BOD meeting. As the tourism industry has been the most vulnerable industry in the pandemic, Vice Chairman Espaldon stated the refunding of the HOT bonds will result in no extension of debt service or increase in payments and that it will, however, result in an estimated savings to the Government of Guam of about \$18 million over the life of the bond. He informed all present that the GEDA team has been engaged in road show presentations via zoom to 11 investment managers for the past two weeks and that Pricing is scheduled to occur on March 18th.

Furthermore, Vice Chairman Espaldon stated that GEDA is working with the Office of Congressman Mike San Nicolas to expand the State Small Business Credit Initiative (SSBCI) Program and noted that the program was launched in 2011 and since the inception, Guam was distributed about \$12.1 million which it used to guaranty 73 loans which resulted in the creation of 1,234 jobs and the retention of 824 jobs. In addition, and in light of the pandemic, Vice Chairman Espaldon announced that Congress, under the SSBCI program has authorized an additional \$85 million to be dispersed in three tranches, first tranche will be about \$28 million and the ability to deploy these funds quickly will determine the need for the additional funding. Vice Chairman noted that the Department of the Treasury is working out any updates to the guidelines. He also informed all present that GEDA has been meeting with local lenders, investors, and other stakeholders to get a sense of the appetite for the different services under SSBCI – which include a loan component and a venture capital component.

Moving on, Vice Chairman stated that CEO/Administrator Mendiola will provide an update regarding Series 3 of the Qualifying Certificate Community Contribution (QCCC) Grant Program



QCCC Grant Program and the nonprofit organizations we support. In addition, CEO/Administrator Mendiola mentioned that a number of nonprofit organizations, including the Farmers Cooperative of Guam, Guam Women's Chamber of Commerce, Junior Achievement, and others submitted testimony at the public hearing in support of the QCCC program and in opposition to the bill removing any funds for this purpose.

Next, CEO/Administrator Mendiola stated that GEDA is assisting in getting the Governor's Medical Center Action Plan off the ground, beginning with applying for and receiving a grant from the Office of Economic Adjustment (OEA) to update the hospital study and added that the task force will be meeting on March 24th. In addition, CEO/Administrator Mendiola stated that GEDA continues its involvement in the Economic Diversification Working Group and mentioned that she is involved with the Telecom Technology and Agriculture/Aquaculture Committees.

As it relates to Aquaculture, CEO/Administrator Mendiola announced that GEDA was awarded a grant of just under \$200,000 from the US Economic Development Administration (EDA) for a Commercial Aquaculture assessment of our island. She further noted that the funds will be utilized for much of the navigation getting through the red tape, the US EPA, the Army Corps of Engineers, licensing, permitting, citing studies, etc. Additionally, CEO/Administrator Mendiola announced that GEDA concluded the State Trade and Export Program (STEP), in partnership with the Small Business Administration (SBA). In this program, around 20 small businesses have received training on exporting their products out and as an added incentive will apply to receive mini grants to aid in their export of under \$20,000. Furthermore, CEO/Administrator Mendiola stated that as Vice Chairman Espaldon mentioned in his remarks, GEDA is actively working on the SSBCI program and meeting with lenders to discuss how they may best utilize the funds.

Lastly, CEO/Administrator Mendiola wished Director Hutapea and Vice Chairman Espaldon a Happy Birthday, great health and happiness and thanked them for their service as a board member.

When opened for BOD questions or comments, Chairman John inquired about several items. The first inquiry was related to the Silicon Village initiative with regard to the Undersea Cable Task Force. Chairman John recommended that GEDA speak with Senator Telo Taitague and provide updates that items under her bill are being worked into the Economic Diversification Working Group's plan and that the cables are the start point of the technology portion. To Chairman John's comments, CEO/Administrator Mendiola stated that there was a public hearing regarding undersea cables, and unfortunately, because the hearing went on for about four hours, GEDA was not able to share information with Senator Taitague in that forum but was later shared in an email to the senator. CEO/Administrator Mendiola shared that the Silicon Village / Telecom Committee who have been meeting on a one-on-one basis has done some work towards the deliverables of the senator's Undersea Cable Task Force and a full committee



meeting is scheduled for March 19th via Zoom and that the legislature's ex officio designee has been invited to attend.

The second inquiry was related to the \$300 million of American Rescue Plan (ARP) Act funds that Governor Leon Guerrero stated that she will put towards the new hospital. With regard to the \$300 million, CEO/Administrator Mendiola stated that the Governor has not articulated just yet how she'd like the \$300 million broken down with the exception of sharing that she would like to see much of the A&E work done with A&E inclusive of environmental which may be discussed in the upcoming March 24th Healthcare Task Force meeting.

The third inquiry was related to Bill No. 42-36 with regard to assessing the legislature's support for GEDA's QC program. CEO/Administrator Mendiola stated that GEDA has spoken to some legislators with the primary goal being to explain GEDA's QCCC Grant Program as some of them were not familiar or even aware that GEDA launched the program. CEO/Administrator Mendiola shared that prior to her and Ricky Hernandez, former GEDA Deputy Administrator's time and as indicated by the Office of the Public Auditor, GEDA did use about 70% of the QC contributions for GEDA operations. Of note, GEDA piloted the QCCC Grant Program and is now on the third round. CEO/Administrator Mendiola also explained to the senators how the funds have been disbursed and how it has benefited the community. CEO/Administrator Mendiola stated that the Guam Regional Medical City (GRMC) also provided testimony at the public hearing and provided an example of an issue associated with the bill stating that funds from the GRMC QC can be submitted to GEDA anytime from January 1st to December 31st, so for government of Guam budget planning, it's difficult when the fiscal year ends in September, but you may not receive a check until December. Furthermore, CEO/Administrator Mendiola stated that the stability of the funding source is not present and added that if GRMC decides that they would like to relinquish their QC, as they have not been using their income tax abatement or rebate primarily because they've not had tax liability issues, they can decide that it's not worth it and may explore terminating the QC contract. Moreover, CEO/Administrator Mendiola reiterated GEDA's support for the healthcare industry but encouraged identifying other sources of funding.

This concluded the CEO/Administrator's remarks.

Committee & Standing Reports

58. The next item on the agenda, Committee Reports.

Mr. Diego Mendiola, Real Property Division (RPD) Manager updated the Board of Directors regarding a meeting with the Guam Ancestral Lands Commission (GALC). Mr. Mendiola informed the BOD and all present that GALC has instructed RPD to "hold off" issuance on their Crown properties and explained that GALC expressed their intent to explore the provision on their enabling statute which authorizes them to act as a developer for their lands to the highest and best use. However, Mr. Mendiola noted GALC asked GEDA to support them in that endeavor.

As for the Chamorro Land Trust Commission (CLTC), Mr. Mendiola stated that RPD has met with Director Jack Hattig numerous times and that the agency is focused primarily on the Ypao/Oka Point property. Furthermore, Mr. Mendiola mentioned that there has been some recent unsolicited interest in that property and that Director Hattig asked for GEDA's assistance, along with Department of Land Management's Director Joseph Borja in compiling a report, specifically on that property to be presented to the full Commission on March 25th.

This concluded the Real Property Committee report.

For the Healthcare Committee, CEO/Administrator Mendiola made a correction from the February 2021 Board of Directors Meeting (BODM) relative to the Guam Community College's (GCC) request for Qualifying Certificate Community Contribution funding. At the last board meeting, the board approved two community contribution grant requests from the Healthcare Committee for Certified Nursing Assistant (CNA) programs at UOG and GCC. CEO/Administrator Mendiola informed the BOD that GCC's request is not for CNAs but for Medical Billers and Coders Boot Camp at GCC. Because of the special needs of Healthcare, GEDA asked the BOD to make the consideration on behalf of the Healthcare Committee to approve GCC's request.

Director Valencia-Ovalles stated that there are several of US Certified Billers and Coders on island and the difference is that GCC will offer an AAPC type of training and offered her support for the motion.

After some discussion, Director Chiu made a motion to approve the GCC's request for Fifty Thousand Dollars (\$50,000) from the QC No. 252 to support GCC with their Medical Coding and Billing Bootcamp Program. Director Hutapea seconded the motion. A roll call of the remaining board members in attendance was then conducted by Vice Chairman Espaldon, the motion was unanimously approved.

After further discussion, this concluded the Healthcare Committee report.

Moving onto the Grants Report, CEO/Administrator Mendiola restated that GEDA received a \$200,000 grant from the US Economic Development Administration (EDA) that will be used for planning purposes as to how to get a commercial aquaculture operation industry off the ground. In addition, CEO/Administrator Mendiola announced that GEDA is in final consideration for the Green Markets Grant to build a market in Sinajana in addition to hardening the markets in Agat and in Mangilao and further noted that we are awaiting a clearance letter from the State Historic Preservation Office.

Vice Chairman Espaldon congratulated GEDA on receiving the grant and asked for clarification on the Grants Report with regard to "Requested Amount" and "GEDA Allocation." CEO/Administrator Mendiola stated that the "GEDA Allocation" is the amount set aside for GEDA's administration of the grant such as payroll, accounting, etc. of the grant. Furthermore,

CEO/Administrator Mendiola stated that the remainder of the grant would likely be utilized for contracting out services that GEDA is not able perform internally or for project involved items.

This concluded the Grants report.

The Agriculture/Aquaculture Committee Report and the Communications 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, Series 3.

CEO/Administrator Mendiola stated that GEDA opened up the application period for its Qualifying Certificate Community Contribution Grant Program, Series 3 from February 5 – 26, 2021 after the BOD approved \$300,000 for the series. CEO/Administrator Mendiola informed the BOD that 23 applications were received and an Evaluation Team, consisting of (6) members scored each application, dropped the lowest score, and ranked projects from number 1 to number 23. Furthermore, CEO/Administrator Mendiola stated that a total of (7) seven awards totaling \$303,275.40 which is \$3,275.40 over and that the motion is to approve the disbursement of an additional \$3,275.40 to the eligible grantees:

Applicant Name	Grant Award
Guam Hotel & Restaurant Association (GHRA)	\$50,000.00
Guam Unique Merchandise and Art, Inc. (GUMA)	\$49,911.00
Guam Women's Chamber of Commerce (GWCC)	\$44,103.40
Micronesia Community Development Corporation	\$29,956.00
GCA Trades Academy	\$48,480.00
Department of Corrections (DOC)	\$49,025.00
Oceanic Ascent Education, Inc. aka Guahan Sustainable Culture	\$31,800.00
TOTAL	\$303,275.40

CEO/Administrator Mendiola stated that the projects under the (7) seven organizations are for economic development, job creation, or small business creation and further mentioned that both GUMA and GWCC's projects are for incubator services to help more small businesses get off the ground, GHRA project is for job training for management and hotels, and that the GCA Trades Academy, DOC, and the Micronesia Community Development Corporation's projects are geared to training the unemployed, and that Guahan Sustainable Culture's project for an egg raisin cooperative strengthens our farmers.



Director Valencia-Ovalles inquired about the \$3,275.40 overage. CEO/Administrator Mendiola stated that because we were able to give out the maximum award of \$50,000, GEDA was able to award (7) seven organizations instead of to only (6) six organizations. Director Valencia-Ovalles wanted to ensure that the overage is included in the Resolution so that there's no violation. Legal Counsel indicated that the Resolution put forth includes the additional amount of \$3,275.40 with the total grant award of \$303,275.40.

Resolution No. 21-07
Relative to Approving the Qualifying Certificate Community Contribution Series 3
Disbursements

Director Hutapea motioned to adopt Resolution 21-07. Chairman John seconded the motion. A roll call of the remaining board members in attendance was then conducted by Vice Chairman Espaldon, the motion was unanimously approved.

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 Grant Program, Series 4

CEO/Administrator Mendiola announced that GEDA would like to issue Series 4 of the Qualifying Certificate Community Contribution Grant Program with the focus on the other program areas that the QC allows, such as Cultural Preservation, High Education, Sports Tourism, Public Safety, Healthcare, Tourist Attractions and/or Projects, and Economic Development. Furthermore, she mentioned that there is \$300,000 under the GRMC QC, and with the BOD's approval, GEDA would like to open the application period beginning April 5th and close no later than 30 days after. In addition, CEO/Administrator Mendiola stated that GEDA will also provide another pre-application training / informational session, create an Evaluation team, and present the awardee list to the Board at the May 2021 meeting.

Resolution No. 21-08
Relative to Approving the Qualifying Certificate Community Contribution Grant Program,
Series 4

Director Hutapea motioned to adopt Resolution 21-08. Chairman John seconded the motion. A roll call of the remaining board members in attendance was then conducted by Vice Chairman Espaldon, the motion was unanimously approved.

The second item under New Business was the Economic Diversification Working Group (EDWG).

For discussion purposes, Director Hutapea stated that the EDWG, had a productive meeting with Governor Leon Guerrero. CEO/Administrator Mendiola stated that the subcommittees meet on their own and the overall EDWG Committee Co-chairs and Team Leaders meet monthly. Furthermore, CEO/Administrator Mendiola noted that the Captive Insurance Committee is looking at our captive product and assessing it for competitiveness with captive insurance products that are found in other jurisdictions including the Federated States of Micronesia, Hawaii, and other parts of Asia. In addition, she stated that one of the recommendations the Committee had made was that Captive Insurance QCs be authorized for up to 20 years. Although no motion is needed at this time, CEO/Administrator Mendiola wanted to inform and update the BOD with regard to Captive Insurance. In closing, CEO/Administrator Mendiola stated that in its current state, if a Captive Insurance was issued today, we'd be recommending it for a three-year term. CEO/Administrator Mendiola asked the BOD to give the idea some thought to make Guam more competitive and lengthen the Captive Insurance term to 20 years.

There was no further business discussed.

Public Comments

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

Secretary Ramos inquired about the Rent Assistance Grant (RAG) waitlist and asked if GEDA anticipates receiving additional funding from the recent American Rescue Plan (ARP) to assist businesses. CEO/Administrator Mendiola mentioned that the pending awards equate to \$1.8 million and that Governor Leon Guerrero is supportive of GEDA's request for the additional funding. In addition, CEO/Administrator Mendiola asked the BOD if GEDA should issue another type of grant should we receive funding from ARP. Director Hutapea indicated that she is in favor of another grant as businesses will continue to feel the effects of COVID-19 for the next 12-18 months. Vice Chairman Espaldon also agreed. Secretary Ramos suggested that GEDA request funding to assist businesses. Director Chiu agreed and stated that any assistance will help businesses, such as the hotel industry and the retail industry impacted by the lack of tourism. Furthermore, Director Chiu commented that even with the Governor's May 1st target reopening date, which he noted is a significant step forward, businesses will still need some assistance. Director Hutapea added that in her industry – real estate, the silent sufferer is the landlord of residential rental businesses and further noted that even though there's a moratorium on eviction, we all know that mortgage payments are due. Director Hutapea stated that landlords are being asked to start paying their mortgages again, but some are still not able to collect rent from tenants, a dire situation.



CEO/Administrator Mendiola sought the BOD's opinion if GEDA should receive funds and if GEDA were to propose a new grant to Office of the Governor as far as relief, whether the relief have a heavier focus on a sector like tourism or a blanket program. Furthermore, CEO/Administrator Mendiola noted that the Guam Small Business Pandemic Assistance Grant (GSBPAG) was based on business interruption using Gross Receipts Taxes (GRT) while the Rent Assistance Grant for many businesses was a more generous grant compared to the GSBPAG but it was a much narrower base of people who can apply. In addition, she stated that some states offered maybe one program with preference points given to women-owned businesses or businesses with more than 2 (two) but less than 20 employees while other states didn't offer any program. Moreover, CEO/Administrator Mendiola stated that she believes Governor Leon Guerrero has been generous offering (2) two rounds of grant program funding and with the possibility of a third round and with PPP, EIDL, and a potential Bar and Restaurant program being offered, she asked the BOD for guidance from the perspective on the industries we want to help specifically or do we want to continue with rent or business interruption.

In addition, CEO/Administrator Mendiola indicated that one of the unintended consequences of the Rent Assistance Grant (RAG) Program was that Government of Guam tenants were ineligible, such as the Chamorro Village – if you're a Chamorro Village store, you cannot apply for the RAG program because you cannot use Federal aid to pay back a government entity or to provide government revenue. Furthermore, CEO/Administrator Mendiola suggested a carve-out specific to government of Guam tenants to provide a wider reach for the rent relief as businesses must be a brick-and-mortar type who spend money on an asset such as rent. Deputy Administrator Camacho stated that she prefers the rent relief since businesses still owe the rent/mortgage and continue to keep people employed and stay afloat. Director Hutapea agreed and noted that based on the demand, as there's a waitlist for the RAG or businesses that were ineligible. Vice Chairman Espaldon indicated that it's unanimous in terms of support but not in terms of structuring the program. Director Chiu added that small business landlords also have mortgages and now that lending institutions are able to foreclose again, there are businesses and individuals who are in need of the assistance and asked if GEDA has done a landlord relief program for landlords who haven't been able to collect their rent.

CEO/Administrator Mendiola stated that RAG program, which paid out up to (2) two months of rent was intended for businesses to pay their landlords and their rent obligation and not for anything else. CEO/Administrator Mendiola and Deputy Camacho asked the BODs to provide feedback from the business community and we'll take their comments and feedback into consideration when presenting the packet to the Governor.

There were no other 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 of the remaining board

members in attendance was then conducted by Vice Chairman Espaldon, the motion was unanimously approved.



DAVID JOHN, Chairman
Board of Directors

ATTEST:



ERNESTO ESPALDON JR., Vice Chairman
Board of Directors