

# 2016 Citizen Centric REPORT



## ABOUT US

Founded in 1965, the Guam Economic Development Authority (GEDA) is a public not for profit corporation (12GCA Chapter 50) that has broad responsibility for the centralized direction, control and supervision of an integrated plan for the economic development of Guam through its programs and offerings, which include public finance services, business and investments assistance, incentive programs, and real property management. Currently, there are 34 employees.



**JAY ROJAS**  
Administrator  
Adminastradot



**MANA SILVA TAIJERON**  
Deputy Administrator  
Sigundo Na Adminastradot

## GEDA MISSION

The mission of the Guam Economic Development Authority, Aturidat Inadilanton Ikunumihan Guahan (GEDA), is to develop a sound and sustainable economy through innovative programs that preserve and promote economic opportunities, local culture, and quality of life.

## CONTACT US

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*Although GEDA has a series of broad mandates, GEDA focused on key areas, serving as a central financial manager for the Government of Guam (GovGuam), assisting local enterprise while promoting investments of entrepreneurial capital in Guam, along with an internal focus on program compliance, process improvement measures and leveraging limited resources. With that, the accomplishments and strides achieved have been milestones, overcoming great challenges and a vision to realize great opportunities for the sustainable growth of the island's economy.*

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# Business DEVELOPMENT

The Business Development (BD) Division of GEDA prioritizes the development of Guam's economy by supporting local enterprise and attracting new investments through incentive programs and industry diversification efforts.

## ECONOMIC DEVELOPMENT TRADE MISSIONS

Attended 3 in 2016 resulting in:

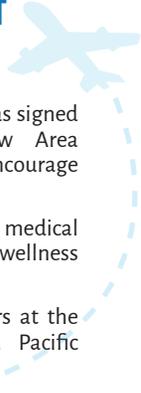
A Memorandum of Understanding was signed with the Shanghai Pudong New Area Commission of Commerce to encourage greater economic and trade ties.

Agreements with Taiwan hospitals for medical referrals & interest in long-term wellness investment opportunities in Guam.

Presentations were made to investors at the Hotel Investment Conference Asia Pacific (HICAP).

Investor visits from China, Korea, Palau, and Philippines.

Interest in hotel development, affordable homes, power generation, and agriculture.



## SPECIAL HOTEL QUALIFYING CERTIFICATE

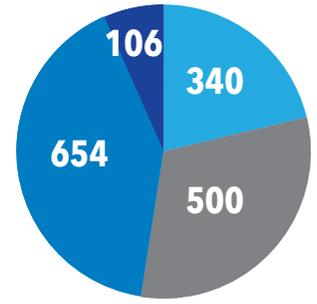
**SPECIAL HOTEL QC** introduced to address the need for **1600 ADDITIONAL HOTEL ROOMS**.

**THE FIRST SPECIAL HOTEL QC WAS SIGNED FOR THE DEVELOPMENT OF 340 NEW HOTEL ROOMS IN TUMON.**

GEDA continued to review the QC Program to determine which industries need updating or changes to **BETTER REFLECT TODAY'S ECONOMIC NEEDS**.



## SPECIAL QC ROOM COUNT UPDATE



- 106 HOTEL ROOMS VETTING
- 340 HOTEL ROOMS APPROVED
- 500 HOTEL ROOMS PENDING
- 654 HOTEL ROOMS NEEDED

## GUAM PRODUCT SEAL PROGRAM



96 Guam Product Seal Certificates were issued in 2016.

The annual "Made in Guam" Product Fair was held on 11/25/16 at GPO with over 1,000 participants.

## FILM COMMISSION DEVELOPMENT

PL. 31-159 Established the Guam Film Office within GEDA. Rules & Regulations have been drafted and will be reviewed and finalized in 2017.

## IMAGINE GUAM PROGRAM

2 Conferences held in 2016. A Master Plan was developed & presented that will guide the next phases of the Imagine Guam initiative.

## Public FINANCE

Mandated to serve as the Central Financial Manager for GOV Guam, GEDA assists with, coordinates & monitors Financial Advisory Services, Capital Financing, Debt Management & access to the Capital Markets.

## GWA WATER & WASTEWATER SYSTEM REVENUE BONDS

\$143.3M IN BONDS ISSUED  
LOW INTEREST RATE OF 4.26%

## GUAM EDUCATION FINANCING FOUNDATION CERTIFICATES OF PARTICIPATION

\$38.6M IN COP'S ISSUED  
\$2.3M SAVINGS TO GOVGUAM  
ALL-IN TRUE INTEREST COST OF 3.49%

## SECTION 30 BOND REFINANCING AND NEW MONEY FOR GMHA

\$236.6M IN BONDS ISSUED  
\$17.6M SAVINGS TO GOVGUAM  
ALL-IN TRUE INTEREST COST OF 3.32%

## PRIVATE ACTIVITY BOND PROGRAM

2017 carry-over volume cap in the amount of \$248M will be available during the year for any of the designated types of bonds.

## PROMESA PROMPTS FITCH DOWNGRADE OF GUAM BPT BONDS

FOLLOWING THE SIGNING OF PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA), FITCH DOWNGRADED THE GOVERNMENT OF GUAM'S OUTSTANDING BUSINESS PRIVILEGE TAX BONDS FROM **A- TO BB**. The rating had nothing to do with a change in Guam's credit strength or any factor within Guam's control. Fitch stated they are concerned with the Government's inability to sustain a structural balance and high liability burden.

## BOND RATINGS

	S&P	FITCH	MOODY
GOVGUAM GENERAL OBLIGATION BONDS	BB-		
BUSINESS PRIVILEGE BONDS SERIES A, B, & C	A		
GIAA REVENUE BONDS	BBB		
GUAM POWER AUTHORITY BONDS		BBB-	BAA2
GUAM WATERWORKS AUTHORITY (GWA)		BBB-	

## State Small Business CREDIT INITIATIVE

On October 4, 2011, Governor Calvo received approval of the **\$13,168,350 U.S. TREASURY FUNDING** for the Guam Small Business Credit Initiative Program. The Guam SSBCI Programs provide credit enhancement to lenders and borrowers **WHO CANNOT OTHERWISE OBTAIN LOANS OR CREDIT LINES** through standard commercial underwriting guidelines.

IN 2016, GEDA HAS DEPLOYED:

**\$8.8M**  
TO SUPPORT LOANS TO

**70**

SMALL BUSINESSES

50 MINORITY OWNED      12 WOMEN OWNED      1 VETERAN OWNED

**\$12M**

NEW MONEY INTO GUAM

**\$40M**

GENERATED IN REVENUES

**410 + 474**

NEW JOBS CREATED & RETENTION OF JOBS

# Real PROPERTY

GEDA manages three industrial parks: the E.T. Calvo Memorial Park, the Harmon Industrial Park and a small portion of Port Authority of Guam property. In an effort to generate additional revenues, GEDA purchased improvements resulting in annual lease rents collected at about \$110,000.

## HOT BONDS

Public Law 30-228 authorizes **\$55M+ OF THE 2011 HOTEL OCCUPANCY TAX BOND** proceeds to be used for the construction of various **CAPITAL IMPROVEMENT PROJECTS** throughout the island.

As of the end of calendar year 2016, GEDA has completed nearly all of the projects listed to include the restoration of the Plaza De Espana, the Inarajan Community Center, Mangilao Public Market, Hagatna Swimming Pool and Tennis facility, the Malessso Bell Tower and Magellan Monument. This also includes the construction of the Farmers' and Dededo Flea Market Facility, new village monuments around the island, new Pedestrian Safety features in Hagatna, and over 95% of the Guam Museum.



## \$260K GRANT BOAT RAMP FEASIBILITY STUDY & DESIGN

United States Department of Interior awarded a grant in the amount of **\$260K** to conduct a Boat Ramp Feasibility Study and Design to determine the **MOST FEASIBLE BOAT RAMP LOCATIONS AND ENHANCE IT TO BETTER PROVIDE EMERGENCY RESPONSE TO THE EASTERN SEABOARD OF GUAM**. GEDA issued a Request for Proposal (RFP16-005) soliciting proposals from qualified individuals or firms to provide professional technical services to assist GEDA in implementation of projects in a fashion that meets various objectives and expands and improves Guam's economy. To date, negotiations have been completed with the selected firm and the contract is currently being reviewed by both parties for final execution

# Financial DATA

**GEDA REVENUES**

FY16 \$3,236,979  
FY15 \$3,255,015



**GEDA EXPENSE**

FY16 \$3,216,365  
FY15 \$3,117,421



## FY2015/ FY2016 GEDA REVENUES & EXPENSE COMPARISON

REVENUE BY SOURCE	FY16	FY15
Industrial Parks	\$1,183,006	\$1,106,981
Qualifying Certificate	\$873,765	\$342,187
Bond Fees	\$927,877	\$722,744
GALC	\$80,221	\$89,534
Other	\$172,110	\$993,569

## EXPENSE BY CATEGORY

	FY16	FY15
Personnel Expense	\$2,413,281	\$2,156,365
Legal & Professional Services	\$322,463	\$341,161
Office Space & Equipment Rental	\$230,142	\$208,016
Travel	\$123,292	\$114,406
Advertising & Promotions	\$34,289	\$196,408
Miscellaneous	\$92,898	\$101,065

An independent audit was conducted, resulting in a clean audit opinion. Complete financial information is available at our website: [www.investguam.com](http://www.investguam.com)

INDUSTRIAL PARK MANAGEMENT  
E.T. Calvo Memorial Park, Harmon Industrial Park, and the Port Authority of Guam

<b>700-1000</b> JOBS ANNUALLY	<b>\$40.1M</b> IN PAYROLL	<b>\$130M</b> GROSS SALES	<b>\$6M</b> GRT
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\*Average based on annual surveys conducted.

OVERALL LEASE REVENUE  
Industrial Parks & GALC leases

**\$1.26M**  
FOR GEDA'S OPERATING REVENUES

GUAM ANCESTRAL LANDS COMMISSION MOU LEASES  
2007 - January 2017

<b>\$5.1M</b> COLLECTED IN RENT	<b>\$700K</b> REMITTED TO GEDA
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# Commerce and Economic DEVELOPMENT

The Commerce and Economic Development (CED) Division enhances GEDA's ability to conduct general economic research and financial analysis by responding to public inquiry concerning economic development initiatives for the territory of Guam, provide data collection for policy assessment, compile and disseminate investment related statistics and various metrics to gauge regional and local industry development, and provide technical assistance and collateral research support as requested by government agencies and business entities.

The CED Division is completing its review of all existing master plans within the government of Guam. The unit has also allocated time and resources to the task of integrated CIP planning and programming with the goal of developing necessary infrastructure capacity for Guam in light of the impending military build-up and its anticipated impact.

A major role currently undertaken by CED unit involves monitoring the implementation of programs and projects that have favorable impact on job creation, tax revenue, gross domestic production and infrastructure capacity. As one of several research oriented liaisons under the Fiscal Policy Committee, CED is designated to provide economic and financial analysis and recommendation, through which GEDA is able to facilitate development programs that support its primary mission.

# Moving FORWARD

## FISCAL YEAR 2017 INITIATIVES

### CHAMORRO VILLAGE (CV)

In anticipation for an executive order to be issued by the governor that will transfer the management, operations & assets of CV to GEDA, a marketing plan was developed to promote activity for CV including the festival huts.



## Challenges Affecting GEDA

### 1 UNFUNDED LEGISLATIVE MANDATES

GEDA over the years has been mandated by the I Liheslaturan Guahan to perform duties that **ARE NOT FINANCIALLY SUPPORTED**. Unlike the line agencies, GEDA is not supported by Legislative appropriations. **ALL EXPENSES INCURRED BY GEDA TO MEET THE UNFUNDED MANDATES MUST COME OUT OF THE AGENCY'S FINITE OPERATING REVENUES.**

### 2 PUBLIC LAW 32-40 LEASE LIMITATIONS

**PUBLIC LAW 32-40 IMPOSES A FIVE (5) YEAR DURATION LIMIT** on commercial leases. This short time period makes GEDA's commercial leases on available government-owned lands **LESS ATTRACTIVE AND DIFFICULT TO MARKET** at fair market rental value.

### 3 H2B VISAS

Since 2015, Guam employers have been experiencing extremely high incidents of **H2B PETITION DENIALS AND REQUESTS FOR EVIDENCE NOTICES** from U.S. Citizenship & Immigration Services. Denials have been about 95% compared to an approval rate of about 96% for the past 30 years. This change in USCIS adjudication appears to be due to a Returning Workers provision included in the **2016 OMNIBUS SPENDING BILL** that quadrupled alien workers eligible under the U.S. Mainland's H-2B cap, and the pressure by construction labor unions to reduce foreign workers in the U.S. But **GUAM DOES NOT HAVE AN H2B CAP NOR CONSTRUCTION LABOR UNIONS.**

*Guam is an isolated insular economy, 6,000 miles from the continental U.S. (CONUS) with a small population of about 170,000. Guam's remoteness and size have historically made it very difficult to recruit and retain U.S. construction workers from CONUS. Despite an active vocational training system and apprenticeship program, Guam is not able to train enough construction tradespersons to match our current and projected economic growth. Investors and developers' on-island and abroad are cognizant of our labor issues and projects are being pushed back as a result.*

## DEPARTMENT OF PUBLIC WORKS (DPW) PERMIT CENTER

BDD developed a preliminary report that would identify the operations and cost should the DPW Permit Center be transferred to GEDA as a One Stop Business License and Permit Center.

## CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SOFTWARE

BDD will acquire and implement a CRM program to manage all its existing and new business contacts and communications to effectively market and promote its program offerings.

## INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

GEDA will attend the IEDC 2017 Annual Conference showcasing how economic developers are shaping communities that emerge stronger and more resilient.

## ECONOMIC DEVELOPMENT TRADE MISSIONS

BDD will be develop and lead trade missions and business trips to market Guam's various economic opportunities. Planned trade missions include:

### SINGAPORE

HICAP UPDATE 2017 - March 2017

### PHILIPPINES

March 2017

### GUANGZHAO, CHINA

April 2017

### U.S. MAINLAND

October 2017

### SHANGHAI, CHINA

November 2017

## PLANNED PUBLIC FINANCE PROJECTS

### UNIVERSITY OF GUAM SCHOOL OF ENGINEERING ANNEX & STUDENT CENTER BUILDING

Public Law 32-120 authorized an interim loan for UOG in the amount of \$21.7M for the construction of a new Student Services Center and a new School of Engineering.

### INVESTGUAM SYMPOSIUM 2017

GEDA will host the first ever Invest Guam Symposium 2017 to build strong bond investor relations by providing an opportunity for investors to experience first-hand the assets they have or will invest in. The goal of this seminar is to provide investors with updates in tourism, military, ports, utilities and the overall economy as well as enable them to witness the growth Guam has undergone over the past couple of years.

### GUAM MEMORIAL HOSPITAL AUTHORITY LABOR AND DELIVERY WARD

Public Law 32-204 as amended by PL 33-151 authorized a \$9.2M financing for renovation of the Guam Memorial Hospital Labor and Delivery Ward. GEDA has been working to close this loan with USDA at an interest rate of 2.75%.

### GUAM DEPARTMENT OF EDUCATION REPLACEMENT OR RENOVATION OF SIMON SANCHEZ HIGH SCHOOL AND OTHER GUAM DOE FACILITIES

Public Laws 31-229, 32-120, 32-121 authorized the financing for the rehabilitation, construction, expansion and renovation of the Simon Sanchez High School and the 34 public school facilities and to provide collateral equipment, maintenance and insurance. After a protest on the initial award was determined to have merit, DPW cancelled the RFP and has reissued a new RFP in 2017.

### PORT AUTHORITY OF GUAM ESTIMATED \$45 MILLION NEW MONEY

The Port Authority of Guam has approached GEDA in efforts to finance the building of a new hotel wharf with access roads, a new administration building, and the rehabilitation and improvement of the existing administration building for tenants.

### DEPARTMENT OF LAND MANAGEMENT

Public Law 29-135, authorized the financing for a new Land Resources Public Facility and for the purchase of collateral equipment in an amount not to exceed \$15.75 million.

### \$6M HARMON INDUSTRIAL PARK ASSOCIATION TAX CREDIT PROGRAM

The Harmon Industrial Park Association (HIPA) has received authorization through PL 33-191, to rehabilitate the Harmon Industrial Park main road using \$6 million in tax credits to be issued over the next 4 years.

## OTHER PUBLIC FINANCE PROJECTS

### DEBT ABSTRACT

The Public Finance Department issued the latest GovGuam Debt Abstract reflecting the government's debt position as of October 2016. The abstract further details our current debt capacity, bond ratings per bond and annual debt service due on all bonds.

### GOVGUAM DEBT MANAGEMENT PLAN

As part of the OPA audit on the Government of Guam Public Debt (OPA Report No. 14-01), it was recommended that GEDA work with the Office of the Governor on a Formal Debt Management Policy which would describe the process of establishing and executing a strategy for managing the government's debt. *GEDA has been working with the Governor's Fiscal Policy Team in the development of this document.*



If there is information you would like to see in this report, please contact **Jay Rojas** at [jay.rojas@investguam.com](mailto:jay.rojas@investguam.com) or visit us online at [www.investguam.com](http://www.investguam.com).