



CITIZEN CENTRIC REPORT

FISCAL YEAR 2019

ABOUT GEDA

- UPDATES
- FINANCES
- OUTLOOK

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.

BOARD OF DIRECTORS

- DAVID J. JOHN, *Chairman*
- ERNESTO (JUN) V. ESPALDON, JR., *Vice Chairman*
- GIA BLANCAFLOR RAMOS, *Secretary*
- GEORGE CHIU, *Director*
- SISKA S. HUTAPEA, MAI, SRA, AI-GRS, MRICS, R/W-AC, MRE, *Director*
- FE VALENCIA-OVALLES, *Director*
- DEEPAK R. DEWAN, *Director*

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Do you have any suggestions on how we can improve our reporting?
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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. Fiscal Year 2019 began with a period of transition, as the outgoing administration was replaced with the Leon Guerrero-Tenorio administration.



MELANIE MENDIOLA
Chief Executive Officer/Administrator
Ge'helo' Ekseketibu Ofisiát



ARTEMIO R. HERNANDEZ, Ph.D
Deputy Administrator
Sigundo Ge'helo'

STRATEGIC PRIORITIES

INDUSTRY DEVELOPMENT

Advance the economic health of the island with the development of emerging industries and the expansion of existing industries.

BUSINESS TAX CREDIT INCENTIVES

Create incentives for private entities to participate in diversifying industries through job creation and promotion.

WORKFORCE DEVELOPMENT

Provide opportunities to enhance the development of a skilled and talented local workforce and attract investments with local employment prospects

BUSINESS FRIENDLY ENVIRONMENT

Create tools and programs to address investors' due diligence needs, workforce, and navigate government leasing.

VILLAGE DRIVEN ECONOMIC DEVELOPMENT

Encourage entrepreneurship by creating opportunities for village residents to showcase their produce, products, and services.

REPURPOSE INFRASTRUCTURE

Invest in existing infrastructure to increase the value of assets and provide opportunities for business development.

SELECT DEMOGRAPHICS

\$100,000

total amount of 3 loans (ADF & GDFA) made in FY2019

\$100,000

SSBCI loan guarantee in FY2019

0.75%

decrease in annual rental income in FY2019

\$6.3M

collected in annual lease revenue for GALC properties

1.8%

increase in Qualifying Certificate revenue in FY2019

82.36%

decrease in bond fees (result of the closing of one bond)

\$309,995.72

total amount of FY2019 QC Community Contributions made in 16 disbursements

ABOUT GEDA

UPDATES

FINANCES

OUTLOOK

KEY ACTIVITIES, PROGRAMS & PROJECTS

- Agriculture Development Fund (Loan)
- Bond Disclosure Services
- Business & Investment Services
- Capital Financing
- Capital Markets
- Chamorro Land Trust Commission (CLTC)
 - General Consultancy & Property Management Services
- Community Outreach & Marketing
- Debt Management
- Financial Advisory Services
- GovGuam Central Financial Manager
- Guam Ancestral Lands Commission (GALC)
 - Lease Management
- Guam Development Fund Act (Loan)
- Guam Film Office
- Guam Product Seal (GPS) Program
- Incentive Programs
- Industry Development
- Investment Trade Missions
- Opportunity Zones
- Private Activity Bond (PAB) Program
- Public Financial Services
- Qualifying Certificate (QC) Program
- Real Property Management
- State Small Business Credit Initiative (SSBCI)
- State Trade Expansion Program (STEP)

RPI TRADE MISSIONS



The Philippines trade missions focused on support for the resolution of the H-2B petition denials and exclusion of allowable countries; as well as to gain support for the inclusion of the RPI into the Guam-CNMI Visa Waiver program.

TW TRADE MISSION



The Taiwan trade mission promoted investment opportunities and introduced the new administration, which expressed interest for Sister City relationships.

CA TRADE MISSION



The California trade mission was organized to meet with investors interested developing a world-class resort, aerial transportation system, cruise ship operations, and a data center.

HOT BONDS PROJECTS



In FY2019, GEDA had concluded Tumon capital improvement projects from the HOT Bonds: pedestrian safety features, Ypao Park and Amphitheater lighting improvements, and the Tumon Flooding Mitigation Plan.

LAYON LANDFILL BOND SALE



GovGuam sold General Obligation bonds to fund the new cell at the Layon Landfill at a final true interest rate of 3.25%. The bond offer was oversubscribed 12.9 times.

U.S. DOI \$260K GRANT



U.S. Department of Interior awarded a \$260k grant to conduct a Boat Ramp Feasibility Study. In FY2019, GEDA partnered with Department of Agriculture to assist in the funding of the design.

MADE IN GUAM FAIR



GEDA hosted a successful Guam Product Seal, "Made in Guam" Holiday Fair at the Agana Shopping Center on December 15, 2018.

GEDA MANAGED INDUSTRIAL PARKS STATS

5-year average survey

E.T. CALVO MEMORIAL PARK

HARMON INDUSTRIAL PARK

PORT AUTHORITY OF GUAM

500-700
jobs

\$21M
annual payroll

\$57M
annual gross sales

\$2M
annual GRT

\$1.3M
annual lease revenue for GEDA



70
PERMITS ISSUED

17
NEW MANUFACTURERS

560+
LOCAL EMPLOYEES

200+
CERTIFIED PRODUCTS

BOND RATINGS

	S&P	MOODY	FITCH
GovGuam Series 2019 GO Bonds	BB-	Ba1	
GovGuam Limited Obligation (Section 30) Bonds	BB		
Hotel Occupancy Tax Revenue Bonds	BB		
GIAA Guam's Senior General Revenue Bonds	BBB+	Baa2	
Business Privilege Tax Bonds Series A, B, & C	BB		
GPA Senior Lien Revenue Bonds	BBB	Baa2	BBB-
GWA Water & Wastewater System Revenue Bonds	A-	Baa2	BBB-
PAG Port Revenue Bonds Series A, B, & C	A	Baa2	
GovGuam Series 2010 (JFK) COPs	B+		
GEFF Series 2016 COPs	BB		

GEDA LOANS IN FY2019

Agriculture Development Fund (ADF)

\$50,000

Guam Development Fund Act (GDFA)

\$50,000

State Small Business Credit Initiative (SSBCI) - Loan Guarantee

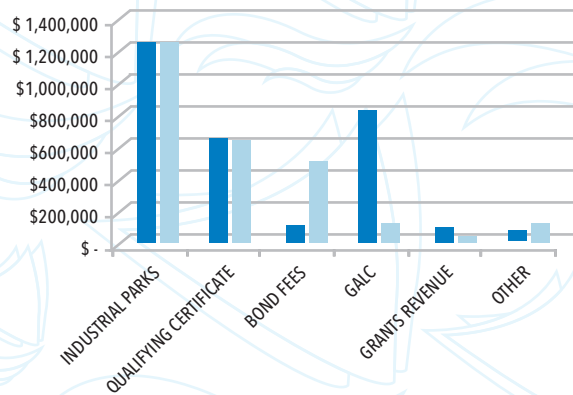
\$100,000

ABOUT GEDA UPDATES FINANCES OUTLOOK



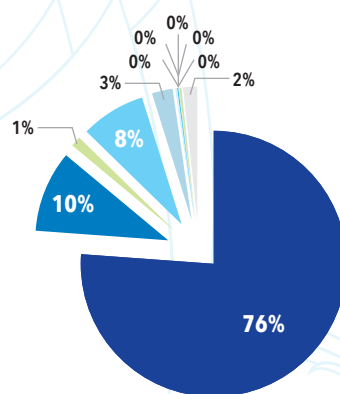
An independent audit was conducted, resulting in a clean audit opinion. Complete financial information is available at our website: www.investguam.com

GEDA GENERAL REVENUE BY SOURCE	2019	2018	% CHANGE
Industrial Parks	\$ 1,224,867	\$ 1,234,109	-0.75%
Qualifying Certificate	\$ 646,596	\$ 635,141	1.80%
Bond Fees	\$ 88,440	\$ 501,486	-82.36%
Guam Ancestral Lands Commission	\$ 810,847	\$ 115,956	599.27%
Grants Revenue	\$ 80,638	\$ 23,420	244.31%
Other	\$ 59,309	\$ 108,886	-45.53%
TOTAL	\$ 2,910,697	\$ 2,618,998	11.14%



GEDA GENERAL REVENUE YEARS

GEDA GENERAL EXPENSES BY CATEGORY	2019	2018	% CHANGE
Salaries & Benefits	\$ 2,155,968	\$ 2,152,138	0.18%
Legal & Professional	\$ 280,230	\$ 285,778	-1.94%
Depreciation & Amortization	\$ 35,383	\$ 40,160	-11.89%
Office Space & Equipment Rental	\$ 222,880	\$ 226,224	-1.48%
Travel	\$ 71,452	\$ 84,351	-15.29%
Advertising & Promotions	\$ 5,731	\$ 12,664	-54.75%
Utilities, Telephone & Communications	\$ 2,780	\$ 2,761	0.69%
Insurance	\$ 1,985	\$ 2,070	-4.11%
Supplies	\$ 5,490	\$ 6,566	-16.39%
Repairs & Maintenance	\$ 564	\$ 396	42.42%
Miscellaneous	\$ 48,531	\$ 56,046	-13.41%
TOTAL	\$ 2,830,994	\$ 2,869,154	-1.33%



GEDA GENERAL EXPENSES BY CATEGORY

SALARIES AND BENEFITS ALL FUNDS	2019	2018	% CHANGE
Salaries and wages			
Salaries	\$ 1,608,507	\$ 1,730,772	-7.06%
Benefits	\$ 967,355	\$ 847,841	14.09%
Total salaries and wages	\$ 2,575,862	\$ 2,578,613	-0.10%
Employees at end of year	31	29	6.89%

ABOUT GEDA UPDATES FINANCES OUTLOOK



FY2020 INITIATIVES AND UPCOMING PROJECTS

QUALIFYING CERTIFICATE

Extend the Special Hotel QC Program with the adoption of GEDA Board Resolution 20-03. The QC Ad Hoc Committee seeks to enhance and modernize the programs for new and expanding industries.

SMALL SHIP CRUISE INDUSTRY

Executive Order 2019-17 appointed GEDA as the leading member of the Small Ship Cruise Industry Working Group.

AGRICULTURE & AQUACULTURE

Executive Order 2019-12 established the Guam Aquaculture Task Force and appointed GEDA as a member.

TELECOMMUNICATIONS & TECHNOLOGY

GEDA plans to place renewed emphasis on exploring new opportunities in these industries by developing strategies to encourage workforce development and data center presence to capitalize on the undersea cable network flowing through the island.

\$40.6M GIAA GENERAL REVENUE BONDS

P.L. 35-33 authorized the issuance of revenue bonds of the Guam International Airport Authority (GIAA) to refund all or a portion of its outstanding General Revenue Bonds, Series 2013 C.

PAG BOND PROCEEDS REPROGRAMMING

GEDA will work with Bond Counsel to amend the existing Port Authority of Guam (PAG) tax certificate to reprogram a portion of the \$71.4M bond proceeds to be used to fund port repairs.

GWA NEW REVENUE BOND FINANCING

The Guam Waterworks Authority (GWA) is looking to issue a \$134M Water and Wastewater System Revenue Bonds, Series 2020.

SSHS LEASEBACK FINANCING

Land surveying of Simon Sanchez High School (SSHS) is on-going to be awarded by Feb2020. The leaseback financing will commence with a goal to conclude by the end of the current fiscal year.

JFK BOND REFUNDING OPPORTUNITY

GEDA is working on the refunding of the outstanding GovGuam's obligations with respect to the CaPFA Capital Corp. 2010A Certificates of Participation Series 2010A, and capitalize on savings for the General Fund.

DEPARTMENT OF LAND MANAGEMENT (DLM)

P.L. 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 \$15.75M.

\$9.2M GMHA LABOR & DELIVERY WARD FINANCING

P.L. 32-204 as amended by P.L. 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%. GEDA will work with GMHA and USDA to update and issue a new RFP to secure a financier.

CHALLENGES AFFECTING GEDA

UNFUNDED LEGISLATIVE MANDATES

GEDA has been mandated by the I Liheslaturan Guahan to perform duties that are not financially supported. These mandates, while in line with GEDA's mission, impose a financial burden to the agency. 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.

H-2B VISAS

Since 2018, Guam employers have seen 100% approval of H-2B petition for foreign labor from the Philippines. The Philippines had been removed from the USCIC list of approved countries for H-2B visas since January 2019 and remains off the list. Small contractors are reluctant to test the new process and therefore the chilling effect of the denials of the past are still shared by many contractors and developers.

LAND AVAILABILITY/LOSS

Property leases are the primary funding source of GEDA's operations. The majority of commercial leases were negotiated in the 70's and 80's with many leases locked until 2065. The revenue generated is less able to sustain GEDA. Without additional properties it would be impractical for property lease revenue to sustain GEDA or implement any program regarding economic, free trade, or opportunity zones.

PUBLIC LAW 32-40 LEASE LIMITATIONS

P.L. 32-40 and later amended by P.L. 34-99 imposes a 5 year duration limit on commercial leases. This created additional requirements to public land leasing and added additional time required to complete the compliance with its process. 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.



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