



**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
February 17, 2022**

Call to Order

- § 1. The regular meeting of the Board of Directors of the Guam Economic Development Authority (“GEDA” or the “Authority”) was held on Thursday, February 17, 2022 at the hour of 1:40 p.m., at the GEDA conference room, Suite 511, ITC Building, Tamuning, Guam. The meeting was called to order by Vice Chairman Ernesto (Jun) Espaldon to consider 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 Ernesto (Jun) Espaldon, the following individuals were present:

Directors:

David John
Ernesto (Jun) Espaldon
Siska Hutapea
George Chiu
Fe Valencia-Ovalles
Andrew Park
Melanie Mendiola
Terrence M. Brooks

Office or Position:

Chairman (via video teleconference)
Vice Chairman
Director and Secretary
Director (via video teleconference)
Director (via video teleconference)
Director
CEO/Administrator
Legal Counsel

Also, in attendance were:

Cedrick Castillon GEDA
Diego Mendiola GEDA
Edward (Ed) Camacho GEDA
Claire Cruz GEDA
Laurette Perez GEDA
Lisa Linek GEDA
Arianna Villaverde GEDA (via video teleconference)
Melvin Tabilas GEDA
Yong Pak GEDA



Michael Carlson
Jason Miyashita
Morgan Legal
Alexandra Leon Guerrero

Office of Senator Ridgell's Office
Raymond James
Raymond James
BGIS

Absent (Excused):
Joann G. Camacho

Deputy Administrator

Approval of Agenda

- § 4. Director Andrew Park made a motion to approve the agenda. The motion was seconded by Director Siska Hutapea. The Directors then voted, and the motion unanimously passed.

Approval of Minutes

- § 5. Motion was made by Director Fe Valencia-Ovalles and seconded by Director Hutapea to approve the January 20, 2022, board meeting minutes. The Directors then voted, and the motion unanimously passed.

Vice Chairman Remarks

- § 6. Vice Chairman Ernesto (Jun) Espaldon reported the following.
- a. Håfa Adai and good afternoon, everyone. Vice Chairman Espaldon hoped that everyone enjoyed Super Bowl 56. Unlike the back and forth of the game, GEDA's goal has been to stay in front by successfully executing programs for the Government and ultimately our people. We are currently in audit season at GEDA and representatives from Ernst & Young are reviewing our books, both in person and virtually. In addition, we are assisting in the required audit of our Small Business Pandemic Assistance Grant files with the Department of Administration. Our public finance special teams are very involved in the planning of multiple government capital improvement projects including the medical campus, the Department of Corrections, Simon Sanchez High School, as well as a refinancing for the Guam Power Authority.
 - b. To refresh your memory, GEDA is working with GPA to refinance revenue bonds in the amount of \$296 million dollars; an Act which was introduced under Bill 212-36. With imminent rising interest rates, GEDA is encouraging swift action by the Legislature and will likely be going in soon for committee of the whole. The savings achieved by this action is estimated to be \$15.3 million dollars in net present value savings which equates to about a 5.34% savings for the authority.
 - c. The GEDA investment committee, which Vice Chairman Espaldon chairs, has been busy working with the administrative services division and its investment advisors in making revisions and updates to the investments policy statement, also known as the IPS. The old

IPS and the updated IPS are included within the Board Packets and that the investment advisors are on standby to answer any questions that could be brought up later in the agenda.

- d. Specific to the American Rescue Plan, and as mentioned in the Board’s last meeting, we were requested by Governor Leon Guerrero to assist the Department of Public Health and Social Services with the deployment of multiple programs under the Childcare Development Block Grant and other federal funding sources specific to strengthening the childcare industry in Guam. Today, one of the Board actions will be a review of GEDA’s organizational chart in support for this important undertaking. Also, GEDA is looking forward for an update from Administrator Melanie Mendiola on all the current grant programs.
- e. Lastly, the application for the State Small Business Credit Initiative Program, or commonly known as SSBCI, was submitted to the Department of Treasury prior to the February 11, 2022 deadline. Vice Chairman Espaldon would like to thank Tara Murakami, Compliance Specialist, and Antoinette Leon Guerrero, Public Finance Assistant Manager, for carrying the ball to the endzone for the team. Thank you for the hard work. The American Rescue Plan authorized an additional \$10 billion dollars for the SSBCI 2.0 program nationwide for states and territories and Guam’s allocation was calculated to be a total of \$59 billion dollars.

CEO’s/Administrator’s Remarks

§ 7. Administrator Melanie Mendiola reported the following:

- a. As Vice Chair Espaldon has mentioned, much of the month has been spent on CIPs, funded under traditional financing and/or a combination of traditional financing and federal funding. GEDA has been very busy with the Governor’s vision for a medical campus. GEDA has been working on planning for that project. GEDA has also been working with the Department of Corrections for the expansion project and possibly working with DOE as mentioned by the Vice Chairman Espaldon. GEDA had a kickoff meeting with Public Health concerning the CDC level lab which will be the first structure on the medical campus footprint, but this will largely depend on timing, associated releasing, assessment, site prep, and things along those lines.
- b. The Childcare Development Block Grants, as Vice Chair Espaldon mentioned, in order to do those two programs under this program under these particular series of funding, GEDA is going to need more space and manpower which will be discussed later in today’s meeting.
- c. For the month ahead, GEDA is aiming on holding stakeholder meetings to update the CEDS: the comprehensive economic developmental strategies report. The stakeholder meetings are more likely to take place at the end of this month or beginning on next month. GEDA has enlisted the University of Guam through MOU to help GEDA get this done. In addition, the University of Guam is working on some other research support that GEDA needs so it is a really nice partnership that GEDA



is doing with them.

- d. COVID, of course, has made some operational challenges due in part to staffing levels with regard to COVID; not necessarily just in GEDA but also agencies that GEDA works closely with. GEDA did have an entire department out at DOA in the last month, not entirely the entire month but for parts of the month. COVID continues to challenge all of us, but GEDA is trying to be more flexible and responsive on the face of competing priorities. GEDA continues to roll out all of the programs and marching towards the deadlines and trying to stay alive.

Community and Standing Reports

- § 8. Vice Chairman Espaldon informed that all the updates are included in the packet, and nothing is to be reported at this time.

Old Business

- § 9. The American Rescue Plan (ARP) Funded Grant Updates were reported by Administrator Melanie Mendiola.
 - a. **Pandemic Assistance Grant 2021.** Administrator Mendiola informed that GEDA has wrapped up the Guam Small Business Pandemic Assistance Grant 2021. GEDA has 1,524 applicants that have been deemed eligible and batched down to the Department of Administration. There is a few pending batching down to the Department of Administration, a lot of it would have to do with getting the proper paperwork in order. Sometimes it is an updated business license or things along those lines. GEDA is funding it right now; it is at a level of about \$16.8 million and anticipates on using another half a million dollars as GEDA closes out the last of the batches for this program. The last of the batches are more likely to go down before the next Board meeting so GEDA is actively closing it out right now and will prepare for any grants – internal or otherwise in the coming months. Overall, this was a really good program. GEDA had a nice team that was dedicated on rolling this program out; they did it quickly. This was building off of the Pandemic Assistance Grant 2020 and businesses, overall, had very good feedback for this program. If a business was ineligible, GEDA did its best to really work with those businesses to get them eligible by analyzing the financials even further. This gave GEDA the opportunity to have really good dialogue with local businesses and understand the struggles that all of them are facing during the pandemic. Happy to report that 100% of the applications that were received have been processed and is now pending the last paperwork etcetera and it will be all done. It is likely that once this is done, the Guam Economic Authority then meets with the Governor to discuss any of the remaining balance and what to do with that. GEDA has not yet charged its’ administrative fees to this program so GEDA would need to make sure to do that as well. There will be an administrative fee and any remaining balance the Governor will decide where that should be directed.
 - b. **Child Care Assistance Program – Stabilization 2021.** Administrator Mendiola

informed that she will defer the topic to the discussion of the organizational chart.

- c. Local Employers' Assistance Program. LEAP.** In the LEAP program, there are 1,173 applications logged and reviewed. There are 807 eligible for the program as of February 17, 2022, and 237 were ineligible. The main reason that they were ineligible is not meeting the pandemic interruption threshold of 50% or 20% if the covered establishment was affected by the vax-EO. GEDA has transmitted \$25 million dollars' worth of rewards down to the Department of Administration. This next batch, the second \$25 million, is from the general fund and the timing is likely on the general fund of cash flow. There was a long discussion yesterday with Director Birn and the Department of Administration certainly understands what the businesses are going through and will do their best to process the awards as timely as possible. Unlike the federal funds, which are loaded immediately then is drawn down, as the general fund revenue comes in through the tax base then it's drawn down to this program. Administrator Mendiola and those who attended asked many questions e.g., can we front the money with another funding source like ARP to which the answer was no. Administrator Mendiola trusts Director Birn's judgment and that his team will do their best to help GEDA get towards the finish line. Vice Chairman Espaldon then asked, to clarify, GEDA has transferred \$25 million dollars to DOA to which Administrator Mendiola said correct. Vice Chairman Espaldon then continued by stating that as of today, right now, GEDA is not aware of any individuals who have received their checks to which Administrator Mendiola stated there were 4 batches of checks that have gone down that have reported on receiving their checks, GEDA is in batch 5 right now and it is being transmitted today. Vice Chairman Espaldon then asked if any applicants have received their checks? Administrator Mendiola said yes, 444 businesses will be receiving their checks without delay.
- d. Growth Accelerator Program. GAP.** Administrator Mendiola is happy to report that funds availability has been published on GEDA's website: investguam.com. GEDA will be likely on following up for advertisement for the newspaper but this is an open-ended notice of funds. This is to work with local organizations that can serve as incubator training types of programs. In the past, GEDA had relationships with organizations like GUMA (Guam Unique Merchandise and Arts), I Hagan Famalão'an, The Guam Woman's Chamber – those are the types of organizations that are likely to apply for funding like this.
- e. Commercial Farmers Grant.** Nothing to report as of yet.

New Business

§ 10. Investment Policy Statement Update reported by Administrator Mendiola.

- a. Vice Chairman Espaldon wanted to request a motion on approve the updated investment policy statement which was included in the Board packet. Director George Chiu made a motion to approve the updated investment policy statement and Director Ovalles seconded that motion. The Directors then voted, and the motion unanimously passed.

Administrator Mendiola then gave a brief synopsis of the investment policy. It is what governs the investment direction of the investment committee which is chaired by Vice Chairman Espaldon. The investment policy statement articulates GEDA's risk tolerance, time horizon, any spending policies that GEDA might have, as well as the disclaimers and legal jargon. In the packet, the new and updated IPS is sectioned in front and the old IPS is at the back. Some of the investment advisors can articulate the changes that were made or if there are any questions. Vice Chairman Espaldon chimed in by stating that the updated investment policy, first of all, is a standard and healthy procedure to review some of GEDA's policies and this is an opportune time to do so as GEDA has two investment advisors now in place. Really, all that was done, was to expand on some of the objectives and purposes as well as add a little bit of background on GEDA and then also just detailing a bit more on the responsibilities that GEDA expects from their investment advisors. It is just adding some detail and clarification, so everybody has a clear set of instructions as to what to do. Having said that, a lot of work has been done in the investment committee. They are recommending it for approval however, what Vice Chairman Espaldon would like to do is to – if the Board approves – move forward on the investment policy, however, withhold on the Appendix. It is just two pages on some details which Vice Chairman Espaldon does not feel is fully structured yet. The main policy, which is 95% of what is being talked about, looks fine. Director Ovalles then asked if this is the first time since 2012 that the investment policy was updated to which Vice Chairman Espaldon said correct. Director Ovalles thanked those who are working on the update. Administrator Mendiola then thanked the investment advisors. Vice Chairman Espaldon then added that the last IPS was in 2012 however it did cover what the strategies were or are and GEDA just decided to add a bit more detail into the plan and moving forward. Vice Chairman Espaldon then noted that a motion made by Director Park and a second by Director Ovalles on the IPS but with the exclusion of the Appendix. The Directors then voted, and the motion unanimously passed.

§ 11. Staffing Pattern and Organizational Chart Flow by Administrator Melanie Mendiola.

- a. There is an organizational chart that was made and a proposed organizational chart which has the changes in red. The change in red is primarily to add the Childcare Development Grant, Child industry grant program division. These are all staff that are limited term employees and they are all covered with the administrative portion of the Childcare Limited Block Grant as well as other grants associated with the childcare fund. None of these will actually be hired until funding is secured. It is anticipated that maybe a total of 16 employees will be hired in this program. Just a reminder, the level of funding that is needed is right around \$94 million dollars plus a \$16 million ARP discretionary directed towards this program. 5% is allowable for administrative so 5% in an annual basis. This should cover in addition to the additional square footage that GEDA needs which would be an extension to the current office. GEDA is also doing a bit of renovations in the office. No budget mods are needed because it is coming from the administrative support for the particular grant programs. As for the titles, GEDA tried to keep it relatively general. Administrator Mendiola mentioned that the staffing pattern is incorrect due to the fact that it is DPHSS's staffing pattern. What GEDA did is that they took their very specific staffing pattern which had titles like store keeper, messenger clerk etcetera these are positions associated with maintaining the pencils and such. What GEDA did was that they called them administrative assistants giving GEDA more flexibility is job

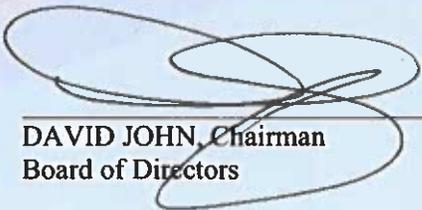
assignments. Flexibility is really what is important here. Board action is needed for the modification of the organizational chart but no action is needed for the budget since it is not funded under GEDA's general budget. Vice Chairman Espaldon then asked what limited term means in this context to which Administrator Mendiola stated that it is the jobs are limited to when the funding expires. The first \$54 million, the cost associated with this grant must be encumbered by September of this year but spent by September of next year. There is a date to encumber and a date to spend, so some of these employees, the longest they can work with GEDA would be 4 years and the shortest would be 90 days. One of the things that GEDA is contemplating is allowing some of the existing employees to take on a special project to move in 90 days to really get these programs a running start. That is why public health enlisted GEDA's help on this was because GEDA rolls out grants quickly and effectively. Rolling out grants effectively requires highly skilled and motivated individuals., which GEDA has. There may be a bit of shuffling in house but all the changes in this particular organizational chart are limited term and all based on funding availability in the federal funds associated with this. Vice Chairman Espaldon agrees that there is a great opportunity here and a combination of execution, obviously on GEDA's level, and with communication and the help of the media we could spread the word to folks on the childcare need on Guam and its resources and the grants available for it.

Public Comments

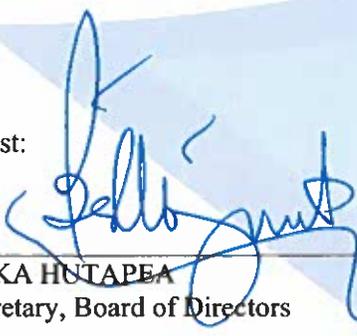
§ 12. There were no public comments.

Adjournment

§ 13. Director Hutepea motioned the meeting to be adjourned that was second by Director Ovalles. Adjournment of the meeting was unanimously approved.



DAVID JOHN, Chairman
Board of Directors

Attest: 

SISKA HUTAPEA
Secretary, Board of Directors