

**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
July 28, 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, July 28, 2022 at the hour of 1:30 p.m., at the GEDA conference room, Suite 511, GITC Building, Tamuning, Guam. The meeting was called to order by Chairman David J. John 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 Chairman David J. John the following individuals were present:

Directors:

David J. John
Ernesto V. Espaldon, Jr.
Fe Valencia-Ovalles
Andrew Park
Melanie Mendiola
Carlos P. Bordallo
Georgette Bello Concepcion

Office or Position:

Chairman
Vice Chairman
Director
Director (via teleconference)
CEO/Administrator
Deputy Administrator
Legal Counsel

Also, in attendance were:

Cedrick Castillon	GEDA
Jayden Mendoza	GEDA (Intern)
Aika Kanekatsu	GEDA (Intern)
Hailey Hofmann	GEDA (Intern)
Kyler Alcantara	GEDA (Intern)
Cameron Eusabio	GEDA
Melvin Tabilas	GEDA
Tina Garcia	GEDA
Ed Camacho	GEDA
Georgette Leon Guerrero	GEDA
Mary Camacho	GEDA
Claire Cruz	GEDA

More details will be released at a later time. Second, in terms of construction initiatives, is centered around permitting. A meeting was held with the Economic Diversification Group earlier this month to which both the Governor and Lieutenant Governor acknowledged that while the Governor's task force to reform government permitting is showing much process in its efforts to improve government permitting, which is a process across the regular agencies. GEDA and DPW have been asked to work together to accelerate the process. The Lieutenant Governor asked GEDA, in particular to focus resources on three areas: (1) taking the actions needed to contract out functions of the permitting process where they make sense, (2) establishing standardized administrative appeals process for permit or license denial, and (3) reviewing possibly conflicting agency standards.

CEO's/Administrator's Remarks

§ 7. Administrator Melanie Mendiola reported the following:

- a. Moody's, a ratings agency, met with GEDA to discuss Guam's recovery efforts. Moody's was interested in what is going on with Guam's employment and unemployment as well as the tourism sector and the military buildup. There is more certainty in the topic of recovery this time around due to the early numbers coming out of Korea, the return of Japan airlines in August, and the construction as evidenced by permits issued by DPW.
- b. GEDA is researching aspects of permitting. The permit fees, which are based on the size of the construction, quadrupled within the last three-year average. The fees haven't changed; it was how big the projects were getting. The biggest projects this year, that is outside of the military, has been infrastructure work for utilities, a data center, a charter school, and tourism industry related renovations – one of which is the Crowne Plaza. While the volume was certainly a product of pent-up demand during COVID, workers shortage over the years, and local competition with the military projects, it was also evident in strategic investments that were being made to tourism and other industries – including the Fisherman's Co-op.
- c. Operationally, GEDA is approaching the last few months of the fiscal year. In the coming month or two, GEDA will be spending time closing the gaps on anything that was set aside in the flurry of programs like LEAP. GEDA is also doing a lot of compliance and closing out grants which will be discussed in a later time as the fiscal year ends.
- d. Administrator Mendiola pulled out the Board meeting minutes for July 18, 1972 – 50 years ago. ITC Fujita was seeking financing but was having issues with the First National City Bank and decided to do the financing themselves. Administrator Mendiola asked the team if they knew when ITC was actually built and received some interesting answers. The approximate year that ITC was completely built and occupied by the public was 1975. It took three (3) years to construct the building at that point in time. There was also a loan that was given out to an individual who was selling chickens and eggs. GEDA has come full circle due to the fact that GEDA has a renewed interest in egg production. The most significant topic that was found in the minutes were that the QCs for the hotels were less generous than they are today. The GEDA Board, over the years, has found these QC's successful; however, to keep up with competitors has resulted in the benefits being more generous.



Committee and Standing Reports

§ 8. The Committees were reported as follows:

- a. **Investment Committee.** Vice Chairman Espaldon reminded the Board that there are two investment advisors, Raymond James and BGIS. Raymond James currently handles GEDA's SSBCI and the SSBCI funds. Overall, like the markets in general GEDA's investments are stagnant. GEDA is hoping for a better half on the second year. GEDA's long time portfolio remains positive at 5.90% since inception.

Old Business

§ 9. The American Rescue Plan (ARP) Funded Grant Updates were reported by Administrator Melanie Mendiola.

- a. **Local Employers' Assistance Program. LEAP.** GEDA is currently not distributing rewards anymore. However, if a business submitted their application on a timely manner but were missing a few documents, then there is still room for them to receive the awards. GEDA is already starting the compliance work for LEAP in regard to loan forgiveness. This program was modeled after PPP so GEDA is looking to follow PPP in regard to any documentation as well as tax treatment. GEDA is working with Director Edward Birn concerning filing on documents that might go out on the end of the year. Administrator Mendiola mentioned that she will connect with Director Birn due to the fact that there are questions in regard to what kind of tax documents businesses will be receiving. This program is different from the pandemic programs that GEDA had because the DOA was giving out 1099's for the grant programs. That is not the case for PPP.
- b. **Growth Accelerator Program. GAP.** This is GEDA's partnership with GUMA. The most recent news that GUMA wanted to report is that they are having a shark tank this week. There are a number of businesses that are pitching in. GUMA asked if GEDA's MOU (Memorandum of Understanding) stated a maximum award amount from the money under MOU to be twenty thousand dollars (\$20,000). GUMA asked if flexibility is possible with that amount instead. The requirement under the MOU is for GUMA to provide GEDA a report every six (6) months.
- c. **Commercial Farmers Grant.** The farmers will be doing a presentation with the office of the Governor as soon as the schedule allows. Eighteen (18) were approved in the total amount of a hundred and sixty-three thousand dollars (\$163,000). GEDA met with the stakeholders, the farmers co-op, and a few farmers. The focus of this program was on commercial farmers. When the program was launched, only eighteen applicants applied for the program when GEDA was expecting eighty (80). GEDA was wondering as to why the applicants were so low. GEDA came to find out that there are a number of farmers who do not keep accurate records and without proper record keeping they don't have the documentation to meet requirements. The first round of grants, GEDA was conservative with the amount. With the new information, GEDA would like to do another round of grants. Because there were many farmers that did not properly record keep, GEDA will see if the Governor may be open to do farmers grant in January so the farmers can have time to organize their records. Administrator



Mendiola mentioned that GUMA volunteered to help farmers with their record keeping. Another thing the co-op mentioned that there is some interest in grants that won't go directly to the farmer but to the co-op itself where the co-op will have subsidized rate to the farmers. Administrator Mendiola added that she, herself, is familiar with farm to table and saw some familiar names on the applications, however, did not see enough small farmers. GEDA hit their targeted audience but would like to also see more small farmers apply for the grant. Chairman John added that the farmer's association should be the one taking care of the small farmers. Administrator Mendiola suggested that GEDA could work with farmers co-op to provide the training and support to the smaller farmers as they grow.

- d. **Childcare Assistance Program 2022.** The grants are ready. These are for after school programs as well as some village programs that benefit the day care age group. There was a quick launch for this program. GEDA is hoping that the first round of applicants really spread the word when individuals see them on the paper and getting their check. The word will spread through that, and more programs will apply. Fifty thousand dollars (\$50,000) is the max for this particular program and there are twenty-two applicants. These after school programs e.g., judo and jujitsu could replace their mats, expand to make the space more relaxing and safer in terms of social distancing. The awardees will be listed on the website soon. Director Ovalles commented that this program will really helpful and how could the public not benefit from this. Administrator Mendiola clarified that the public school has a separate funding that is exactly the same as this program. It is a federal funding source meant for public schools. This program is meant for outside of school, after school activities, and after school programs not within the public-school network. Director Ovalles complimented on the commercial for this program with how informative it was and that anyone can understand what the message is all about even if one is not computer savvy. She then made a point that not every has a computer at home or is computer savvy and compared to it with the same problem with Prugrãman Salãppe'.

New Business

- § 10. Resolution no. 22-015 Relative to Determining to Issue and Sell A.B. Won Pat International Airport General Revenue Bonds to Refund Certain Outstanding General Revenue Bonds and Approving and Authorizing Related Documents, Agreements and Actions by Public Finance Manager Tina Garcia.
 - a. Administrator Mendiola mentioned that this was the bond that GEDA recently had the ratings meeting and once the ratings have been received, the investor meeting will follow soon after. Public Finance Manager Tina Garcia then informed that the Guam Airport is asking the Board's consideration and approval to issue bonds to refund 2013's existing bonds. Every ten (10) years they are allowed to recall the bonds for a lower interest rate. GEDA is doing the forward refunding today in 2022 then will price next month and then close it in July 2023. The reason for this forward refunding is that with the interest rate environment and in such fluctuation, investors are wanting to put in money in a safe investment style. By issuing it, pricing today and closing in July 2023 they are guaranteed a triple tax-exempt bond financing. They are looking to have an interest rate about 5.3% and then for the refund bond is about 6.3%. Once the bonds have been issued – GEDA is being conservative – the net present value savings will probably be at 4.3% by doing the refunding today. The airport did address this issue on Tuesday during their Board meeting, and this is the last step. GEDA has been working with them



in all the legal documents. The bond drafts have been reviewed and, with that, it is now taken up to the GEDA Board to see if there are any questions as well as seeking approval.

- b. Vice Chairman Espaldon had a procedural question, it was if there are any documents in regards to premium pay since she mentioned the net value savings will be at 4.3%. when considering the premium pay, would the bring the percentage down? Public Finance Manager Garcia then answered by stating that with the premium, she does not have the exact percentage, but GEDA will be paying just a bit more. The bonds will not be extended, and it is absolute interest rate. Vice Chairman Espaldon reassured that it is just to understand even with where the premium and what the net savings will be brought down to as well as it being done in the future. Public Finance Manager Garcia stated that it will be very helpful to the airport due to the fact that they are looking for savings for immediate fiscal year and the next. The airport would need that cash flow while recovering. Chairman John asked what is needed and Public Finance Manager Garcia informed that resolution is within the board packet as well as approval for the airport to move forward with this bonding, again, to refinance the 2013 bonds.
- c. Director Ovalles made a motion to approve Resolution no. 22-015 relative to determining to issue and sell A.B. Won Pat International Airport general revenue bonds. Vice Chairman Espaldon seconded the motion. The Directors then voted, and the resolution was unanimously passed.

§ 11. Resolution no. 22-016 Relative Approval of Qualifying Certificates Community Contribution Grant Program Relative to Series Six (6) Disbursement by Administrator Melanie Mendiola

- a. On June 1st, GEDA released the applications and the deadline for those applications was July 1st. The evaluators turned in and it was scored. The lowest score was dropped. Guam Memorial Hospital and UOG Endowment Foundation and other components in the Endowment Foundation have received awards in the past. Other than those two, every other applicant is a brand-new beneficiary of the QC grant program.
- b. Director Ovalles made a motion to approve Resolution no. 22-016 relative approval of qualifying certificates community grant contribution relative to series six disbursement. Director Park seconded the motion. The Directors then voted, and the resolution was unanimously passed.

§ 12. Resolution no. 22-017 Relative to the Approval of Qualifying Certificates Relative to Affordable Housing by Administrator Melanie Mendiola.

- a. Chairman John understood that this will be tabled. Administrator Mendiola informed that she had received an email from the applicant stating that they really wanted to attend the meeting in case there were any questions that arise as well as any discussion that the directors may have in their application. The applicant asked for this to be tabled for a month. For the record, Director Ovalles shared that she had a meeting with Ed Camacho the other day regarding this QC and she really commends this group for preparing this. It is a big project that will definitely create, not only jobs but continues revenue and a much needed in the community in terms of affordable housing. Vice Chairman Espaldon then suggested that it would be good to receive any QC applications, analyze, and any substantive items for Board approval a week or more prior to the Board meeting and also have a work session meeting, in accordance with the law, with managers to discuss items that need to be clarified, other ideas, possible revision and concerns. Chairman John clarified that it is for the individuals who are making the




decision to be more informed about the applications or the material before coming into the meeting for open discussion and voting. The Directors, Administrator, and members agreed.

Public Comments

§ 13. There were no public comments.

Adjournment

§ 14. A motion for the meeting to be adjourned was moved by Director Ovalles and it was seconded by Director Park. Adjournment of the meeting was unanimously approved.



DAVID JOHN, Chairman
Board of Directors

Attest:



SISKA HUTAPEA
Secretary, Board of Directors