

**Minutes of Regular Meeting to the Board of Directors of the  
Guam Economic Development Authority  
November 10, 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, November 10, 2022, at the hour of 1:40 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  
Siska Hutapea  
Fe Valencia-Ovalles  
Andrew Park  
Melanie Mendiola  
Carlos P. Bordallo  
Terrence M. Brooks

***Office or Position:***

Chairman  
Secretary/Director  
Director (Present via zoom)  
Director  
CEO/Administrator  
Deputy Administrator  
Legal Counsel

***Also, in attendance were:***

Bob Perron	Guahan Waste Control
Anita P. Arriola	Arriola Law Firm
Gerald Woo	Core Tire Recycling LLC
Ray Benavente	Core Tire Recycling LLC
Marvin Iseke	Core Tire Recycling LLC
David Castro	Post
Jason Ríos	Island Home Insurance
Cheu Mack	Island Home Insurance

### *Approval of Agenda*

- § 4. Administrator Mendiola stated due to the number of guests, a request to move up under New Business, Items C, D, and E, resolutions 23-001, 23-002, and 23-003 to after the CEO remarks, beginning with Core Tire Recycling LLC, then Island Home and Take Care. The motion to approve and change the agenda was made by Director Andrew Park. The motion was seconded by Chairman David J. John. The Directors then voted, and the motion was unanimously passed.

### *Approval of Minutes*

- § 5. Secretary/Director Siska Hutapea made the motion and was seconded by Director Andrew Park to approve the August 18, 2022, board meeting minutes. The Directors then voted, and the motion was unanimously passed.

### *Chairman's Remarks*

- § 6. Chairman David J. John reported the following:
- a. The Thanksgiving and Christmas holidays are quickly approaching, thanks everyone for making time to attend the meeting. Chairman John stated GEDA was in a difficult situation regarding some board members, and that it has been tough to make quorum. As per Governor Lou Leon Guerrero, two nominees are ready for hearings at the legislature, and should be on board by our December meeting. Our new board member, pending confirmation, will be Dr. Doreen Muna from the UOG. Governor Leon Guerrero also reappointed Vice Chairman Espaldon and we thank him for his continued service to the board.
  - b. With an ambitious agenda, Chairman John was happy to see a number of items relative to our Qualifying Certificates (QC) program. The team informed us there are 10 QCs in various stages of applications and approval process. Unemployment is falling and robust numbers of construction permits are being issued. The QC's being reviewed today addresses two significant areas, the cost of health care and the trash problem of our island. Regarding health care, at one time health insurance companies were given multiple tax abatements and rebates to encourage the industry to start up. The industry is now mature; however, we acknowledge that the BPT tax is passed on to the consumer. If the applicant can demonstrate that they have passed on the savings from the abatement to the customer, they will be eligible for renewed QC of BPT only. We will also be discussing a recycling QC. The QC was created in the 1990s for the movement of large amounts of metal off-island. We have expanded this QC with the legislation proposed by Senator Rigel, resulting in this application and in addition to two others who submitted letters of intent to increase the scale of island's waste mitigation efforts. We will also be addressing our annual budget, which Administrator Melanie Mendiola will focus on.



- c. In conclusion, today could have been a very different day for GEDA and the leadership of our island. The agency played a significant part in inspiring confidence in the current administration, specifically in matters of economic development and our response in this during covid, through our grant programs. We wish Governor Leon Guerrero and Lt. Governor Tenorio a huge congratulations on their victory!

### *CEO/ Administrator's Remarks*

§ 7. Administrator Melanie Mendiola reported the following:

- a. An employee shared that if you throw a dart at a dart board full of government projects, no matter where you hit on the dart board, you will probably hit GEDA. With the results of the election, it looks like the work will be full steam ahead. In the last few months, we spoke at the Guam Contractors Association and the Guam Tourism and Travel Association gatherings. We are also speaking at an Industry Forum on Monday. As Chairman John previously mentioned, investors are bullish on Guam. We have welcomed several Taiwan investors in the space of hospitality and agriculture. We also reached Guam products including, a company involved in the light manufacturing of drones. Next week, we are hosting the Additive Manufacturing conference, it is more of a convening of stake holders to discuss opportunities, investments, and a way forward for the additive manufacturing industry, which we see as having potential, especially in defense and ship repair industries. Governor Leon Guerrero announced November as entrepreneur's month. Through our partnership with GUMA, we provided \$388,000 of incubator funding to 15 new businesses. This was after these businesses had to compete for funding, after grueling 15 weeks of training through the GUMA incubator program and a shark tank style pitch at the end. Speaking of shark tank, our SSBCI application has been at Treasury for some time now, but we are getting indications that it is in the final stages of review. We also put in a grant application for \$340,000 for technical assistance. Administrator Mendiola will address further in the agenda.
- b. Administrator Mendiola shared from a board meeting 50 years ago, GEDA board was looking at very important business of buying a vehicle for the administrator. The board was looking at a Fury 1973 for \$5,505; Gran Torino 1974 for \$5,001; Maverick 1974 for \$4,600. There was a request for abatement for a company called Hotels of the Marianas that was occupying Perez Towers. The most interesting part of minutes from 50 years ago, Chairman Jesus Leon Guerrero, the Father of Governor Leon Guerrero, mentioned an economic mission planned on November 21 going to Seoul, Taipei, Hong Kong, and Manila over the course of 14 days. Governor Carlos Camacho wanted to lower the present high-cost living of the island of Guam. By contacting businessmen from these countries to export more goods directly to Guam. The problem is not the businesses on Guam price gouging but the cost of transportation from these places to Guam.



## *New Business*

- § 8. Resolution no. 23-003 relative to approving the qualifying certificate application for Core Tire Recycling LLC. They are going to engage in the business of recycling and remanufacturing old tires in Guam. Tire disposal is a longstanding issue. Core Tire Recycling is presenting unique opportunities, shredding it and send off island, and remanufacture to be used on Guam for various purposes. A copy of the review is in the board packet. They are requesting for the full benefits in the law, 100% rebate of income tax for a period of 10 years, abatement BPT for a period of 10 years, use tax exemption, and any real property for recycling and remanufacturing for tires for 10 years. The purpose of the QC is to procure heavy capital equipment. The initial first QC focused on getting recycled materials out of Guam. The program still allows that, but it focuses on a circular economy, a new way to recycle on Guam. The plan is to recycle and remanufacture rubber tires into rubber tile, primarily. The business will operate by lease of property in Mangilao, using 64,000 square feet for facility, that includes training, storage, land if they want to expand for parking for trucks and other storage units. QC program job creation, indicating 15 employees primarily in the actual tire disposal, recycle and remanufacture process. They indicate payroll of \$575,000 a year. In terms of project investments, \$599,000 initially to get business started. Application went through public hearing July 19. No members of the public came to provide input. GEDA management is recommending for the term of QC, no less than 10 employees. Replacement of imports, yes. This has the potential to produce new products to purchase for them. The company will expand manufacturing in Guam, protecting our natural resources and producing new products to be used locally.
- § 9. The motion to approve resolution 22-003 was made by Director Park. The motion was seconded by Director Siska. The Directors then voted, and the motion was unanimously passed.
- § 10. Resolution no. 23-001 relative to approving the qualifying certificate for Island Home Insurance. Matt Baza reported the historical background, back in 1990s a law was passed to provide a QC to domestic insurance companies, that included health insurance providers in Guam. That QC law allowed an abatement of BPT 100%, a rebate of income tax 100%, dividend tax benefits for on and off island shareholders. That QC was one of the only ones that had a renewal provision. 2 QCs that we are discussing both expired during the imposition of a moratorium. Back in 2018 a moratorium in renewing QC's was implemented by then Gov. Calvo and in the budget bills for those fiscal years for legislatures that prevented Island Home insurance company from renewing its QC. Island Home did submit a renewal back in 2017 prior to QC expiration in 2018. Moving forward to the present time, Governor Leon Guerrero via Executive Order 2021-14 repealed the moratorium instituted by former Governor Calvo and budget bills have not included moratorium language in them. The GEDA board back in 2020, passed resolution 20-05, which states that GEDA board acknowledges that the industry also the need to provide relief for the end consumer. At that point, the board decided that if the insurance company were to come in the board will be open to recommending to the Governor a 100%



abatement of BPT on health insurance premiums. Since then, Island Home and Take Care have asked for the renewal of their expired QCs for only 100% abatement on BPT and meeting mandatory \$50,000 public investment through resolution 20-5. Most important the board resolution did state that they would need to demonstrate to GEDA that BPT abatement results in a more affordable cost to their consumer. If the QC is recommended for renewal, they will have to show GEDA how they will not increase or reduce the cost because there will be no BPT assessed on that premium. 100% BPT on their renewal for a period of 3 years with \$50,000 public investments to be made and validate the savings of the customer. Director John requested clarification that this is a renewal QC and not a new QC. In the process of moratorium. QC is for such a short term, 3 years, gives opportunity for GEDA and board to come back to determine if its working or not.

- § 11. The motion to approve resolution 23-001 was made by Director Siska. The motion was seconded by Director Fe. The Directors then voted, and the motion was unanimously passed.
- § 12. Administrator Mendiola added the motion to adopt resolution 23-001 and 23-002. Matt Baza confirmed that these QC are basically the same thing, just for different companies, the second being TakeCare.
- § 13. The motion to approve resolution 23-001 and 23-002 was made by Director Siska. The motion was seconded by Director Fe. The Directors then voted, and the motion was unanimously passed.

### *Committee and Standing Reports*

- § 14. Chairman John reported ratification of 22-020 waiver of notice and consent take action by unanimous consent relative to the approving of the roll over budget 2022. Administrator Mendiola reported resolution 22-020, GEDA had trouble making quorum because of our lean board in September and October, which is when we would normally pass our annual budget. The unanimous consent to take action, was signed by all board members, to approve a roll over budget fiscal 2022 budget for a period of one quarter. This unanimous consent needs to be ratified today.
- § 15. The motion to ratify resolution 22-020 was made by Director Park. The motion was seconded by Director Siska. The Directors then voted, and the motion was unanimously passed.



## *Old Business*

- § 16. Administrator Mendiola reported the following: The Monthly Employers Funded Project, 53 applications that have applied for forgiveness, about 9 have been reviewed and signed, 16 are waiting for additional documents, 28 are under review. The Childcare Assistance Grant is very active. We have tripled the number of children getting vouchers for childcare. Probably put millions and millions of dollars into daycare pockets. Prugrãman Pinilan Governor Leon Guerrero requested GEDA to come in and help accelerate public health launch these programs. We are going to pare down 2023, more maintenance in fiscal 2023 and 2024. We also currently have the mayor's offices' program for after school. Mayor's Offices may apply for grants to upgrade mayor offices for after school and summer programs. That program is moving really well.
- § 17. Chairman John stated for each of the resolutions that were passed that his vote included in the positive because only four members were present, and his vote was required.
- § 18. Administrator Mendiola reported the annual budget. For revenue 2022, we projected \$3.9 million in revenue but received \$6.9 revenue, \$3.35 was budgeted for expenses, actual was \$3.574 in expenses. Net income was 3.4 million dollars. Biggest hit to our budget, performance of our investments. Markets have taken a hit and it is a bear market. Operating expenses 2022 were consistent with projected expenses and payroll.
- § 19. The motion to approve the annual budget for 2023 was made by Director Fe. The motion was seconded by Director Park and Director Siska. The Directors then voted, and the motion was unanimously passed.
- § 20. Administrator Mendiola reported one minor change to the organizational chart. We did authorize an additional position but it's unfunded and not currently in the budget, but if there is funding that comes in through grants will hit that particular position. Tina Diego stated public health requested to reduce the number of program coordinators and add more administrative staff and customer service.
- § 20. The motion to approve the organizational chart for 2023. The motion was seconded by Director Park and Director Siska. The Directors then voted, and the motion was unanimously passed.

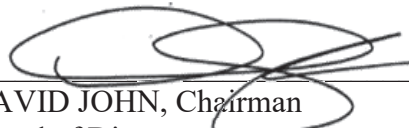
## *Public Comments*

- § 21. There were no public comments.




*Adjournment*

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

  
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DAVID JOHN, Chairman  
Board of Directors

Attest:

  
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SISKA HUTAPEA  
Secretary, Board of Directors

