



**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
April 13, 2023**

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, April 13, 2023, at the hour of 1:36 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:

<i>Directors:</i>	<i>Office or Position:</i>
David J. John	Chairman
Ernesto Espaldon Jr.	Vice Chairman
Siska Hutapea	Secretary/Director
Andrew Park	Director (via teleconference)
Dr. Doreen Crisostomo-Muna	Director
Melanie Mendiola	CEO/Administrator
Carlos P. Bordallo	Deputy Administrator
Terrence M. Brooks	Legal Counsel

Also, in attendance were:

David Castro	Guam Daily Post
Jennifer Calvo-Guzman	GEDA
Claire Cruz	GEDA
Tina García	GEDA
Christina Merfalen	GEDA
Matt Baza	GEDA
Yong Pak	GEDA
Ariana Villaverde	GEDA
William Kier	GEDA
Mary Camacho	GEDA

Justin Peredo	GEDA
Melvin Tabilas	GEDA
Senator Roy Quinata	(Via teleconference)

Approval of Agenda

- § 4. The motion to approve the agenda was made by Director Dr. Doreen Crisostomo-Muna. The motion was seconded by Vice Chairman Ernesto Espaldon Jr. The Directors then voted, and the motion was unanimously passed.

Approval of Minutes

- § 5. Vice Chairman Ernesto Espaldon Jr. made the motion to approve the March 23, 2023, board meeting minutes, and was seconded by Director Dr. Doreen Crisostomo-Muna. The Directors then voted, and the motion was unanimously passed.

Chairman's Remarks

- § 6. Chairman David J. John reported the following:
- a. It's been only three weeks since our last board meeting, so it's going to be relatively light today. The most significant item we'll be discussing today is the LEAP supplemental grant. The program is going to look like the first LEAP as the teams will present today, but with a smaller budget. I for one look forward to hearing the details. Since our last meeting, all application deadlines for childcare industry programs have come to a close. This includes the after-school community care programs, the village mayor programs, and the workforce retention program. This program has amounted to over \$25 million in grant funding being pumped into the economy to support children of the age zero, up to 13 years of age.
 - b. Lastly, Gina Romando, the Secretary of Commerce in the current Biden Harris administration, has invited Governor Lou Leon Guerrero to speak on two panels at Select USA, a foreign direct investment targeted industry event attended by over 2,000 foreign investors. This will take place in the first week of May. The team at GEDA will be there in full force to support her staff and staff our exhibition space. If you recall last year, marked our first attendance to this event, and we received great feedback, including visits from investors from Myanmar in the pharmaceutical space.

CEO/Administrator's Remarks

- § 7. Administrator Melanie Mendiola reported the following:
- a. I don't have a lot to remark on today because we do want to do a formal presentation for the grant program during the new business section. I did want to highlight that we hosted a visit from the Asia Development Bank. Actually, the governor hosted the visit, but GEDA and the Guam Airport Authority presented on the state of Guam's

economy. This occurred about two weeks ago. Then in about a week, the USEDPA, the US Economic Development Administration, will be visiting Guam. They're doing a US territories trip, going to American Samoa, the Northern Mariana, and Guam for, I believe, just one day. They'll be meeting all the agencies throughout the day, and we'll be hosting them in the evening as well so that we can maximize our face time with them. The significance of the USEDPA visit is they're the ones who gave us the money for our aquaculture feasibility study. They also awarded Guam GEDA, specifically a little over a \$1M grant for the Green Market Project, Construction for Farmers' Market, and Hardening of markets in Mangilao and Agat, and a New Market in Sinajana. They also have a large award to the School of Health at the University of Guam for the renovation and expansion of the School of Health to increase nursing occupations. That is taking place on the 27th.

- b. But one thing I did notice was we've been surveying the board regularly just about travel dates. It looks like May is just... It's not shaping up to be a very good month for a board meeting. So, we may push the board meeting to the beginning of June or the middle of June. Oh, and lastly, before I move on, our trusty board chair is coming up on his confirmation hearing, which will take place on April 18th at 1 PM at the legislature. The GEDA team will all be there in full support of our board chair.

Committee and Standing Reports

§ 8.

- a. Vice Chairman Ernesto Espaldon Jr reported that the investment committee did meet with GEDA's investment advisors. This was our second meeting so far in 2023. We wanted to review Q1 results, and the GEDA portfolios finished at BGIS at about 4.59% and Raymond James at 5.55 %, so mid-single digits. The year got off to a quick hot start, as you know. We had double digit returns in the markets in general. However, things cooled down due to the inflation numbers still coming in hot, the jobs report was still high, jobs were still being added to the economy, and then the feds continued to raise their rates. I think that caboshed those double digit returns temporarily. Both of our investment advisors have, as they often do after the first quarter, recommended staying the course. Next meeting, we will be requesting for a motion. Our investment policy looks good. One of our investment advisors has asked for a revision in the overall allocation mix, which we reviewed at yesterday's meeting, to add a percentage to alternatives, which are now definitely an asset class which many institutions are investing in. And so that's something that we will most likely bring up. But otherwise, it was a good meeting and hopefully we're on course.
- b. Administrator Mendiola reported that our investment advisors are also assisting the Guam Ancestral Lands Commission. GALC's portfolio in the Land Trust Bank is about \$15 million, and they have a very conservative outlook, started off by putting in about \$5 million and then facilitated by a combination of the bank scares as well as positive performance on the conservative portion of TCDs and things like that, they shifted even more under our management.

- c. Administrator Mendiola reported an inquiry from the Guam Solid Waste Authority related to investment advisors. With Solid Waste, they're aware of what we did for Guam Ancestral, and we work with them quite often regarding bond reporting. So, they had asked us if this was something that they could do with us.

Old Business

§ 10. Administrator Mendiola reported the following:

- a. Childcare grant program. GEDA has been requested to extend our current memorandum of understanding with the Department of Public Health and Social Services until the end of this fiscal year, to 2024. What that would involve is GEDA another budget for administrative fees for 2024. We see this as a positive thing regarding continuing with the work that we're doing. But the reason they're doing that is because they believe that we're just doing such a great job pushing money out.
- b. As for the number of nonprofits and organizations that are offering programs to kids, I recently read an article that daycares are at capacity now and there are waiting lists. There are new daycares coming in, getting some funding to start up, to extend, to expand. And we're also shoring up the workforce with the number of graduates within childcare occupations. The Department of Public Health is responsible primarily for approvals, compliance, and monitoring. We receive and work on the applications. We interact with the customers, and we turn it over to public health. Then when it comes to the compliance and monitoring of all these programs, they have their people, inspectors, and such, going out and taking care of that. That seems to be a pretty good flow so far. We're getting good feedback and they'd like to see it continue. We will be bringing that to the board if it requires board action when the time comes. Public health would like to extend the MOU.

New Business

§ 11. Administrator Mendiola reported the following:

- a. We would like the Board's input on the LEAP supplement, it's smaller than LEAP. It's not LEAP 2.0, we're thinking Leap supplement, or we're also thinking small business stabilization grant because it's to stabilize now, anybody that's unsteady. Can get your feedback on that. But let me give a second to Jen to get the PowerPoint queued up.
- b. All right, so the small business stabilization grant. Matt is here to assist if we have any questions as he was involved in the process pretty heavily. Just to give you a little bit of background, since the onset of the pandemic, the Office of the Governor via GEDA and the Department of Administration, her cabinet and other members of her cabinet, have provided \$100 million in direct financial assistance to over 2,000 local small businesses. I think the largest grant we had was the largest by number of businesses aided was the very first pandemic assistance grant, which aided over 2,500

businesses. The most recent program, the Local Employers Assistance Program, LEAP, was established to provide grants and loans to small businesses. Now, business interruption, if you recall, with LEAP, there were two criteria for interruption. If a business was an open established, 100 % open, they had to demonstrate at least 50 % business interruption. However, if there was a vaccine mandate attached to the business, such as a restaurant where you had to be vaccinated to go eat at the restaurant, dine in, they had to demonstrate 20 % BI. The maximum grant for smaller businesses with four or fewer employees was \$50,000. And the loans with forgiveness attached to larger businesses with five or more employees were capped at 300,000. Loans could request forgiveness subject to utilizing 60% of the loan had to be utilized for payroll to seek forgiveness. In the duration of the program, we gave out 941 awards, 708 to businesses with four or fewer employees, and 233 to businesses with five or greater employees to the tune of \$62 million. We believe the economic recovery trends are positive. We do have low unemployment. GVB is projecting a million visitors in the upcoming fiscal year. And there is renewed investment in the local and international investment environment. I've said this in previous meetings, investors are bullish on Guam just by looking at our QC program that is experiencing a lot of interest through applications and letters of intent. However, the pace of tourism recovery is lagging, and prolonged levels of high inflation have increased the cost of doing business. These are the two prevailing themes that we continuously hear from stakeholders in the tourism industry. In conjunction with several different stakeholder groups, including GTTA, which stands for Guam Tourism and Travel Association, Guam Hotel Restaurant Association, the restaurants collective. With a number of these stakeholders, the governor recognized the struggle that they were experiencing and committed to providing financial support in the amount of \$5 million to help match legislation that would provide support as well. The different stakeholder groups we've been working with went out in full force and lobbied with their local legislators. The result is three different bills to appropriate different amounts towards basically, quote unquote, LEAP. Bill 59 appropriates 10 million. Bill 61 appropriates \$15 million, and Bill 75 appropriates \$15 million. We had the most interaction with Bill 75-37, which was proffered by Senator San Augustin. And this is the one that does articulate the Governor's commitment for \$5 million. We believe this is the most generous of the three bills, 15 plus 5, a total of \$20 million towards the program. GEDA anticipates a total budget of 20 million for a new round of small business assistance grants. So first, business interruption. As I mentioned, LEAP 1 was 50% for uncovered, 20% for covered establishments. Because there are no VAX mandates associated with any businesses or attached to any businesses, we said 35%. What we were looking at initially was we said, let's just make it the hardest hit, so 50%. But we must recognize also that inflation has been like 12%. Upon speaking with the stakeholders, we decided upon 35% business interruption. We'd still like to split them up into two categories, category A with four or fewer and category B with five or more as of 12-31-2022. The business starts no later than July 2021.

- c. A minimum annual gross revenue of \$10,000 and meeting the SBA standards. We're looking at a business that started during the pandemic time, but not too far into it

because we still want to be able to compare two different periods of time. So, we're looking at if a business started within the pandemic period, but no later than July of 2021, we would compare that period of that time versus 2022. And we're looking at a BI less than 35%. We're looking at around 20% because of the time that they started the business in. There is still the requirement like LEAP of having to be open within a period after receiving your award. We're also not making them eligible for the same amount that a business that opened prior to the pandemic would be eligible for. LEAP 1 was a business interruption multiplied by three months. Because we are dealing with a smaller award, we are looking at business interruption multiplied by two months instead of three months. We are also considering a maximum award. A category A, the max award was \$50,000. This is the four fewer employees. We are now looking to reduce that to \$16,000. Then for category B, we're also looking at two months' worth of business interruption capped at \$150,000. This presentation says \$125,000, but we continue to turn this number over and I'll explain to you as we go on why I think that \$150K is the magic number.

- d. Multiple grant awards, so 350,000 in aggregate. This is for businesses who have one license and multiple DBAs. Any one legal business entity that would have, say, multiple locations, each hiring, have multiple brick and mortar locations with employees, they could apply for multiple awards as one business, but there would be an aggregate cap. We did have an aggregate cap in LEAP of a million dollars. In this one, we're looking at proportioning it down to around one third, which would be \$350,000. We're looking at a payroll requirement of 40%, no longer 60%, but reducing that somewhat to 40% as it is a smaller award. And we do want to give the grantees flexibility. And the funds must be used within six months of the award used for eligible expenses, like just same as our LEAP 1, awards are subject to audit and so on and so forth.
- e. Minimum annual gross revenue is \$10,000. This is standard. This is what we've been doing since the second program. And the SBA size standards, we've been doing that since the very beginning of our program. And then average BI... Any thoughts on the max? 16,000 for the smaller businesses and 150,000 for the larger businesses. The cap of the aggregate. So, to differentiate, if you have the same person, it could be the same operator that has multiple LLCs. You're talking about a separate business. So, Wendy's would be the legal business entity that operates all the Wendy's, that legal business entity could apply for multiple SPSG if this is the name of the program. But we would cap all of that. Let's say they came in with 10 and they should get a million, they would be capped at \$350,000. Would you look at each site individually then? Yes. You would submit applications for each one. It's hard because some have multiple businesses and others are franchises.
- f. In compliance, retain record of how funds were spent and awards subject to audit. Just to give an idea, for the first several grants, what we do is GEDA's internal compliance team led by our veteran employee, Claire Cruz, they go in and they do a random sampling of the recipients of the awards, and then they ask them to produce receipts and things along those lines. We do a prescreening. Then usually the OPA

comes in with a subsequent screening. The OPA, thus far, has screened two of our programs and has given us significant feedback that we've incorporated into the other programs. All the grant programs have had feedback, but none of them have had any real identified deficiencies.

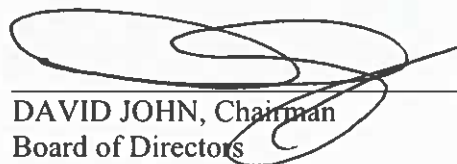
- g. Except for Chairman John's feedback on the businesses that opened up until July 21. I believe everything is, and the \$150,000 ceiling as opposed to \$125, I believe that everything that we discussed today is set forth in the SOP and reflected in Resolution 23-012. We would pass Resolution 23-012 or call for a vote on 23-012, which would accept the SOPs. That would allow us to carry out a program when funding is authorized. The governor will authorize her portion of the ARP funding under executive order, and the governor will sign into law whichever bill makes it to her desk. The resolution states that the SOP will take effect upon the EO being executed, and then the application period will open when the money is appropriated.
- h. Administrator Mendiola commented to take a moment, though, to recognize the team that has been here since the small business pandemic assistance grant, the very first one we rolled out, who worked nights and weekends and holidays and all of it. And we're all unclassified, exempt employees. We weren't paying any overtime or anything like that. The nose to the grindstone, the team keeps showing up and they showed up for the 2020 grant. They showed up for the commercial rent assistance. And every time we do it, I say, Guys, I think this is a good one. This is the last one. This is the last one in 2023. We won't be doing any more grants. Let's just get back to business as usual. And here we are. But I would like to acknowledge the team that has really stayed the course and there's been very little turnover. And we've incorporated new members of the team because there's been movement of individuals in the organization, in and out of the organization.
- i. Vice Chairman Ernesto Espaldon Jr. made a motion to pass Resolution 23-012, as well as the SOP operating procedures for the Leap Supplement, which will provide authorization for the team to move forward once it's been signed off on by the governor and the money has hit the accounts and was seconded by Director Park. The Directors then voted, and the motion was unanimously passed.

Public Comments

§ 12. There were no public comments.

Adjournment

§ 13. A motion for the meeting to be adjourned was moved by Vice Chairman Ernesto Espaldon Jr. and was seconded by Director Dr. Doreen Crisostomo-Muna. Adjournment of the meeting was unanimously approved.



DAVID JOHN, Chairman
Board of Directors

Attest:



SISKA HUTAPEA
Secretary, Board of Directors