



Minutes of Regular Meeting to the Board of Directors of the Guam Economic Development Authority

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 Monday, July 31, 2023, 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
Ernesto Espaldon Jr.
Siska Hutapea
Andrew Park
Dr. Doreen Crisostomo-Muna
Melanie Mendiola
Carlos P. Bordallo
Georgette Bello Concepcion

Office or Position:

Chairman
Vice Chairman
Secretary/Director
Director
Director
CEO/Administrator
Deputy Administrator
Legal Counsel

Also, in attendance were:

Angelene Rios	GEDA
Jennifer Calvo-Guzman	GEDA
Claire Cruz	GEDA
Christina García	GEDA
Yong Pak	GEDA
Ariana Villaverde	GEDA
Mary Camacho	GEDA

Edward C.	GEDA
Melvin Tabilas	GEDA
Art Mariano	
Clare Delgado	Realtor
Anthony Godwin	Realtor
Norman Tarus	Daily Post

Approval of Agenda

- § 4. The motion to approve the agenda was made by Vice Chairman Ernesto Espaldon Jr. The motion was seconded by Secretary Siska Hutapea. The Directors then voted, and the motion was unanimously passed.

Approval of Minutes

- § 5. Secretary Siska Hutapea made the motion to approve the April 23, 2023, board meeting minutes, and was seconded by Vice Chairman Ernesto Espaldon Jr. The Directors then voted, and the motion was unanimously passed.

Chairman's Remarks

- § 6. Chairman David J. John reported the following:

a. As we enter the last quarter of the fiscal year 2023, I'm happy to see that the agency continues to be engaged and very busy with agency responsibilities, Mawar-related work and special projects for the Office of the Governor. Public Finance closed on a \$47 million bond refunding for the Guam International Airport Authority. All in true interest costs for the bond are 5.5 % over 20 years. The refinancing resulted in short term cash flow relief for GIAA. The Bond structure is a forward contract which essentially says it was closed this year, but the rates were locked in before the 11 Fed increases. Good job, team. Saved a bunch of money there.

b. Business development led the delegation to the Select USA conference. That's the largest foreign direct investment event in the United States with over 4,900 attendees, representing 83 international markets and 55 US states and territories. Secretary Gina Romando invited the governor to speak on various topics, including infrastructure and economic diversification initiatives. Guam received 112 investors at its booth, at our booth, representing 33 countries and 48 industries. Good job with that. To assure that we continue our discussions with these interested investors, the team has scheduled a virtual conference entitled Select Guam USA on August 9, and hopefully we'll have an in-person investor conference before the end of the year. The team has also provided a final draft of the Additive Manufacturing Feasibility Study, which explores Guam's ability to stand up with this industry on Guam. I had the pleasure of presenting on behalf of GEDA at an additive manufacturing convention in May in Chicago, to representatives from companies including Siemens, Boeing, Big Metals Additives, EOS, and Northern Grumman. I have to say I was totally blown away by the possibilities in the industry. It was amazing. I

think the focus on robotics and artificial intelligence added in manufacturing has somewhat gotten lost. But its potential and how it may fit into Guam's economy could be a game changer. Today, GEDA issued two requests for information for land availability for the medical campus and economic development projects, which include a technology park and aquacultural innovation center.

c. While the island has come a long way in the recovery from the storm, the government finances are strong, and we have investors looking to make investments on the island. I believe we can do better as a community. I want to stress that the comments I'm about to make are meant for the community, including myself, this board, and our agency. Further, my intention is to lead GEDA to pivot away from crisis management to the promotion of economic development, which will hopefully create jobs and opportunities for the residents of Guam, which will help improve the quality of life for our community. To quote Walt Disney, "criticism is the only way we improve."

d. Military construction projects have created a lot of economic opportunities for the island, and this trend is going to continue for the next decade. But Guam's long term economic success requires a strong tourism market, and as Governor Leon Guerrero's diversification task force has been pushing for, a third engine to the economy focused on businesses that support the military, such as additive manufacturing and ship repair, as well as technology, telecommunications, light manufacturing, aquaculture. The virtual Select Guam USA conference on August ninth is a great start. The demand is there, but we need to make sure we're ready to execute. Our crown jewel Tumon looks worn. The roads have no paint. The surface is rough in many places. The landscaping was decimated by the recent storm. Now we need to get back to the original vision of Tumon. In addition to fixing up the infrastructure, we need new investment. The Tsubaki tower, the Crown Plaza renovations and entertainment venues such as the recent Sandcastle investment are positive developments. However, we have two abandoned hotels on the road and several other properties that look abandoned. In the age of social media, it is even more important that our products look clean and inviting. But we have load shedding going on in the peak of the night. Tourists walk the streets with no lights on. Hopefully, we can get away from heavy load shedding in Tumon as that benefits the entire community. But if we can't, we need to focus on having it later at night or during the day. You can't have our tourists walking around in the dark. It's an accident waiting to happen. To encourage new investment, we need investors to be confident that when we invest, their investment dollars will be respected, and the permitting processing will be smooth and timely. Currently, we all know that this is not the case. While the permitting task force continues to discuss ways to improve the process, our current permitting process is a disaster. I applaud former Governor Gutierrez for standing up to the territorial archeologist. This area of the permitting process has become a horror story for both large investors as well as families just trying to build a single-family home. I want to stress, Guam's future is bright, but we can't take our blessings for granted. We must assure that we continue to improve our offering for tourism guests, make investors both local and off island confident that Guam is the place to invest their money. I hope the Board shares my sentiments.

CEO/Administrator's Remarks

§ 7. Administrator Melanie Mendiola reported the following:

- a. Several big things have happened since we last convened in April. A serious typhoon crippled our island for a little bit, the first in several decades. Around that time, I also gave birth to a new baby girl, Ismaela.
- b. In both instances, though, we were blessed to have made it through unscathed. Here at GEDA, our agency had some utilities and our communication issues. Our utilities were down, our communications were down for a few days, but otherwise, we were back to business quickly. The economic diversification initiatives to which Chairman John referred, specifically additive manufacturing, ties very nicely with our technology initiatives. In support of this, the team has made two big investments in time. We are working with the Office of the Governor, her Office of Infrastructure, on the broadband equity access and deployment program. This is a \$147 million grant that's been approved that Guam has been awarded. In addition, the small business team made up of Melvin Tabilas and Jenn Guzman, is going after a US EDA opportunity to designate Guam a tech hub. The planning grant is a \$500,000 grant, and following that, a \$50 to \$75 million grant opportunity. This is all in support of developing Guam's technology capabilities and added manufacturing as well.
- c. But we're not leaving our small businesses behind with all this big money. Our GUMA program that we've been working with, the Guam Unique Merchandise and Art program since 2020. GUMA had 74 graduates at their most recent graduation, their incubator training. Since our support in 2020, over 200 graduates have passed through their doors, getting business training as to how to get a small business off the ground. In addition to our Select Guam USA, we're also doing an export webinar called Taking the Leap Beyond Guam. This is our third annual. We always do a couple hours of virtual training in support of this. We are awarding in the next couple of weeks, the second cohort of STEP recipients. These are five small businesses that want to engage in trade exports from Guam. They're going to be given mini grants of around \$5,000 to implement their export plans. ASD Market Week. This is a trade show with thousands of buyers from 90 countries. This is our third time participating in it. It's in August. We're participating with four local companies. All the companies and GEDA are funded under the STEP program, State Trade and Export Program under the Small Business Administration.
- d. I will be taking a little extra time today to talk about the MDA scoping comments and economic impacts of the Missile Defense Project. But before I do that, I do want to wish an early happy birthday to our fearless leader. Chairman John. May you have a Prosperous year. Thank you for accepting the third term as a board member and your

second term as board chair. We have a birthday cake to celebrate your impending demise.

- e. Administrator Mendiola added that one new item on our bond pipeline is that finally it looks like we'll be going after some legislation for a Garvey bond. This is a highway supported bond to fix up roads.
- f. The Government of Guam has developed the highway master plan. This is overseen by DPW. Under the highway master plan, there are many roads that are funded under the grant. The cash flow from that grant, what we can do is in advance, we can take out a bond so that we can pay for all the road work that needs to be done, which is then funded from the grant cash flows.

Committee and Standing Reports

§ 8. Vice Chairman Ernesto Espaldon Jr. reported the following:

- a. The investment committee had three meetings this previous month, and I'm here to report the second quarter results for Bank of Guam and Raymond James with the funds invested with them. Our returns for BGIS, which is the Bank of Guam Investment Services, were 2.84 % for the quarter to date and a positive 7.56 % for year to date. A little bit more of a conservative stance, especially since at the beginning of the year, the first two quarters were expected to be extremely rocky. Nonetheless, we still returned a respectable 7.56 %. The one recommendation that they did have was, and I was very happy to see this, is what we do is we review the funds that they're in. They had a particular infrastructure investment that they had. They weren't happy with the management of it. It was an active manage fund and they wanted to switch out from that into a little bit more passive because the passive investment was performing better. I was just happy that they're on the ball looking at the performances of the different funds and making recommendations. So, I went on ahead and approved that however the allocation remains the same.
- b. Raymond James quarter to date returned 5.68 % and 11.5 % year to date. So, you could just see from the returns a little bit more of an aggressive position. They decided to stay a little bit more aggressive during that period, resulting in a higher return here. There one recommendation here was to add the ability for GEDA to invest in alternative investments, in particular private equity as well as private real estate that's not tied up. And so, we'll be asking for approval in terms of just adding that to the IPS in terms of our ability to review that and approve as we see fit. So, for right now, we're in a pretty good spot. I would say on average, we're about 8 or 9 %. Hopefully with the inflation fears coming down as well as the Fed's not so hard on the gas pedal, the third and fourth quarters might set up even a better 2024. That's what our hopes are. We're satisfied with the returns that we have to date.

- c. Then finally, I think all the members of the management, Mel, Carlos, Arianna, and the investment committee, we did have a recent meeting with the Guam Ancestral Lands Commission as we work with them and we are in partnership with them, helping them to manage their investments. And so, the investment advisors were there and just giving them some guidance as to some of the next steps for them to consider. Chairman John asked, Is there any other agencies on the horizon? Administrator Mendiola replied that GEDA was having discussions with GSWA currently.

§ 9. Administrator Mendiola reported the following:

- a. The qualifying certificate reports. There is one new addition since our last board meeting, Core Tech captive insurance company applied in May, and so there will be a public hearing scheduled in the coming weeks. Other QCs that are in the pipeline, board approved, but they're either in the hands of the applicant for contract negotiation or with the AG for review. And we've had several meetings with the AG, so it's moving forward.

§ 10. Tina Garcia reported the following:

- a. Just as was reported, we closed the airport bonds last year in August 2022, and we did a long closing on this one again to take advantage of lower interest rates at the time, which was a good call as we saw a multiple increases by the Federal Reserve in the past few months. This was one of the longest forward delivery bonds that we've ever done. It was an 11-month closing period. During that time, it was the first for Guam. We were able to still, because of our credit quality, secure 7.8 times over subscription and investors, because of that, we were able to lower the interest rates by 10 basis points for the day for net improvement of about 14 points. Again, we continue to improve our credit quality, maintain our investor relations, and with that, we always have these great results. We wanted to share with you that was sent to you earlier. Before the actual bond closing on July 7, we had to produce an official statement for the investors, and this is headed up before the actual closing. Basically, it's the same thing, just giving an update on the airport. We did have to provide an update to them on the airport and the Mawar-rrior. But other than that, all investors stayed in place, and we were able to close the bonds. The total of \$47 million as recorded adding \$1.47 million cash flow savings for fiscal year 2023 and 2024. A 6.45 % net present value savings for the airport. With that, we just wanted to share this presentation with you. As part of our process, we just sent it to you for your review and acceptance. As a final close out. If you all recall, there was a giant attachment of 500 pages operating statement that was emailed to you. Just as disclosure, what was included in this OS was a briefing on airport to date from last August. There were also their unaudited financials for the fiscal year 2022 and just what we call our economic update, most recent updates on the block. That was on part of this OS. That's it. If we could just ask the board to request to accept this document. Chairman John requested for a motion to accept the official statement as presented within the packet.

- b. The motion to approve the official statement was made by Vice Chairman Ernesto Espaldon Jr. and the motion was seconded by Secretary Siska Hutapea. The Directors then voted with Director Doreen Crisostomo-Muna abstaining. Motion was passed with majority vote.

New Business

§ 11. Claire Cruz reported the following:

- a. Gabertan charge off. This is the farming enterprise. These people had a loan from the agricultural development fund. They came back for an increase for an expansion to the farm. Unfortunately, after a year, Mr. Gabertan, got into a serious automobile accident. His injuries resulted in him no longer being able to farm. As a result, the property was taken back by the landlord. My staff did go out to review the other collateral, which were a used car and truck. The vehicles were found to have no value. Our legal counsel also agreed the this should be charged off. So that's what we're asking today. The amount to be charged off is \$50,896.31 plus any interest and legal fees to date. Chairman John requested if we could give them a 1099C, cancelation of debt? Does that benefit us at all? Claire Cruz advised that research be done. This will be wrapped up next month.
- b. Moving on to Project Marwar-rrior. Since April of 2022, GEDA has been assisting the Guam Department of Public Health and Social Service in facilitating \$108 million in grant programs under the Executive Order 2022-07, executed on March 18, 2022, called the program Panilan I'Famagu'on Guahan. Under this program in the past year, GEDA launched eight different programs to include community care and after school program, childcare certification, relative care, village community care, and workforce retention. Public Health has requested our assistance once again to launch a new program for registered childcare and development fund, CCDF, centers to recover and rebuild after the recent super typhoon Mawar with an appropriation of \$18.8 million in direct aid to sustain the childcare industry, stimulate the economy, and build a resilient childcare industry. The funds are to be used to help these centers get up on their feet faster by either buying solar panels, generators, water tanks, or more protection for their facility. Under this program, the grant is for certified relative and in home childcare providers, certified licensed center based childcare providers, licensed exempt CCDS certified school age providers, certified licensed family daycares. It also provides an additional \$1,500 per subsidized child enrolled prior to June 2023. GEDA opened this program on July 17 with an application submission deadline of Friday, September 15. We are asking the board today to review and approve the attached guidelines as we're required to launch the program at the request and direction of the Office of the Governor. With your packet, we included the Governor's press release dated July 16th, announcing the program. We also provided the rules and regs generated by the GEDA group to support this program. Again, these funds are to be used to harden the facility, not just for Mawar, but just in general, so that when businesspeople have to go back to work, these centers will be ready to receive the kids right away. Unlike the other programs, this is not for payroll, this is not for rent, this is more for facility improvements. In addition to that, there's a page that was added to your packet today, we were having an issue with the \$1,500 allotment per

child because it was supposedly public health that initially said it was going to be a reimbursement for payments towards the kids that were on block grant. But this is almost impossible to do because your facility is being used by everyone for block grant and non-block grant. At the request of the industry and in working with the governor's office, they changed it so that the \$1,500 is a direct subsidy per child enrolled in the care of the facility up to June 1, 2023. It's there to help them directly. All the grants thus far have been checks that have been issued and then audits and monitoring and compliance that takes place after. This was the only one that Public Health had started off wanting to receive reimbursements, wanting to reimburse, and then that became impractical, was what they quickly found.

- c. The motion to approve the approve the guidelines for the project, the childcare recovery program was made by Vice Chairman Ernesto Espaldon Jr. The motion was seconded by Secretary Siska Hutapea. The Directors then voted, and the motion was unanimously passed.

§ 12. Vice Chairman Ernesto Espaldon Jr. reported the following:

- a. GEDA investment policy. We currently have an investment policy in place, and this is just approving the appendix, which allows alternative investments to be proposed to GEDA. And to clarify, it's alternative investments that have liquidity. I'm asking for approval for the appendix of the investment policy statement with the final review and consent of the investment committee. What it does is that it just adds alternatives as a percentage at which could be proposed to us. That should be fine from a liquidity standpoint. What has happened with alternative investments when it comes to private equity and private real estate is, in the past, these types of deals were only offered to certain clientele with a high minimum. That's number one. Number two, as the chairman was stating, many of these deals had lockup periods of five years or 10 years or what have you. So that's how they could access a greater rate of return. These new private equity deals that are coming out and the private real estate deals have lowered the actual minimum to come in, number one. Number two allows you to redeem them in a more friendly way. So, you don't have to wait for five years. You don't have to wait for seven years. And the real reason why it's being added in here, unlike before, where the alternatives were really for going after some risky high return investments. These actual investments are a little bit steadier at about 5 % to 7 % return. And so, the reason why these were brought up is because people were looking for a way to smooth out the volatility in the stock market, which we saw last year. So, as we see stock market volatility, or if we see actual fixed income rates coming down, suddenly you have this 4 % to 7 % yield that you're going to try and find to help your portfolio. And in the end, that's what these investments are targeted to do.
- b. The motion to approve was made by Director Doreen Crisostomo-Muna. The motion was seconded by Secretary Siska Hutapea. The Directors then voted, and the motion was unanimously passed.

§ 13. Administrator Mendiola reported the following:

- a. The Mangilao Night Market request for community contribution. I wanted to just clarify a couple of things. We do have our standing community contribution grant program. However, because of the number of grants that have benefited the community throughout the calendar year, we have decided to push that a little out more towards the end of the fiscal year. A request like this, we would normally lump it into the program, but because we don't plan to launch this program probably for another few months, we went ahead and received their request and vetted their request. We also believe that this is a good one specifically because of its tie to economic development, basically our core mission. We've been working with the municipality of Mangilao, and the Mayor, and the Vice Mayor on a number of different things. We were awarded a \$1.2, \$1.3 million grant under the US EDA to storm harden Mangilao and Agat and build a new market for the village of Sinajana. What happened during typhoon Mawar was that the village of Mangilao Night Market was obliterated. There is no Storm Hardening, there is no market at all. It's a neat market. According to the Mayor and the Vice Mayor, they have 40 vendors that participate on a weekly basis. It's a very affordable market for new businesses. They have over 400 people that attend. They have vendors asking them when they're going to open back up and they'd like to do so quickly. The green markets, we've discussed with them. We said we'd like to go after a bigger grant because now you've got to rebuild this whole facility. But because of the grant timing, we probably can't go after that grant. There's going to be nothing breaking ground until fiscal 2024. In the meantime, we would like to help them with their temporary facility. They are going after FEMA funds. What they've shared with us is that they were scheduled for a FEMA inspection last week. That inspection then got pushed. I'm thinking the FEMA funding is going to take a while. In the meantime, we're talking about multiple months. Can we give them the \$50,000 with the stipulation if they get the FEMA money to refund it back? That's the idea here. Their request is they'd like to request \$50,000 from the Community Contribution Fund. I did share with them there's no such thing. We cannot double count monies. You can't use our money and use FEMA money for the same thing. They will be asked to either, A, return the money. We've had those in the past where Community Contribution Funds were unused for whatever reason. They returned it, wrote a check to GEDA. Or they can, of course, put in a request to do something else, another project. The team, we like this project, we support this project. I think community night markets like this is important for the spirit of the community.
There is the FEMA relief, they've applied for FEMA, but they've not received a response to the extent of aid. And then they're asking for the same things under FEMA that they're asking for us.
- b. The motion to pass resolution 23-013 subject to the addition of a statement concerning reimbursement for anything that FEMA covers was made by Secretary Siska Hutapea. The motion was seconded by Director Dr. Doreen Crisostomo-Muna. The Directors then voted, and the motion was unanimously passed.

- c. As you're all aware, our real property team takes care of all our leases. The lease hold for Take Care has been and is being occupied by FHP and Take Care is being transferred, and the purchasing party is asking for a board resolution to approve the transfer. Legal Counsel stated that nothing changes from our position. Their current lease payments, everything. All we're doing is the movement of ownership. Legal has prepared a certificate of corporate resolution that approves the transfer, the assignment of the sub lease to One Barcino, LLC.

- d. The motion to approve was made by Secretary Siska Hutapea. The motion was seconded by Vice Chairman Ernesto Espaldon Jr. The Directors then voted, and the motion was unanimously passed.

- e. Let me go ahead and say before I even get started, there's no board action needed. This is a briefing for all of you and call for your feedback and brainstorming and so on and so forth. Well, yes, this is being broadcasted out in our public meeting. So yes, of course, all public comments are public, and all of this is public information available on the MDA website. The Enhanced Integrated Air and Missile Defense, the EIAMD system is expected to deploy in 2027. It's expected to operate a 360-degree defense system for the entirety of Guam against evolving threats. There are sites located throughout the island, and currently, I believe all the sites are on federal property except for one potential site in the south. Next slide. As part of the process for this project, they must undergo a NEPA requirement which requires federal agencies to assess environmental effects or actions prior to making decisions. At first, I thought the NEPA process has nothing to do with GEDA, but it should also evaluate environmental, social, and economic effects of the proposed action. Because of this, the Office of the Governor has asked that GEDA look at the economic effects in conjunction with GVB, the Department of Labor, all our sister and brother agencies to be able to provide comments during the scoping portion of the process, which I'll go into a little bit more. The scoping process is intended to provide early and open discussion to determine the breath of the issues and alternatives to be considered and to identify issues that can then be addressed in the EIS. One of the examples I'll go ahead and run by all of you is that I believe the construction of GWA's projects up north are in direct response to the comments that GWA made about the instability of the water supply with the Marines coming in. So, like that, if you say that it's an issue, then it's identified early, you can incorporate it into planning. Public comments on this, but the document that identifies those issues, first, they do another session called scoping, where you start to identify those issues that eventually end up in the EIS. So, the EIS is the final decision for how we're going to go addressing all those issues. After the scoping, there's a draft EIS and there's allowed at that point in time a second round of public comments. Then the MDA will draft a purpose and need statement. The statement will explain why an agency's action is necessary and serves as the basis for identifying any alternatives. If we say we don't agree with this, then they'll say this is why, this is the alternative to this, or there is no alternative, then this is why

we need it. The final EIS happens after that. Scoping, draft EIS, final EIS, and then record of decision. For those of you who've been around for the last build up, you'll see we went through a similar process for the last build up. We're doing a government wide impact assessment. All the cabinet members, all the government agencies are being asked to address how does the proposed project affects your stakeholders? What current processes will be interrupted or exacerbated because of this possible action? And to what extent will this occur? How do you know? And if you don't know, what resources do you need to find out? So, in assessing the economic impact as far as GEDA is concerned, whenever I present out there about economic impacts, I always talk about GDP, what consumer spending looks like, how private investment is doing, government spending, tourism, socio economic impacts. I think the ones that have really come to light because of the military buildup are the buildup impacts on employment and the build up's impacts on housing. Elaborating more on that in this process, I wanted to go ahead and talk to you about just some things that we brainstorming here at the office among the team members that we'd like to then take further out to stakeholders and discuss a little bit more at length, or if we're failing to describe an impact, or if we are completely missing something, this is the venue for you to say you're completely missing something. how does distribution of wealth have to do with it? What we were talking about was specifically, I was discussing contractors and construction awards given to local contractors versus off island contractors. The report that I heard was there's an unofficial number that's being thrown around something like the volume of the BPC filings for the off-island contractors is something like 10 times the number of local contractors. And so, we'd like to see if there's more opportunities for more parity in those ways. Wages and employment. What I did was I put issue, then I put current mechanism for tracking, and then any needs that we're thinking about. So, distribution of corporate wealth, just how is wealth being spread among small businesses, large businesses? Is everybody benefiting? Our stakeholders are primarily businesses, right? And so, are our businesses being affected adversely or positively by this action? We can track via BPT filings. We need more breakdowns by industry. But DRT is becoming much timelier and more sophisticated regarding tracking based on industry. So, we're pleased with that. In addition, DRT recently implemented this practice where they have off island or federal jobs as a different line item than nonfederal jobs on the BPT lines. So, they're also able to look at how the construction industry is doing outside the fence versus inside the fence. And do we need this? And do we are capturing all the GRT or UPP on this? So, the OPA did a serious look at it, and it was shown that there are processes to get to go through that she goes through to capture as much BPT. That's not to say that they're capturing everything because sometimes there are jobs where a specialist will... Let's say UXO, the job is awarded in Hawaii, the guy flies to Guam, performs the work, gets on the plane and flies back. And the contract covers Guam, Okinawa, and so on and so forth. Those are harder to track than if it's a contractor. I believe what is currently done is DRT has a lineup of all the federal awards. And here's an award for this facility in Guam. They go and chase the contractor, and then the contractor then pays the BPT. So, it's harder with the more service related. Wages and employment. We do have employment data that exists, but we believe that there are structural shocks to the employment pool. Currently, what

we're seeing is employers complaining that there's this war for talent, that they're losing employees to the federal government. Here in the government of Guam, I know several employees that have left their post to go work for NAVFAC. And so, a plan to address the structural shocks, any further shocks to our employment pool that might come because of these projects. Construction constraints. So, you went into discussion about SHIPPO, EPA. One response to the buildup is that there is a federal guy that is embedded at Guam EPA to look at federal jobs. Is there going to be further support for EPA? Because what we can see here is more construction projects and more volume coming in from the defense side of the house, EPA clearances for residents, single-family home construction and private projects start to get pushed even further back in the line. The tourism industry. There was once an assessment done on the study of rooms, and that's how we ended up with our special hotel QC. Do we need a new study or assessment of hotel rooms? Economic diversification. Do we need to accelerate complementary industries such as additive manufacturing? Housing affordability. These are not ranked by an order of importance. They're just up there. But home prices, we already have home prices that we track. How do we get more homes, affordable homes built? And how do we not make the current issue that much worse? And currently, one of the data issues that we have affecting all any federal programs is the lag of data as far as what feeds our GDP. So, our GDP, the government's fiscal team has argued that it's not capturing enough data to really give a good picture of how our GDP is growing. And so that's something that I think if there was more support that we could capture better data.

- f. I want to go into the housing affordability issue. So, a lot of the comments were that... To start off, what we were going to say was a greater defense budget circulates more dollars in the local economy and subsequent multipliers with the island's economy stance. But where the island's economy stands in the long term is what we need exploration on from the perspective, especially of employment and housing. When it comes to the H2 pieces with this, this time we need to hold the teeth-of the fire because when the initial build up came on, we were promised all these workers and then. We couldn't get them, right? That's exactly the point that I wanted to italicize underlying rule and everything because right before the buildup, our median house price was 245,000. Now it's 430,000. We used to be able to build houses for \$100 a square foot. Now it's at least \$250 a square foot. We used to have a construction permit that is only \$500 million a year. Now the defense sector alone is already 1.2 billion. What it does to our local real estate market is there are no construction companies' capability that can be used outside the fence because if you get paid three times the rate... The solution is to allow H2 workers to go outside the fence work. It's crucial. We really need that. And to tie it in with the employment, we could follow what Australia does with their high school system. Not everyone is going to go to college, so you get a choice after 10th grade, on your 11th grade, you study to become an electrician, plumber, whatever. And then in your 12th grade, you work with a master plumber, master electrician, master carpenter, you do that. So, we should be able to take advantage of these age two workers right now that are on island and train our high schooler who doesn't have the desire to go to college, which is fine. Electrician makes six-digit income in Australia. It's a respectable profession. We use

this age two worker that are here to tell them training somehow. I know Mary Okada can create a system for this and have them transfer the knowledge because we will need facility manager or facility maintenance people to take care of this 1.2 billion that will end up becoming whatever, 12 billion. Someone will need to do the work. How great it will be for us to take advantage of these H2 workers while at the same time helping our local real estate market. Because right now what happened is even though the interest rate is going up, technically speaking, the price would go down because... But because there is no supply in the market, people still must pay whatever it is because there's no supply in the market. It's going to get worse. I cannot emphasize the need for the military to help us with the H2 worker policy for the NDA not to include that, that's calamity. One of the items that was identified was we were saying that an increase in access to federal contracts that accelerate local... Or ways to help accelerate local business participation. So, bringing more participation of USDA, SVA. Two different things. Those things are good, but we need to make sure that in our response that we need this. This is like a line for us. We needed it, yes. Period. And maybe add to it that we were promised it last time and not delivered. I hear, okay, the military rental rate is so high, it's driving up the prices. That's not the problem. They haven't increased the rent for the military in 10 years. And we'd love to have more military if we had enough supplies. It's great for people. The real problem is the construction company capabilities. One other that could be a potential is I can't imagine that they're going to string the power up on power poles for 360. So, they're going to have to harden it. And if they're down there digging, I don't know from a security standpoint if we can share board pipes with them. But if they do an independent board pipe for their electricity, once you're down there digging, you just shift over, you could have someone digging right along next to it that would reduce the cost and hardening of it. So, you could have homes that as you passed homes, you could have the ability to have power go down next to the home and then pop it up on the pole for the last 100 yards or whatever, right? That would be a lot easier to have after this. That is an excellent point. Hardening of infrastructure or providing more infrastructure because we do have locals that own land everywhere. But what is not there? The infrastructure, so they can't build it. If they're passing by, we have to the ability to share the infrastructure, both telecom and power. So, GPA and GWA are providing separate comments, probably along these lines of DPW as well. So, we'll go ahead and peruse their comments. GEDA is being given an opportunity to probably look at everybody's stuff. And then help. And we should seriously put the line item on infrastructure. Let's add the infrastructure on the economic impact issue. This is just a side comment, which is somewhat related to this, but I just want to mention it, so we don't forget it. Hopefully, it can come on our radar. But Director Siska mentioned the maintenance of these facilities and this 1.2 billion in terms of projects as time goes on and the needs for obviously our population to be trained more in terms of the trades. No doubt I respect GCC's job, but when we think about possible industries to support, whether that be from the government side or if there are federal funds to help, but even trying to attend track private trade schools, say from the States or other parts of the world. So, the analogy would be, you see all the... I know it's related to federal fines, but the way we're getting all this money out to childcare facilities. What if there was so much incentive to allow private trade schools

that are very well established know how to train to come to Guam and set up shop and then receive funding or some types of breaks. And then suddenly, all of our people have access to multitude of places to be able to like, Oh, yeah, no problem. I can go so many places if I wanted to become an electrician. They currently have that within the healthcare profession since. Like medical billing, coding. Director's pay. And I think there's some very established shops in the States and probably other parts of the world that would be happy if they knew of a potential opportunity there. Like a technical school.

- g. Can we speak for a moment about tourism? There's been a I remember years ago, I remember reading about the Japanese market shrinking because of the difficulty to get hotel rooms with the increase in Korean market, and then with all the military exercises coming through. Any thoughts on the tourism industry? Now, GVB is participating in this process again as well. On the demand side for that, one thing on the tourism side of it, it's my understanding that we get paid less per night than Saipan for our federal hotel rates. They haven't increased for 15 years. So, part of this, the rooms are being used and supply and demand is great. But if it's just a few dollars less to have the federal government employees in there and the demand is consistent, the hotels are eating it up all day. But when the spread is substantial, it really hurts. So, if we can narrow that spread to something that's more market driven, that would be helpful. And that might encourage more hotels to be built, too. Because construction cost is so high and if you would want to have certain return on your investment and if the per diem rate is so low, no one is going to build the hotel. But I think we also should add... I know you have wages and employment. But workforce development should be there. On the hotel there, we don't want to complain that we don't want those guests because last time, if you remember, 10 years ago, they were discussing building hotels inside the base. The solution is we just want the per diem to go up. We love them. We just want that to be a fairer pricing. Sorry, I interrupted. I just remembered that one. I think for the purpose of the scoping meeting, wages, and employment, we have to say something to the effect of our wages and employment data currently tells us this. In preparation for the EIS, we need a plan to address the shocks in the employment pool, including that addresses workforce development and so on. Access to H2 workers... augmenting staff with H2, etc. That's how it's framed. The scoping meeting is not where you air the dirty laundry. The scoping meeting is where you gather the evidence to verify. There's nothing negative about that. It's just this is the issue. Back to the tourism industry. Do you think among the hoteliers, there's a prevailing sentiment that the inventory is down? No, it's not that the inventory is down. The per diem rate is too low. I think that might have to go to Congress, but somebody needs to push that. In any event we'd like to consult other stakeholders in the development of our scoping comments, I was thinking of putting together just our usual stakeholder groups, reps from the different parties. The next step from here is the MDA scoping. All the agencies are being asked to either contribute their comments directly to MDA in the scoping process or to consolidate their comments with the front office and put it all together and then submit. They're asking for help to come bring together all the agencies to do this. It looks like all the

other agencies are doing some similar exercise to what we're doing, but not all agencies report to a board so. Thank you.

Public Comments

§ 14. There were no public comments.

Adjournment

§ 15. A motion for the meeting to be adjourned was moved by Secretary Siska Hutapea and was seconded by Chairman John. Adjournment of the meeting was unanimously approved.



DAVID JOHN, Chairman
Board of Directors

Attest:



SISKA HUTAPEA
Secretary, Board of Directors