

REGULAR BOARD OF DIRECTORS MEETING

Thursday; October 26, 2023 1:30PM

GEDA 5th Floor GITC Building Ste. 511 590 South Marine Corps Drive Tamuning, Guam 96913

APPROVAL OF AGENDA

Governor of Guam I Maga'Haga Guahan

JOSHUA F. TENORIO

Lt. Governor of Guam I Segundo Na Maga'Lahen Guahan



MELANIE MENDIOLA

Chief Executive Officer/Administrator Atkådi Eksekutibu Ofisiat/Atmenestradora

CARLOS P. BORDALLO

Deputy Administrator Sigundon Atmenestradot

NOTICE OF A REGULAR BOARD OF DIRECTORS MEETING PLEASE TAKE NOTE TO ANYONE WHO WISHES TO ATTEND AND PARTICIPATE THAT A REGULAR BOARD OF DIRECTORS MEETING WILL BE HELD:

DATE: Thursday; October 26, 2023 **TIME:** 1:30 p.m.

PLACE: GEDA 5th Floor GITC Building Ste. 511, 590 South Marine Corps Drive | Tamuning, Guam 96913 Public Notice: Distributed to the media on Thursday; October 19, 2023 and on Tuesday; October 24, 2023.

AGENDA

- I. Call to Order
- II. Inifresi
- III. Roll Call
- IV. Approval of Agenda
- V. Approval of Minutes
 - a. September 2023 Board Meeting | September 28, 2023
- VI. Chairman's Remarks
- VII. CEO/Administrator's Remarks
- VIII. Committee & Standing Reports
 - a. Real Property Committee
 - b. Healthcare Committee
 - c. Agriculture Committee / Aquaculture Committee
 - d. Qualifying Certificate Report
 - e. Grants Report
- IX. Old Business
- X. New Business
 - a. Performance Evaluation Melanie Mendiola, GEDA CEO/Administrator
- XI. Public Comment
- XII. Adjournment



APPROVAL OF MINUTES



Minutes of Regular Meeting to the Board of Directors of the Guam Economic Development Authority September 28, 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, September 28, 2023 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 Vice Chairman Ernesto Espaldon Jr. 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: Office or Position: David J. John Chairman (via zoom) Ernesto Espaldon Jr. Vice Chairman Andrew Park Director Dr. Doreen Crisostomo-Muna Director Melanie Mendiola CEO/Administrator Carlos P. Bordallo **Deputy Administrator** Terrence M. Brooks Legal Counsel

Also, in attendance were:

Angelene Rios	GEDA
Matthew Baza	GEDA
Diego Mendiola	GEDA
Melvin Tabilas	GEDA
Ariana Villaverde	GEDA
Christina Merfalen	GEDA
Claire Cruz	GEDA

Yong Pak Antoinette Leon Guerrero Rizalito Pezlingagyen Mark Alvarez

Joe Taitano

GEDA
GEDA
Ernst & Young LLP
Ernst & Young LLP

PDN

Approval of Agenda

§ 4. The motion to approve the agenda with the change of the financial audit moving to item A, of new business was made by Director Park. The motion was seconded by Vice Chairman David John. The Directors then voted, and the motion was unanimously passed.

Approval of Minutes

§ 5. Director Park made the motion to approve August board meeting minutes and was seconded by Chairman David John. The Directors then voted, and the motion was unanimously passed.

Chairman's Remarks

- § 6. Ernesto Espaldon Jr. reported the following:
 - a. Today's agenda is centered on our fiscal responsibility as a board as we examine the audit and the fiscal year 2024 budget. Director Espaldon thanked the auditors for their hard work on this and looks forward to their report.
 - b. On September 14th, GEDA held its third annual Taking the LEAP virtual conference. It was attended by about 75 people and content centered on access to capital and exporting goods outside of Guam. The virtual event was funded by a grant under the SBA's State Trade and Export Program.
 - c. We also have a number of qualifying certificates awaiting feedback from the attorney general. The primary concern identified is the implication that the business privilege tax abatements have on our bond covenants. After much back and forth, GEDA opted to send out what is called an EMMA notice, short for electronic municipal market access, the MSRB platform for public notice to shareholders and bondholders. To date, there have been no comments or concerns expressed by bondholders. Sometime next week, GEDA will be doing a letter to the AG that no concerns arose. This will ultimately be reflected in our QC standard operating procedures as there are multiple QCs that allow for the abatement to BPT. This action should facilitate a swifter review of QCs following their board approval not only by the AG, but also by the Office of the Governor.

- d. Regarding the LEAP supplement grant with a positive year in government finances, it appears that signs are pointing towards the program getting off the ground. The action that would set this in motion is an executive order from the Office of the Governor. Once that occurs, the team will be ready to take the leap without any delay.
- e. Director Espaldon asked the board to join in extending thoughts and prayers to Governor Leon Guerrero and her family as they mourn the loss of their matriarch, Tan Eugenia Leon Guerrero, who now joins her husband, Jesús Leon Guerrero, founder of the Bank of Guam, and former board chair of GEDA 50 years ago.

CEO/Administrator's Remarks

- § 7. Administrator Melanie Mendiola reported the following:
 - a. GEDA got a recent announcement that we received a \$100,000 grant from the SBA to continue our step program. So this is our third approval under the State Trade and Export Program. We're going to use it for the conference that we've been holding. Taking the Leap over the last three years has been a virtual conference. We're going to use this money for an in real life, an in-person conference next year, in addition to the mini grants that we use to support businesses and their export endeavours. The Administrator had the opportunity to go to Taiwan and have a number of fruitful meetings with government officials as well as the fisheries, their equivalent of the Fisheries Council of Taiwan.
 - b. The Administrator also met with six other states and their Economic Development representatives. They discussed what incentives they are offering. The driving message, though, that continues to be shared is that tax abatements and tax incentives don't matter as much as the availability of supply of labor. It's important for GEDA going forward in our strategic plan to incorporate serious work with the Department of Labor, as well as the University of Guam and Guam Community College, to ensure that as we invite companies to come and do business in Guam, that we're very confident that we have the labor supply needed to be able to support any industry that we create.

Committee and Standing Reports

- § 8. Vice Chairman Ernesto Espaldon Jr. reported the following
 - a. Updates were transmitted in Meeting Packet.

Old Business

§ 9. Administrator Mendiola reported the following:

- a. There was some internal meeting with GVB and the Governor's Office regarding a new HOT Bond. Now it's a matter of identifying projects. It looks like there's also some desire to replace or to look at what can be funded from ARP.
- b. GEDA met with the Lieutenant Governor recently after his presentation to the GCA, the Guam Contractors Association, to report on progress made by Business Licensing and Permitting task force. They discussed GEDA and government-wide efforts in that space.

New Business

§ 10. E & Y reported the following:

- a. Rizalito Paglingayen a partner with E&Y, Guam Economic Development Authority's auditor, presented the results of the September 30, 2022 audit.
- b. EY issued an unmodified or a clean opinion on the proprietary fund financial statements. It also issued an unmodified opinion on the aggregate other co-information of GEDA, which is basically the GDFA, the Fiduciary Fund, presented in GEDA's financial statements. As part of our government auditing standards procedures, we identified two findings in our report, which pertain Paglingayen to the implementation of GASB 87. With regards to the management letter comment, we did identify one other deficiency related to the formal documentation of GEDA's arrangements, specifically with the government of Guam, with regards to certain programs being managed or administered by GEDA.
- c. E&Y has an ongoing audit on the federal compliance of GEDA's federal awards. We have identified two major programs for which GEDA has been identified as a sub-recipient. The first is the Community and Economic Adjustment Assistance program and the last phase on the childcare development grant funds. As soon as we receive the requisite information, we'll proceed with the necessary procedures to conclude that portion of the audit.
- d. Mr. Paglingayen gave an overview of areas of audit emphasis with regards to procedures related to GASB 87 leases. This represented the most significant adoption of a new accounting standard for September 2022 financial statements. One of the two findings that we identified as a significant deficiency is related to the rate escalation. In preparing or in coming up with the adjustment to the implement GASB 87, certain rate escalations embedded into the leases were considered and therefore the value of the capital asset, the least receivable in their case, as well as the deferred inflow for the leases were slightly off. What this means is that GASB 87 requires upon implementation that you only consider the remaining lease term from the beginning of September 30, 2022, fiscal year in determining the appropriate discount rate to be taken into consideration. The implementation of GASB 87 did have an impact of increasing your asset and increasing your flow of resources with the

objective of smoothing out the revenue being recognized on your statement of changes in that position going forward for the lease. It's clear in the standard that only fixed payments are to be considered in the application of GASB 87. So care needs to be taken to make sure that variable and fixed payments are not considered as part of the valuation of that piece.

- e. Lastly is just an overview of the impact as of September 30, 2022. We did see an increase in the receivables to about \$28.4 million and a corresponding increase in the total of this is total of \$1.2 million. The application of GASB 87 now requires this future anticipated income not to be reflected on your statement of acquisition.
- f. Regarding the recognition of grant revenues, this is just, again, a reminder that as it relates to grants, especially those that are reimbursement-based, as long as the grant has been reported, the revenue should be reported at the time the expenditure was incurred.

§ 11. Administrator Mendiola commented:

g. At the outset of being given the findings, our response, of course, our management's point of view on GASB 87 is that this was the very first year of implementation. I believe there was a difference of opinion in the approach, and we believe our approach was a good one. Nonetheless, we're happy to take the feedback of the auditors and implement these changes. With regard to the recognition of grant revenues, this is something we are increasingly becoming much more diligent about, and, we're experiencing the growing pains of all these grants and programs that we're implementing, that we implemented, and I think that it's important to understand as we grow to always be mindful and conscientious of tracking things appropriately. So we take all of the auditors feedback and are utilizing it.

§ 12. Chairman David John commented:

- h. If you ask me, GASB 87, I've been in business a long time, it's the most confusing thing I've ever undertaken. So I'm not involved with any organization that didn't struggle first out of the game. So I think the auditors recognized that and they're here to advise you. So I wouldn't take that one too hard on the team, and we just don't want to see it next year.
- § 13. Director Park made the motion to accept the 2022 audit report, which was seconded by Director John. The Directors then voted, and the motion was unanimously passed.
- § 14. Chairman David John made the motion to order to open the discussion for FY 2024 budget and was seconded by Director Muna. The Directors then voted, and the motion was unanimously passed.

§ 15. Administrator Mendiola reported the following:

- a. Starting with GEDA's organizational chart on page three, there have been no changes to the org chart since it's last adoption. However, some positions you see are unfunded in parentheses. Those unfunded positions are positions that remain open subject to grant funding or any type of new project that provides the cash flow to be able to budget for these employees.
- b. To the far right, you have Childcare Grant program division. This was the temporary division that was set up to handle all of the childcare programs. These are limited term positions, and this box will disappear at some point in time when we close out the childcare programs. If we move on to the budget summary, thus far, fiscal year 23 came in under what was projected, primarily due to bond deals that were pushed to fiscal 2024, in addition to some grants, federal grants that were slow out the gate due to planning purposes. You'll see operating revenue relatively level from 2023 to 2024. We project \$4,212,000 which is just a little bit less than what we actually realized year to date in 2023. Operating expense-wise, we are projecting lower expenses at \$4,161,394.
- c. The major contributors to our revenue continue to be our bread and butter, real property, in addition to our qualifying certificate fees. GEDA's bond fees and any administrative and grant fees tend to fluctuate. The one that is the most variable, it continues to be the most variable, will be grant revenue and administrative fees, which primarily have to do with ad-hoc projects we take on or projects we proactively go after, specific to economic diversification.
- d. Vice Chairman noted at least a \$500,000 decrease in the revenue forecast versus the approved 2023. Which will lead to, it looks like half a million dollars less expenses that you're programming. Then as we go down on page four, I do see your grant revenue and administrative fees. I'm just trying to make sure GEDA should have enough income. And then so just the board could understand, we have an approved amount of zero, but then in fiscal year 2023, we have other income. Could you just comment on that for 2023?
- e. Administrator Mendiola answered: Yes, other Expenses. The QC grant, if you recall, the timing of the grants that we give out under the qualifying certificate program. Let's say we take in about 1.3, 1.4 million in QC fees. Last year, we utilized 450,000. This year, we're also looking to utilize 450,000 towards our operations and economic development, business development. The remainder goes into this pot called our QCCC, our Qualifying Certificate Community Contribution Fund. When we spend that QC money, that is classified as an other expense. It used to be on The balance sheet, but because the new accounting standards, it moved to our profit and loss statement. It's specific to the QC revenues that come in. Our largest community

contribution comes in from GRMC. They have from January to December to make a \$1.2 million contribution. As you can see, there's some overlap there between two fiscal years because the recipient can opt to give the entire contribution in, say, November, which would bleed into a new fiscal year, or in January, which would leave the next fiscal year without. And what we've tried to do is get the timing right with our QC grant so that we're receiving the money before we announce a grant program. But there was some money that was stored up from previous years that we started to distribute a little more aggressively in 2022. It had been money that was coming in in 2020, in 2021, and then we said, Okay, let's go ahead and give a little bit more out. I think to me, that was probably the biggest contributing factor to the timing.

- f. GEDA did have one cyber security breach that is still under investigation with the FBI that resulted in us writing two checks for the same vendor. \$425,000. The total was about \$725K, we recovered about \$300,000. So it's between us, the bank, and the vendor. The vendor sent in information that their bank information had changed and GEDA's processes broke down and reported it to all the powers that be, but specifically the FBI. GEDA has implemented new controls so that this doesn't happen again. The SOP hadn't been updated in quite some time, so we updated it to add for additional levels of caution and additional levels of security in verifying form. We have a form for any new ACH account that has to be verified. Whenever we sign out, we verify. We get a confirmation email and call that vendor.
- g. For the most part, our expenses are in line with last year. The conferences, trainings, and meetings are greater in particular, as well as our marketing, and that is primarily due to our participation in Select USA. If you recall, Select USA is something that is ARP funded. Our operating revenues are inclusive of our bread and butter operating revenues, such as rent collected, public finance fees, in addition to the special projects, including our ARP admin fee and our childcare admin fee. As such, those expenses are embedded here in salaries and so on, Our office space, I mean, pretty much this is a minor escalation to our office space, legal, we thank our attorneys for always staying within budget. We also are subject to a single audit. However, the audit is of multiple programs, including our loan program, so we also charge the direct expense to our loan programs, not just to general operations. Everything else is relatively straightforward. I did want to make a comment, however, about salaries. I think that in the coming month or two, I would very much like to keep our salaries within this. This is the budget that I believe is good for this year.
- h. The Administrator noted there is inconsistency with the rest of Gov Guam. Once you hit a certain level of seniority in the organization, let's say a program coordinator four, then your evaluations are only once every two years. If you're getting evaluated once every two years, your step, the promotion, one step is about equivalent to three %. Two steps are equivalent to six %. On average, that's okay if you're getting

evaluated every year. You get one step is like, you're doing okay. Two steps is you're doing awesome. But the thing is, if you're only getting evaluated every two years and then you're considered exceptional, you're getting two steps spread over two years. That really equates only to one step every year, which is basically inflation. We're not rewarding the most senior employees who have the greatest amount of responsibility with the promotions that they are likely, more often than not, are well-deserving. That's the first thing that has come to our attention.

- The second thing that has come to our attention is with the adoption of the general pay plan, there's been two adoptions of pay plans since GEDA adopted its pay plan. There's inconsistency, primarily with regard to some of the employees that have a tenure of longer than, say, five years. Because if you were hired within the last few years, then chances are we gave you an offer, you accepted the offer, you're working for us, that's fine. But if you're an accountant two that's been an Accountant II for a number of years, versus an Accountant II at the airport, the Accountant II at the airport is probably making about \$15,000 more than you. Maybe 20. I do not believe the answer is to adopt the general pay plan. However, the answer is to look at every single position and to look at where we believe that it should be. As well as there is also an economic development, the IEDC, our economic development organization nationwide, they have an annual paid study that we can purchase. We can purchase that; we can look at that as well and see what the industry pays. Then from there, we can make adjustments. What that means is that we may come to the board in the next month or two or three and say, this is the year when we start making adjustments. You'll see adjustments all over the map. You'll see this employee getting three steps, this employee staying the same. Then the auditor's question will be, "what were you guys doing?" We're getting to the point where we're consistent with the Gov Guam general pay plan. You're going to be doing that in fiscal year '24?
- j. The Administrator noted that other Board provide the budget on a monthly or quarterly basis. If that is something the Board wanted us to do, we could start doing that going forward. The most variable pieces of revenue generally have variable expenses that can be adjusted accordingly. We had one big grant that caused the decrease in fiscal '23. It was called the Green Markets Grant. The Green Markets Grant, the money that was supposed to come in was supposed to go out for construction in addition to an admin fee for us. The project was pushed because there were some trouble getting it due to questions about the title of the land. What we did was we didn't pay for the construction, so we didn't collect the revenue. For the most part, the variable items have variable expenses attached to them. Then in the non-operating side of the house, there's some padding as well. There's the investment income. We've become very actively involved in utilizing our financial advisors and the investment committee, to manage our investments. We don't lean on the passive income to support our operating revenue, but the passive income is there to help us when things don't go quite as planned.

- k. GEDA also spends quite a large amount on professional services. We currently have in a regular operating year, other professional services. One is primarily for real property consultant, as well as an integrated marketing and communications consultant. That makes up about \$250,000. The remainder is the variable amount that has to do with our A&E, an architect and engineer, multi-term contract that's relative to a grant revenue that comes in for it. We also utilize our marketing consultant. When they work on special projects, their fee goes up, and that is also plugged into the other professional services, and there's corresponding grant revenue. The corresponding account to that would be grants revenue.
- 1. Vice Chairman Espaldon to ASD Manager, Ariana Villaverde: Vehicle lease agreement, is that a timing issue there where we have \$8,400 in the budget? It's at 12 for next year. We didn't go out for a lease vehicle. We wanted to, but we didn't. But we want the option for 24 still. Okay. Then the same thing with the advertising. I agree, advertising to me is important with overall communications. The \$8,240 that we have spent so far, is this a timing thing too, or are we going to reach \$15,000 budget? No, sir. It's primarily because most of the advertising and marketing that was done was done specific to childcare and other specific programming. Whereas in a regular year, if GEDA's name wasn't out there as much as it was with childcare, then maybe in a regular year we'd say, Oh, this is a good year for us to put out a commercial or some PSA or do a little bit more marketing for ourselves. This year, a lot of our programs and our work did the marketing. For us and the advertising for us, so that's why we didn't have the information. Website development, same thing. We brought down that budget because things are stabilized. We had a contract for the development of our website. Now this is just for the hosting. It's just web hosting now. We're looking at matching expenses to revenues.
- § 16. Director Muna made the motion for the adoption of the budget and was seconded by Chairman John. The Directors then voted, and the motion was unanimously passed.

Public Comments

§ 17. There were no public comments.

Adjournment

§ 18. A motion for the meeting to be adjourned was moved by Chairman David John and 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

COMMITTEE REPORTS



CENTRAL ISSUE

GALC

 Desire to expand GEDA services to include investment guidance and strategies to grow the Land Bank Trust Fund and manage risk

Support

- Several GovGuam Agencies seeking GEDA assistance on a number of initiatives

5 Year Law

- Creates challenges to attracting developers and investors

KEY MEETINGS

10/11/23 GALC Rea Mta

10/10/23	FEMA and GALC
10/09/23	FEMA and GALC
10/05/23	Sen Roy Q RE CLTC Yigo
09/29/23	GVAO RE State Plan
09/21/23	GALC RE FEMA Assistance
09/21/23:	GVAO RE Veterans State Plan
09/20/23:	FEMA re: Recovery Scoping
09/20/23:	• • • •

09/20/23: Green Markets: Sinajana Design Meeting 09/12/23: E.C. Development re: Northern Market

09/06/23: FEMA re: Recovery Scoping 08/23/23: FEMA re: Recovery Scoping 08/16/23: Fishermens Cooperative 08/16/23: FEMA re: Recovery Scoping

08/16/23: E.C. Development re: Northern Market

08/09/23: GALC Reg Mtg.

08/09/23: FEMA re: Recovery Scoping 08/02/23: OLDCC On-island Visit

07/26/23: GALC Special Mtg

07/13/23: MDG/Gov/CDLO re: Task Order 9

07/12/23: GALC Reg Mtg.

*Ancestral Land Owners (ALO) *Community Defense Liaison Of

- *Community Defense Liaison Office (CDLO)
 *Department of Land Management (DLM)
- *Guam Ancestral Land Commission (GALC)
 *Guam Memorial Hospital Authority (GMH)
- * Guam State Clearinghouse (GSC)
- *Joint Region Marianas (JRM)
 *Matrix Design Group (MDG)
 *Office of the Governor of Guam (OOG)
 *Ruder Integrated Marketing Strategies (RIMS)
 *United States Army Corps of Engineers (USACE)

COMMITTEE

REAL PROPERTY OCTOBER 2023

OTHER NEWS AND UPDATES

- Green Markets (Sinajana)
- RPD supporting Small Business Division w efforts to construct public market at Sinajana Mayors Office site
- Typhoon Mawar
- Damage assessments completed by RPD team for all properties managed by GEDA
- Ongoing support for FEMA Recovery Scoping
- Permitting Process
- Ongoing working sessions for amendments to existing statutes
- Fishermen 's Coop
- Site prep for seawall in progress, operations for temporary facility on site progressing
- DCA Museum Roof Repair
- HOT Bond funding certified as required by the MOA between GEDA and DCA
- RFIs for Private Land Inventory
- RFI 23-001: Issued 07/31/23 and closed on 08/18/23
- 3 responses received
- RFI 23-002: Issued 07/31/23 and closed on 08/18/23
- 3 responses received

ACTION ITEMS

- Continuing support of other GovGuam agencies' initiatives



CENTRAL ISSUE

Need for Regional Health Lab

Need to upgrade or replace public healthcare facilities

Need for options for the reuse of current medical services facilities

Continuing upkeep of GMH facility and services

DPHSS facilities

Due to COVID 19 cases over the past years, GMH, GRMC and other health providers are still experiencing shortages of locally based trained staffers to support front liners

COMMITTEE

HEALTHCARE OCTOBER 2023

OTHER NEWS AND UPDATES

- Matrix

TO9 ongoing: GVAO (Veterans) Medical and Public Health Service: Plan

- PL 36-56 pledges funding for the Guam Twenty-First Century Healthcare Center development expenses.
- Website: www.guammedicalcampus.com
- Bills 184-37 (GALC Mangilao) and 185-37 (Tamuning Only) introduced RE New GMH location
- BILLS:

12-37: Legislative approval on entering a lease, license, or sub-lease of federal or foreign government property 13-37: Transparency for the Medical Healthcare Campus Gov vetoed both Bills on 03/21/23 Override on bills failed on 03/30/23 Override on Bill 12-37 succeeded on 4/27/23 Override on Bill 13-37 succeeded on 5/10/23

KEY MEETINGS

05/17/23: Legislative Oversight on New Hospital

03/09/23: CDLO Re: Lab 01/23/23: MDG Re: VA Plan 01/20/23: RIMS Re: Website

12/21/22: CDLO, DLM, JRM Re: Lease 12/14/22: CDLO, DLM, JRM Re: Lease 12/07/22: CDLO, DLM, JRM Re: Lease 12/06/22: CDLO, DLM Re: Lease

11/30/22: CDLO, GMH, DLM Re: Utlities

10/17/22: OOG, CDLO, GALC, DLM Re: MedCampus 10/14/22: OOG, CDLO, GALC, DLM Re: MedCampus 10/03/22: MDG, CDLO Re: Enhanced Use Lease

ACTION ITEMS

RPD Staff supporting GALC w their FEMA applications for their properties

Continue facilitation and support of the Healthcare Task Force and its various subcommittees to coordinate efforts to improve medical and health services delivery to the community.

GEDA staff supporting Governor's office with RE to a potential new medical services campus in terms of researching finance options and collaborating with other GovGuam agencies on related matters.

Ongoing collaboration between RPD & PFD for draft of PMO RFP

^{*}Ancestral Land Owners (ALO)

^{*}Community Defense Liaison Office (CDLO)

^{*}Department of Land Management (DLM)
*Guam Ancestral Land Commission (GALC)

^{*}Guam Ancestral Land Commission (GALC, *Guam Memorial Hospital Authority (GMH) * Guam State Clearinghouse (GSC)

^{*}Joint Region Marianas (JRM)

^{*}Matrix Design Group (MDG)

^{*}Office of the Governor of Guam (OOG)

^{*}Ruder Integrated Marketing Strategies (RIMS)
*United States Army Corps of Engineers (USACE)



CENTRAL ISSUE

Guam's high dependency on the importation of agriculture products creates a need to grow and develop the local agriculture into a sustainable industry and reduce imports.

GEDA initiatives:

- 1. Expand and build agriculture assets
- 2. Workforce development
- 3. Private investment initiatives

COMMITTEE

AGRICULTURE/AQUACULTURE

OTHER NEWS AND UPDATES

- Guam Green Markets project currently in the full design face for the Sinajana project site

KEY MEETINGS

- 10/13 Meeting held with Economic Development Administration (EDA) disaster recovery team to discuss potential disaster recovery projects, including aquaculture

ACTION ITEMS

- At the request of EDA, organizing an aquaculture stakeholders meeeting for when they are on island to discuss potential aquaculture-related disaster recovery projects.
- Working with UOG Sea Grant office to schedule meeting with FEMA to discuss the Guam Aquaculture Innovation Center project.

TRIP REPORT

- GEDA staff participating the THRIVE Hawaii Agrifood Summit from September 26-27 in Hawaii, an even with a focus on developing sustainable food, agriculture and aquaculture solutions for the Asia Pacific Region.





QUALIFYING CERTIFICATE (QC)

CENTRAL ISSUE

Business & Economic Development Division (BEDD) continues to administer and develop the QC program.

Efforts continue to improve program to maintain it as a viable investment tool, with a focus on:

- Special Hotel QC
- Manufacturing
- Captive Insurance
- Technology
- Circular Economy & Recycling

OTHER NEWS AND UPDATES

- As of the date of this report, GEDA has received the following:
 - one (1) QC application for a captive insurer; and
 - one (1) QC letter of interest for an airline services company.
- Investor interest remains high for several QC activities, such as:
 - Circular Economy & Recycling
 - Captive Insurance

COMMITTEE

- Special Hotel
- Green Technology
- GEDA anticipates new QC applications to be received in the coming months.

KEY MEETINGS

- Although there were no key meetings in September, BEDD, in conjunction with PFD and GEDA Bond Counsel, finalized the EMMA notice regarding Business Privilege Tax (BPT) abatements in the QC program. The notice was posted on 9/18/2023.
- As of the date of this report, there has been no response to the EMMA notice. As such, a notice was sent to the Office of Attorney General (AG) on 10/23/23. BEDD plans to schedule a followup meeting with the AG in the coming days.

ACTION ITEMS

- BEDD to continue dialogue with the AG regarding the status of QC contracts.
- BEDD is continuing outreach efforts to individual hotels and investors regarding the expanded Special Hotel QC Program.
- · Continue researching the following tax incentives:
 - · captive insurance
 - manufacturing, including pharmaceutical & additive manufacturing; and
 - · the development of high tech industries.

QUALIFYING CERTIFICATE APPLICATION LIST as of October 20, 2023

APPROVED QCs							
Applicant	Industry	Activity	Status				
None as of date of this report							
	APPLICA	TIONS IN PROGRESS					
Applicant	Industry	Activity	Status				
Island Home Insurance Company	Domestic Insurance	Health insurance	BOD approved 11/10/22 - QC at AG's Office				
Core Tech International Corp.	Affordable Housing	Affordable Housing	BOD approved 8/18/22 - QC at AG's office				
BG Place LLC	Tourism	Entertainment/Tourism Complex	BOD approved 6/23/22 - Latest QC draft routed to applicant 4/3/23				
Core Tire Recycling, LLC	Circular Economy/Recycling	Tire Recycling	BOD approved 11/10/22 QC to be submitted to AG for legal review				
TakeCare Insurance	Domestic Insurance	Health insurance	BOD approved 11/10/22 QC at AG's Office				
Tokio Marine Pacific Insurance	Domestic Insurance	Health insurance	BOD approved 12/16/22 QC at AG's Office				
Pan Pacific Retail Management (Guam) Co., Ltd.	Tourism/Real Property Dev.	Retail Shopping Center	BOD approved 3/23/23 QC with Applicant. Still pending response.				
Core Tech Captive Insurance Corp.	Domestic Insurance	Captive Insurance	Application received 5/12/23 PH scheduled for 1st week of November				
	POTEN	TIAL APPLICATIONS					
Applicant	Industry	Activity	Status				
Aviation Concepts, LLC	Services	Aviation Services	Letter of Interest received 10/13/23				

GEDA FEDERAL GRANT PROJECTS (Updated 9/21/23)	DIECTS								
PROJECT TITLE	PROJECT DESCRIPTION	PROJECT START DATE	GRANT	FUNDING SOURCE	REQUESTED AMOUNT	GEDA ALLOCATION	STATUS	COMMENTS	
Guam Additive Manufacturing and Materials Accelerator (GAMMA)	Guam Additive Manufacturing and Development of strategy plan for workforce development, private sector industry investments, and Materials Accelerator (GAMINA) GAMINAC enter facility	May 2023	FY 2023 Regional Technology and Innovation Hub Program Phase I	EDA	\$450,000	\$164,680	SUBMITTED - 8/14/23		2
-							SUBMITTED - 4/30/23		
Guam State Trade Expansion Program	Guam State Trade Expansion Program to increase the number of small businesses exporting	March 2023	FY 2023 State Trade Expansion Program	SBA	\$100,000	\$18,500	AWARDED - 8/30/23		2
Guam State Trade Expansion Program	Guam State Trade Expansion Program to increase the number of small businesses exporting	March 2022	FY 2022 State Trade Expansion Program	SBA	\$200,000	\$200,000	SUBMITTED - 5/27/22		
Guam Green Market Facilities	The project is intended to repair, renovate, storm-harden and construct new green market facilities in three strategic municipalities (Agat, Mangilao and Sinajana) and to expand existing facilities at the sites in order to add new small business space for minority entrepreneurs.	January 2020	FY 2020 EDA Public Works and Economic Adjustment Assistance Programs	DOC - EDA	\$1,200,000	\$60,000	3/10/20 PRELIMINARY SELECTED - 10/9/20		e
							7/23/20 PRELIMINARY SELECTED - 12/4/20		
							AWARDED - 03/08/21		
Guam Aquaculture Industry Feasibility Study	Economic and marketing feasibility study (including site analysis and preliminary conceptual design) for the establishment of an aquaeulture inclustry on Guam	June 2020	FY 2019 EDA Disaster Supplemental	DOC - EDA	\$199,775	\$51,150	Submitted Grant Close Out Report -		33
							SUBMITTED - 9/3/20		
							PRELIMINARY SELECTED - 12/8/20		
-			FY 2020 EDA Public Works and				AWARDED - 4/29/21		
Guam Comprehensive Economic Development Strategy Pandemic Recovery Plan	Update of Guam CEDS 2020-2025 to include new and revised strategic development projects in order to reflect current economic conditions and the impact of COVID-19	June 2020	Economic Adjustment Assistance Programs including CARES Act Funding	DOC - EDA	\$128,533	23,533	8/26/22 - Submitted grant close out report		m
PROJECT TITLE	PROJECT DESCRIPTION	PROJECT START DATE	GRANT	FUNDING SOURCE	FUNDING SOURCE REQUESTED AMOUNT GEDA ALLOCATION	GEDA ALLOCATION	STATUS	COMMENTS	

		ADDI	ADDITIONAL GRANTS						
Tourism Recovery Plan	Analysis of Guam's tourism market, including: Tourism Market Study, Tourism and Destination Marketing Assessment, Repositioning and Development Strategy	May 2020	FY 2020 EDA Public Works and Economic Adjustment Assistance Programs including CARES Act Funding	DOC - EDA	3921559.79 (Awarded \$390,000)	\$200,000	AWARDED - 3/18/21	Collaborated with BSP and GVB, with BSP serving as grant applicant.	2
Medical and Public Health Services Action Plan	Medical and Public Health Services The Action Plan will influence and shape GovGuam's medical and public health investment decisions Action Plan and support investments in medical and public health care infrastructure	March 2020	March 2020 Office of Economic Adjustment	OEA	~\$2,000,000	10% of budget	Preliminary discussions with OEA	Preliminary 10% of budget discussions with OEA Led by Guam Buildup Office	m
Statewide Planning Grant	Non-competitive grant to fund: Guam Agriculture Master Plan, Additive Manufacturing Feasibility Study, Transshipment Industry Feasibility Study, Economic Impact Model	July 2021	FY2021 Statewide Planning Grant DOC - EDA	OOC - EDA	Master Pian - \$375,000 Additive Manufacturing - \$300,000	TBD	Awarded - 11/4/21	Collaborated with BSP and DOAG, with BSP serving as grant applicant	2

OLD BUSINESS

NEW BUSINESS

Performance Evaluation - Melanie Mendiola, GEDA CEO/Administrator

Governor of Guam I Maga'Haga Guahan

JOSHUA F. TENORIO

Lt. Governor of Guam I Segundo Na Maga'Lahen Guahan



MELANIE MENDIOLA

Chief Executive Officer/Administrator Atkådi Eksekutibu Ofisiat/Atmenestradora

CARLOS P. BORDALLO

Deputy Administrator Sigundon Atmenestradot

EXECUTIVE MANAGEMENT PERFORMANCE EVALUATION

EMPLOY	EE NAME:			POSITION CLASSIFICATION/TITLE:	EMPLOYEE ID NO.:
Melanie	e Mendiola			CEO/Administrator	1064
PERIOD	OF REPORT:			REASON FOR REPORT:	
FROM:	10/10/21	TO:	10/10/23	SEMI-ANNUAL 🗸	ANNUAL

Part I – SELF ASSESSMENT (Completed by Executive)

A. MISSION (Position Mission Statement)

The Mission of GEDA is to develop a sound and sustainable economy through innovative programs that promote local culture, economic opportunities, and quality of life.

The Mission of the CEO/Administrator is to work towards the strategic goals of the Board of Directors as well as carry out their policy directives. Leading the GEDA team, responsibly managing the organizational bottom line, and meeting the strategic objectives of the Board and the Office of the Governor of Guam are of the utmost importance in this role.

B. STRATEGIC PLAN OBJECTIVES (Address each program area of responsibility)

The last five years have been focused on the following goals: to clean up and improve government finances, to diversify the economy, and to make it easier to do business on Guam. In the last two years in particular, we are reaping some rewards for our efforts, but also meeting some "growing pains" type challenges.

Operationally, the CEO's objective is to run a sound organization which adheres to the law, policies, and procedures of the Government of Guam. Among the 37 employees, the CEO leads an inclusive workplace that promotes teamwork, productivity, and meeting and exceeding goals set forth by the Board of Directors. The CEO directs the fiscal side of the organization to ensure that the resources of the organization are accounted for properly and in adherence with the law.

Lastly, the CEO facilitates partnership building and building advocacy among stakeholders, including the Office of the Governor, the Legislature, fellow government agencies, federal agencies, the press, and the public at-large.



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C. ACTIVITIES (Related to Strategic Objectives)

The CEO has overseen and directed the Government of Guam's activities in the bond market, which have cummulatively saved the Government of Guam over \$103.7 million in bond refinancings. Towards diversifying our economy, the CEO directed the Economic Diversification Working Group empaneled by the Governor to narrow down over 10 sectors to those which have the greatest potential. Multiple formal feasibility studies for aquaculture and additive manufacturing were completed. The team under the direction of the CEO also actively leads and contributes to various other strategic planning documents including the CEDS, the G3 framework, the Medical Action Plan, and others.

D. SUMMARY OF PERFORMANCE (Assess overall performance as it relates to meeting the objectives identified in the Strategic Plan)

GEDA has been highly productive under the leadership of the Administrator/CEO. An unprecendented amount of money has flowed to the business community to help recover from the effects of the pandemic. DPHSS was at risk of losing millions in various grant funding sources. GEDA intervened to roll out Prugramman Pinilan, which resulted in over \$60 million to the childcare industry. Through more efficient use of resources, we have contracted productive partners to carry out marketing activities as well as architecture and engineering services. These help to leverage our existing resources and tee us up properly for greater grant funding opportunities.

The organization's resilience under the current leadership has shown through many external challenges including the COVID19 pandemic, the volatility of the financial markets, the changing tides of leadership in the local legislature as well as with our federal counterparts, and even through an unfortunate cyber security breech. The CEO/Administrator has been quick to adapt and keep moving the organization forward.

E. ADDITIONAL ASSESSMENT(S)

Since our last evaluation in 2021, the CEO/Administrator noted working towards more "consistency of energy, attention, and follow through." In addition to building the confidence to more actively assert herself as a subject matter expert in the Guam economy. Lastly, improving the "speed to the finish line" for projects.

As evidenced by the exponentially more productive last two years, it is the view of the CEO/Administrator that these areas of improvement have been addressed. Because of GEDA's systematic roll out of multiple consecutive successful programs, more attention has been placed on the organization and we are being requested to play an even greater role delivering service to the people of Guam on behalf of the Office of the Governor and Government of Guam.



Governor of Guam I Maga'Haga Guahan

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MELANIE MENDIOLA

Chief Executive Officer/Administrator Atkådi Eksekutibu Ofisiat/Atmenestradora

CARLOS P. BORDALLO

Deputy Administrator Sigundon Atmenestradot

EMPLOYEE NAME:	POSITION CLASSIFICATION/TITLE:	EMPLOYEE ID NO.:	
Melanie Mendiola	CEO/Administrator	1064	

Part II – EXPECTATIONS OF EXECUTIVES (Completed by Supervisor)

Checkmark the rating that applies to each section/area.	OUTSTANDING	HIGHLY SATISFACTORY	SATISFACTORY	MARGINAL	UNSATISFACTORY
A. Leadership	✓				
B. Strategic Planning	\checkmark				
C. Communicates Mission & Vision	\checkmark				
D. Champions Innovation		✓			
E. Promotes Ethics					
F. Builds Relationships	✓				
G. Decision Making	✓				
H. Leads Change	✓				
I. Inspires and Directs Action		\checkmark			
J. Promotes Diversity	\checkmark				
K. Accountability/Fiduciary Responsibility		✓			
L. Business Acumen	✓				
M. Effective Operation & Maintenance of GEDA Objectives		<u></u>			
N. OTHER	\checkmark				



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MELANIE MENDIOLA

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CARLOS P. BORDALLO

Deputy Administrator Sigundon Atmenestradot

EMPLOYEE NAME:	POSITION CLASSIFICATION/TITLE:	EMPLOYEE ID NO.:	
Melanie Mendiola	CEO	1064	

PART III – PERFORMANCE STANDARDS (Completed by Supervisor)

_	Leadership &	OUTSTANDING	HIGHLY	SATISFACTORY	MARGINAL	UNSATISFACTORY		
Α.	Strategic		SATISFACTORY					
	Planning	\checkmark						
СОЛ	MENTS/JUSTIFIC	CATIONS:						
CEO/	Administrator is v	well regarded by the Bo	ard of Directors as wel	l as the Office of the	e Governor witl	h respect to her		
abilit	y to manage proje	ects delegated to the or	ganization. In the last	two years, we conti	nued to effecti	vely manage the		
qccc	grant program w	hich was established in	2020. We closed out i	multiple pandemic	programs includ	ding the SBPAG 2020		
and 2	and 2021 and a number of other smaller grants. We launched LEAP and Prugramman Pinilan which resulted in an							
addit	additional \$120 million flowing into the community. We expanded our role in financial stewardship with the Guam							
Ance	stral Lands Comm	nission. We also brought	in greater grant fundi	ng towards capital	building and ec	onomic		
diver	sification.							
We s	tarted the next 10) years strategic plannir	g process in late Augu	st 2023 and are rei	nvigorating all c	of these initiatives		
with	a heavy focus on	helping the permitting a	and licensing process a	nd increased outbo	ound and inbou	nd trade missions to		
prom	ote investment o	n Guam. Because of the	consistent healthy fin	ancial performance	e of the organiz	ation, there is		
great	er confidence in o	directing government re	sources towards expa	nding services such	as the "concier	ge program" as well		
as ex	panding private c	ontractors to aid in trad	e missions and econor	mic diversification s	pecialized initia	atives.		
		OUTSTANDING	HIGHLY	SATISFACTORY	MARGINAL	UNSATISFACTORY		
	B. Fiscal	OOTSTANDING	SATISFACTORY	SATISTACTORT	MARGINAL	ONSATISTACTORT		
	Responsibility							
	,							
CON	MENTS/JUSTIFIC	CATONS:						
Thora	mount of dollars	flowing through GEDA I	as hoon unprocedent	od in the last two w	oars with the h	paviost influxos		
		d aid GEDA was also ar	·	· ·				

The amount of dollars flowing through GEDA has been unprecedented in the last two years with the heaviest influxes being pandemic related aid. GEDA was also approved for close to \$57 million in SSBCI funding to expand our lending and venture capital capabilities. We have met all reporting requirements for all federal and government monies and are in compliance.

Our annual audits since the last performance evaluation have been clean. Additionally, actual financial performance has been trending positive. Upon taking up the CEO/Administrator position, revenues went from \$2.6 million in 2018 to \$9.7 million in 2022. The main expense - salaries - has averaged around \$2.3 million for the last four years. Our bottom line has been consistently positive even with the market volatility affecting our invested assets.

Prior to the current CEO leading the organization, GEDA's financials were unpredictable and volatile. Stability came through maintaining and growing the bread and butter financial management capabilities of the organization while taking on special projects and expanding and contracting to match the inflows and outflows of resources.



Governor of Guam I Maga'Haga Guahan

JOSHUA F. TENORIO

Lt. Governor of Guam I Segundo Na Maga'Lahen Guahan

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SATISFACTORY

HIGHLY

OUTSTANDING

MELANIE MENDIOLA

Chief Executive Officer/Administrator Atkådi Eksekutibu Ofisiat/Atmenestradora

MARGINAL

CARLOS P. BORDALLO

Deputy Administrator Sigundon Atmenestradot

UNSATISFACTORY

c. Operations &		SATISFACTORY					
Maintenance of the Organization		\checkmark					
COMMENTS/JUSTIFIC	ATIONS:						
Under the CEO/Administrator's leadership, the organization has expanded productivity while maintaining staff size. The core staff of the organization are encouraged to take ownership projects headed in our direction. The CEO/Administrator balances being a coach, a referee, and a part of the core team in all projects. In addition, the CEO/Administrator makes the call on when to bring in contractors or other subject matter experts. There is a great deal of external organizational coordination with other agencies including the Department of Administration and any agency with which GEDA has an							
Memorandum of Unde	rstanding.						
The organization is also	more effectively utilizi	ng contractors and co	mmunity partners to	o expand its re	ach to all		
stakeholders. In order t	to do this, there has bee	en greater resources to	owards bringing the	accounting an	d administrative		
services department to	a greater level of produ	uctivity. This is still in ϵ	early stages.				
Overall, maintaining the	e staff size, controlling e	expenditures, expandi	ng lines of revenue,	are all key fact	ors that point to		
sound operations and maintenance of the organization.							
D. BUILDING	OUTSTANDING	HIGHLY SATISFACTORY	SATISFACTORY	MARGINAL	UNSATISFACTORY		

COMMENTS/JUSTIFICATIONS:

PARTNERSHIPS

Under the CEO/Administrator's direction, partnerships have flourished and have contributed to the overall positive perception of the agency. The agency is entrenched in the business community as its advocate especially during the pandemic. The law makers, for the most part, have good rapport with the agency and are viewed as a highly credible source of information. Small businesses are more engaged in recent years through the partnership with the GUMA program as well as through the STEP program, and other trainings and events.

Fellow government agencies consistency call on GEDA to assist in their special projects, the most recent being a \$100 million Department of Energy Grant for solar power. The Office of the Governor utilizes GEDA often towards the research and carrying out of special projects including the medical campus.

Under the leadership of the CEO/Administrator, GEDA has a consistent open door policy towards helping to create a more efficient Government of Guam.



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CARLOS P. BORDALLO

Deputy Administrator Sigundon Atmenestradot

EMPLOYEE NAME:	POSITION CLASSIFICATION/TITLE:	EMPLOYEE ID NO.:	
Melanie Mendiola	CEO/Administrator	1064	

PART IV – OVERALL RATING (Completed by Supervisor)

Overall Rating Based on Parts I, II, & III

\	OUTSTANDING
	HIGHLY SATISFACTORY
	SATISFACTORY
	MARGINAL
	UNSATISFACTORY

David John	10-23-23
Supervisor's Signature	Date
Chairman of the Board Title	

PART V – EMPLOYEE ACKNOWLEDGEMENT

Х	Concur	
	Do not Concur (Employee comments	are mandatory if the option is selected)
	294	October 24, 2023
	Employee's Signature	Date

EMPLOYEE COMMENTS: (May include reactions, concerns, agreements, or disagreements regarding performance evaluation/development plan)



PUBLIC COMMENTS ADJOURNMENT

