



**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
January 19, 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, January 19, 2023 at the hour of 1:33 p.m., at the GEDA conference room, Suite 511, GITC Building, Tamuning, Guam. The meeting was called to order by Chairman David J. John to consider items on the Agenda.

Inifresi

- § 2. GEDA Board of Directors and all others in attendance recited the *Inifresi*.

Quorum and Attendance

- § 3. **Roll call.** As determined by the roll call made by Chairman David J. John the following individuals were present:

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

Also, in attendance were:

Norman Taruc	Guam Daily Post
Anita B. Enriquez	UOG
Diego Mendiola	GEDA
Yong Pak	GEDA
Jennifer Calvo-Guzman	GEDA
Tina Garcia	GEDA
Edward Camacho	GEDA
Ariana Villaverde	GEDA
Christina Merfalen	GEDA
John San Nicolas	GEDA
Michael Rudolph	(via zoom)

Senator Ray Quinata
Kathryn Wood
Jonathan Nguyen

Office of Senator Roy Quinata
UOG (via zoom)
UOG (via zoom)

Approval of Agenda

- § 4. The motion to approve the agenda was made by Director Ernesto Espaldon Jr. The motion was seconded by Director Andrew Park. The Directors then voted, and the motion was unanimously passed.

Approval of Minutes

- § 5. Secretary/Director Siska Hutapea made the motion and was seconded by Director Andrew Park to approve the December 16, 2022, board meeting minutes. Dr. Doreen Crisostomo-Muna commented about an error on page 5, section 14 a, it should read "\$107,140 are uncollectible". Director Ernesto Espaldon Jr. made the motion to amend the minutes and was seconded by Director Andrew Park. The Directors then voted, and the motion was unanimously passed.

Chairman's Remarks

- § 6. Chairman David J. John reported the following:
- a. First meeting of 2023, Director Siska and I were part of a special meeting held by the Guam Chamber of Congress called the Guam Economic Outlet for 2023. The prevailing sentiment appears to be cautious, optimism. We are seeing great economic indicators on the employment front, new building permits issued, business tax collections; however, we cannot ignore the pockets of the economy, specifically in tourism reporting of ongoing distress. While tourism numbers are performing in lines even slightly above projection, this is a critical time for the stakeholders of GVB, GHRA, GEDA, and the restaurant groups, to come together and plan for the future growth of our island's key industry. We need to make sure we are working together on this front. Governor Leon Guerrero at the outset of her election 4 years ago, prioritized the diversification of the island. We look forward to a meeting with the Governor this month to discuss where we are and what the ongoing challenges continue to be. We also launched the second round of the STEP program, small grant program for existing businesses to enter the export market. It is primarily funded by the Small Business Administration and GEDA operations. Applications are currently being accepted. The Guam Ancestral Land Commission recently entered a memorandum of understanding with GEDA to expand our role as real property management to investment management administration. They are piggybacking on our investments committee lead by Director Jun Espaldon until they are confident to manage their own investments. Chairman John expressed his happiness to see this level of cooperation, that he is proud of GEDA helping another agency maximize investment returns, especially involved the market. We are open to helping other agencies that see fits.

- b. Administrator Mendiola will update us on the latest information with the other programs, various groups have been lobbying for another round of LEAP. The consistent message from GEDA since Fiscal 2022 was the answer was not a slam dunk for LEAP 2.0, but we are looking at options. We continue to run the numbers to balance what may be doable in the event of any policy is created to provide more aid; however, as of today, there is no confirmation from the legislature or the Governor's office that this will or won't be the case. It is important to note that businesses in Guam receive far more direct aid from the local government and businesses across mainland and amongst the territories. On behalf of the board, we thank former oversight Senator Clynt Ridgell for speeding the confirmation of Jun Espaldon and Dr. Muna. Chairman John welcomed the new oversight chair at the 37th Legislature, Senator Roy Quinata.

CEO/Administrator's Remarks

§ 7. Administrator Melanie Mendiola reported the following:

- a. If you listen to the inaugural address of Governor Leon Guerrero a few weeks ago, you will have heard that GEDA is positioned very critically for many projects to get off the ground in the coming year or two, like building Simon Sanchez is long overdue. The deadline to get the RFP out is looming. There are a number of CIPs that are planned, including phase one of DOC, possible construction of a customs and quarantine facility down at Port Authority, a new GFD station. The Governor has asked us to put a financing timeline down to see if there are some savings that can be derived from a blanket comprehensive issuance as opposed to individual bonds and financing. In addition, we received the medical action plan from the consultant. This is a great time for us to launch our website dedicated to the medical campus project. All the resources associated with the medical campus are housed on the GEDA website, investguam.com. Because of how involved this project is, there will be an independent website. There will be a press release put out in the coming days. As Chairman John mentioned, we will be meeting with Governor Leon Guerrero concerning project priorities in the coming year. We have already met with Lieutenant Governor Tenorio concerning his work with licensing and permitting to see the next step on how we can assist in continuing to improve that process. We have a visit next week from the Government Accountability Office (USGAO). It is the federal version of the OPA. They issue reports to Congress about the fiscal health of states and territories. Our job has been annually to report to them primarily on the state of our debt, how we are faring financially with our budget. In addition, they have congressional mandates to cover, such as climate change. This is their first visit to Guam. We have always had a good line of communication with GAO. GEDA has been the point of contact for this agency. In charge of this visit is Deputy Administrator Carlos Bordallo and finance manager, Tina Garcia.
- b. Fifty years ago, there was discussion about the QC program, one school of thought believed that hotels would come whether or not we have an incentive program. Another school of thought was no, we have to give them these incentives. There was discussion about capping the incentive, which did not take place until 2012-2013. It took 40 years to solidify that strategy. The GEDA team was active in lobbying with the legislature at the

time to say that QCs are very important for tax incentive to draw not only the hotel industry, but other industries to Guam. Our QC program occasionally does get pushbacks and discussion. It is about educating our leaders and new batch of senators. We have a heavy calendar, first week of February, we plan to invite the rookie senators and staff to learn about our agency and mission, what we offer, because of a lot of misinformation out there. Many people think we have 50-100 QCs, but we have 10. The last 12 months, we have entertained more QC applications than in 10-20 years before that. Investors are bullish in Guam. It is important to educate not only lawmakers and senators but the general public as well.

- c. Director Siska commented that it is even more important today as we have big problems in our tourism market, it is very important to remove impediments to investments, just to build a hotel wing is \$500,000. If we want any development on Guam, we do need to remove impediments to development.
- d. Senator Roy Quinata thanked GEDA for their hard work and if there is anything he can do to help levy the status to please reach out to his office.

Committee and Standing Reports

§ 8. Director Ernesto Espaldon Jr. reported the following:

- a. We have been busy in 2022, we started with updating our investment policy statement in the first quarter of the year. We onboarded a second financial adviser, Raymond James, which we felt is a very progressive move and have been working with him since. We also have met with the board and director of the Guam Ancestral Land Commission to discuss their investments and help them kick off their investment strategy. I would like to thank the investment committee for working hard. As well as the credit review committee. We have looked at several loans, very encouraged by the debate in terms of looking at the financial and business plans. Getting to returns, 2022 was a benchmark year for a lot of uncertainty and very difficult returns. One thing special about 2022 was that both bonds and stocks were down. In the last 46 years there has only been one year, that is last year with both bonds and stock driving down overall returns across market. Two financial investments managers, in your report you will see the outlines and highlights with Raymond James, our annual return was -13.03% since inception did start this year. Good news is only way to go is up. Please take note that the S&P 500 benchmark is -18.11% and the Bloomberg progressive bond is -13.01%. It was a very unusual year. Good news is that the 4th quarter of 2022 sought a return of 7.41%, adding buffer to the overall losses of 2022. Our portfolio with them is 75% equity, 25% fixed in cash. Their main recommendation, which will also be an adjustment to our IPS statement, was based on the products they would like to recommend. The investment was to allocate a percentage of our investments, 10% overall 2 alternatives. These are the products we are discussing. These are products that can neither be classified as stocks nor bonds. Our return on the Bank of Guam side for the year was -14.74%; however, the quarter to date in 2022 was up 8.65%. Long term wise our overall return is at 5.7%, just to show how difficult 2022 was. At the end of 2021, our return with Bank of Guam since inception was at a 10.67%,

so we can see effects of 2022. Having said, we are hoping for a better 2023 and 2024. The recommendation for Bank of Guam is to shift 5% to alternatives investments as well to see an opening up to alternative investments to diversify investments overall. The positive news is that it shows that since 1950 a year after declined the S&P 500, the year after 84% average gains of double digits, so we hope that will be the case and continue to work closely with them.

- b. Administrator Mendiola stated that working with the Guam Ancestral Land Commission has been positive under Director Jun's leadership in steering that initiative. Chairman John added that there is very little risk, with agencies that have a large amount of cash sitting on the books. Managing 90-day durations can be a game changer for some agencies, money lined up can be monthly ladders or quarterly ladders, and to make sure one freed up short term cash or break ground to sell 3 years. This is a way to door to work with them or big difference with rates. Chairman John advised for a message to be put out.
- c. Administrator Mendiola reported the pandemic recovery plan was published on GEDA's website this week and the close out report went out. Though having delays printing, it is accessible online. We sent the front office a press release on it. We would like to thank and had a good partnership with UOG, we contracted with the school of business to take care of the research, writing, and updating. In addition, the project manager was Tria Paulino from our Business Development Department and Melvin Tabilas, our Special Projects Coordinator. It was a good project. We received a \$128,000 grant for this project. We were able to utilize most of it for paying UOG for research services and for reserving actual physical printing. 1 set request to update every 2 to 3 years.

Old Business

§ 9. Administrator Mendiola reported the following:

- a. The only grant update is LEAP, all the monies have been distributed. There was a small residual balance, Governor Leon Guerrero will sweep into either the economic diversification or other initiatives geared towards recovery. We spent \$61.8 million, approximately 38% of applicants have applied for forgiveness. Any award equal to or under \$50,000 was treated as a grant, and anything over \$50,000 treated as a loan. As long as they utilize 60% towards labor, they can turn in their documents for forgiveness. There are currently 88 in-process for forgiveness either approved or under review. Thirty-eight percent of awardees are eligible for forgiveness. We were expecting to hear if there was any delay as far as, "I was not able meet payroll threshold", but we have not received any feedback along those lines. Next month will clarify more on LEAP.
- b. Prugraman Pinilan. We have recently launched program #8, workforce retention program. The childcare sectors have had trouble attracting, recruiting, and maintaining employees. There is a program launched wherein there is retention bonuses for employment, longer period of time the larger the bonus is. Bonuses go from \$1,000-\$5,000. We expect there to be 400 applicants under this program. In addition, the

community care and after school program. We had a late start; our first round was not well applied for. The second round was better. The third round was overwhelming, and GEDA ran out of money, but public health reallocated additional funds. We were able to push out the deadline a little further. Organizations can apply as long as funds are available. There have been 58 organizations and projects approved. This is really to make programs accessible to all. You don't have to be a CCDF provider to receive this award, but may become CCDF to accept Block Grant vouchers. CCDF voucher program is being reset upward permanently. Public Health oversees it, GEDA helps with the running start. The number of people receiving the voucher was 300 at the start of program, year after year. The voucher program has been in existence for several decades with Public Health. Now we cover about 1,200 kids, we quadrupled the size of the program. Applications have slowed down, hitting a plateau. Short term, it encourages parents to work. Long term, it allows kids to have a better start. Both parents must be seeking employment, employed or in school to be eligible.

New Business

- § 10. Resolution 23-006: Relative to Authorizing the Guam Economic Development Authority to Enter into an Agreement with Financial Institutions who are Participating Lenders with the SSBCI Program on Guam to Establish a Savings and Checking Account for SSBCI Loan Programs
- a. Administrator Mendiola reported that GEDA is the administrator of the SSBCI loan program as authorized under the Department of Treasury. GEDA received 17 million dollars into our SSBCI account. We will be utilizing it to give out loans guaranteed loans and collateral support. In addition to Venture Capital type program. In order to draw down on the 2nd and 3rd tranche, we must use most of the 1st tranche within two years. Leading up to our application, we have been working with banks to see the volume we can expect concerning lending, to know how much to utilize for lending and VC. There is a deposit requirement, the amount guaranteed. For example, Community First, SSBCI loan for \$250,000, 20% of that needs to be deposited. Because we have been expanding this program, this is to establish savings and checking accounts for the purpose of supporting SSBCI loan program at respective partner institutions. Our partners are Bank of Guam, Community First, Pacific Island Development Bank, and Bank Pacific, we do have options to expand, but some of the banks are a little bit slower to provide feedback than others because of the layers of approval from corporate officers. If you are an authorized bank, partnered bank source MOU with a partner institution, from there we have this to say we can open bank account in addition to board minutes to reflect.
 - b. Secretary/Director Siska Hutapea made the motion to approve Resolution 23-006 and was seconded by Director Andrew Park. The Directors then voted, and the motion was unanimously passed.
- § 11. Resolution 23-007: Relative to Approving the Allocation of Qualifying Certificate Public Investment Funds to Healthcare Programs at the University of Guam and the Guam

Community College and to Dedicate the Same in Honor of the Late Dr. Margaret Hattori-Uchima

- a. Administrator Mendiola reported that on December 23, 2022 we received the last report from Dr. Hattori-Uchima for Qualifying Certificate (QC) grant money that she has been utilizing for the last several years. The University of Guam (UOG) received QC grant money through the Take Care grant of \$100,000 a year. It was a \$200,000 grant that was split between UOG and the Guam Community College (GCC). That QC ended in 2021. Since 2021, two fiscal years, Dr. Hattori-Uchima expressed that they are underserved, every year the board would move to award an ongoing award to UOG and GCC. Given her untimely passing and active advocacy, given the outstanding performance of UOG passage rates since 2016, coinciding with Dr. Hattori-Uchima's time at UOG, this would be a beautiful tribute to her to name an award so long as GRMC QC is in effect, so that UOG and GCC would not have to annually come in and request. As a board, we can recognize with healthcare professions continuing to be underserved, it is not a situation to change overnight. As such, my request is to look at passing this resolution that permanentizes this funding from GRMC QC until its expiration in approximately 12 years, 2036. Dr. Doreen Crisostomo-Muna discussed that because this is a permanent award, there is no discussion of allocation and that might come up with auditors. Among the team, \$150,000 as a permanent award that we can support, we expanded the resolution to include all healthcare. GCC can use it for certified care givers; however, UOG being the more expensive institution from the perspective of tuition, a suggestion was made to potentially apportion the funds at 70% and 30%. GCC can come in and make an amendment. Chairman John expresses his condolences on Ms. Hattori-Uchima's passing. Anita Enriquez commented that Dr. Hattori was a Triton hero, she came to UOG as a community health nurse, whose intent was to do everything she could to leverage resources to help marginalized sectors of community and to partner relentlessly to help homeless, elderly, training, dementia, etc. Dr. Hattori-Uchima was partnering those in the health profession across Micronesia, she did it for all of us. It is a huge loss not only to UOG but to our communities. An excellent report on December 23, three days prior to her passing. This investment provided to UOG will continue the efforts that she intended.
- b. Dr. Crisostomo-Muna made a motion to amend Resolution 23-007 to strike out 50/50 and divide the funds 70% to UOG and 30% to GCC and was seconded by Secretary/Director Siska Hutapea. The Directors then voted, and the motion was unanimously passed.

Public Comments

- § 12. There were no public comments.

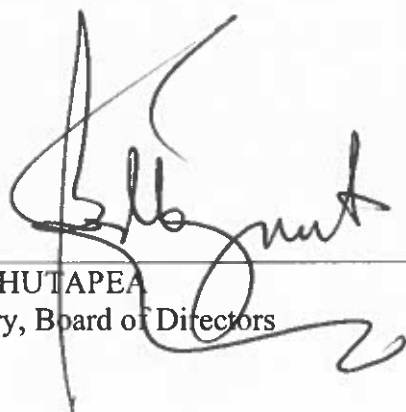
Adjournment

§ 13. A motion for the meeting to be adjourned was moved by Director Park and was seconded by Secretary/Director Siska Hutapea. Adjournment of the meeting was unanimously approved.



DAVID JOHN, Chairman
Board of Directors

Attest:



SISKA HUTAPEA
Secretary, Board of Directors