



**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
August 15, 2024**

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, August 15, 2024 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 Chairman David J. John to consider items on the Agenda.

Inifresi

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

Quorum and Attendance

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

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

Also, in attendance were:

Rizalito Paglingagen	Ernst & Young
Justine Arida	Ernst & Young
Edgar Paulilio	Ernst & Young
Skyler Obispo	Marianas Business Journal
Angelene Rios	GEDA

Melvin Tabilas	GEDA
Antoinette Leon Guerrero	GEDA
John San Nicolas	GEDA
Diego Mendiola	GEDA
Ariana Villaverde	GEDA
Kristine Sirva	GEDA
Matt Baza	GEDA

Approval of Agenda

- § 4. The motion to approve the agenda was made by Secretary Siska Hutapea, subject to an amendment to move Committee Reports to next board meeting, and was seconded by Vice Chairman Ernesto Espaldon Jr. The Directors then voted, and the motion was unanimously passed.

Approval of Minutes

- § 5. The Directors voted for the approval of June 2024 board meeting minutes, and the motion was unanimously passed.

Chairman's Remarks

- § 6. Chairman David J. John reported the following:
- a. GEDA is focusing more on tourism and what we can be doing. The year started out solid, but it has not turned better starting in the second quarter. A lot of this has to do with the Japanese Yen. The Yen has strengthened against the dollar. With the interest rates set to go down in September on the US side, this trend should continue. But I think everybody that we've spoken with believes that we need to have a better plan. We started talking with GVB, with President Gutierrez, and we're going to start putting more and more stakeholder positions in place. We hope we can get together as a community, move forward, not look past or backwards, look forward at what we could be doing to bring the numbers up. It's a challenge for everybody because of this Yen situation. Not only is it making it more expensive for Japanese to come here, but also for the Koreans, it's cheaper for them to go to Japan. A lot of the flight capacity has moved from what were coming here and now shipping over to Japan. It's a tough situation. I think we all need to get behind it from the community standpoint, too. We could be doing to move forward. So that's really the only thing I wanted to point out.

CEO/ Administrator's Remarks

- § 7. Administrator Melanie Mendiola reported the following:
- a. GEDA launched our podcast this week which Chairman John participated in. There are eight episodes recorded, and we're aiming to record another eight. I think the very

first podcast we got to see, got to know our board chair, his entrepreneur story, as well as some good advice and mentorship for our listeners, and learn a bit more about our QC program. What we wanted to do was get a few that were recorded just so we have momentum about the release of the episode. And then as we're releasing them, get just tweaks. So for example, our first episode, we were like, I'd like to hear some intro and outro music. Can we get them a little shorter. We are making adjustments, just keep getting better for the second. We will start with one season, and then perhaps next year, another season. We'll see how long we can take this and see how much information comes up.

- b. I also wanted to point out that we are working to finalize our MOU. We have two MOUs for two organizations, Small Business Development Center and GUMA for ongoing support for SSBCI. We did get a technical assistance grant from the Treasury Dept., for approximately \$400,000 to this end. It's basically so that GUMA and SSBCI can provide support to entrepreneurs that are wanting to apply for the SSBCI venture capital. We are hoping to get more small businesses to come in seeking support and increase the volume of projects supported by SSBCI with the help of GUMA.
- c. GEDA has been asked by the office of the Lieutenant Governor to assist the business licensing and permitting task force. The task force issued an RFP for a computer system that would track permitting across multiple agencies, so concurrent tracking of permit, of the status of pending permit. But that has been stuck in for purgatory up at the Office of the Attorney General. So there needs to be a stop gap to just keep things going. We will be bringing together several agencies as well as stakeholders from our contractors, our realtor's community to come together with solutions, as well to look at some possible legislation that they'll be sending down to ease the licensing process. I think next week we're going to look at survey. We're going to try to eliminate steps where possible and just make things a little more efficient.
- d. During COVID, we received a grant from the US Economic Development Administration, routed via the Bureau of Statistics and Plans to explore the feasibility of an additive manufacturing market in Guam. And what came out of phase one of feasibility study was the potential application in areas such as ship repair and submarine repair, where basically the DOD would be our main customer, and we would be manufacturing parts through utilizing additive manufacturing processes 3D printers, finishers, and so on. That was basically phase zero of this plan. Now we're at phase one, where University of Guam and the Colorado School of Mines have been working together in exchanging plans to develop an AM facility, an additive manufacturing facility located at the University of Guam, where we can give students hands-on training, but also serve as an incubator space where a prospective company that currently is a vendor to the DOD in the space of additive manufacturing, ship repair, where we can attract a private business there to operate in the incubator space,

train students, and students can continue and possibly matriculate or work with Colorado School of Mines. GEDA really comes later in the process where we are beginning to see two prospective investors. GEDA has been working very closely with the Navy. Governor had a meeting in DC on this.

- e. When you go to get your business renewed or even apply for a new license, is a lot of people getting turned away because they don't have all the proper documentation or the signatures. To address that, what we've decided here in GEDA is to offer our assistance. It's not a requirement, but if someone wants GEDA's help, we can create a project intake form on our website, which we'd like to get up by next week, where anyone could request assistance, give an idea of what type of business they are creating and GEDA could assist in providing a list of documents or steps necessary to obtain a license. We've had so many successes, but licensing and permitting remains the bear. We're going to continue and just continue working diligently and seeing what GEDA can do to help.

New Business

§ 8. Administrator Melanie Mendiola reported the following:

- a. Resolution 24-007. AB WONPAT International Airport Authority, has proposed to issue and sell revenue bonds 2024A, AMT, and 2024B, non-AMT. The purpose of the financing is to refund the 2021 bond. We have presented to the board substantial final form of the nine supplementary ventures, the preliminary offering statement, and the bond purchase agreement. The bonds are for the use of airport facilities, passenger terminal, building, and concessions. The bonds were originally issued in 2003, and they kept issuing other bonds for those type of projects. This is a tender offer. A tender offer is the way the bonds and interest rates work is when we're in a high interest rate environment, the price of bonds goes down. The purchaser of those bonds bought it at a higher price so we can buy it back at a lower price and then realize that cash flow savings over the life of the bond. A tender offer is not a guaranteed transaction because there must be appetite for the owners of those bonds to sell them back to the issuer, which is, in this case here. GEDA found in the recent GWA tender offer there was significant interest and there was substantial savings to the authority in doing the tender offer. What the airport really needs right now is help for cash flow today as they continue their recovery from the pandemic. Tender offers have been making more frequent appearances as well in the municipal markets, primarily because of the high-interest rate environment. The high interest rate, the interest rate environment, as we're all aware, has not been quite this high since for a very long time, early 2000, probably. And therefore, that's why the airport has been thinking about whether or not this would be a transaction that would obtain them some savings. It was decided that this is a good time to go ahead

- b. Public law 35-137, which authorizes the bond, consistent with all other bond transactions, directs that the bond must achieve at least a 2% savings.

§ 9. The motion to approve Resolution 24-007 was made by Director Dr. Doreen Crisostomo-Muna, and was seconded by Secretary Siska Hutapea. The Directors then voted, and the motion was unanimously passed.

§ 10. The following was reported:

- a. Rizalito Paglingagen, the Assurance Partner for Ernst & Young presented the results of the audit for fiscal year 2023, and to recap the completion of the EFRA 2022's Uniform Reference Audit for GEDA. For Fiscal 2023, E&Y issued an unmodified or a clean opinion on GEDA's financial statements for the year 2023. Looking over at the report on internal control over financial reporting compliance, basically our government auditing standards report, we did not identify any matters of a material weakness or significant deficiency to the users of the financial statement. And then moving on to management letter comments. We do have two things that we just like to, again, get the board to be aware of.
- b. In fiscal year 2023, there was a restatement for a correction of an error. This is related to the treatment of the GDFA fund, which was previously presented as a fiduciary activity. Now, in closer inspection in fiscal year 2023, it was assessed that GDFA does have administrative responsibilities related to the issuance of those funds, or who's eligible to participate in those funds. In that case, it is part of GEDA's operations, and it should be included as part of your basic financial statement, as part of your statement of position, and statement of revenue expenses and changes in net position. So it's part of your activity now. GEDA also has a lot of leases as related to the industrial park. So we have taken a look at the accounting treatment during the course of our audit, and we found that it to be reasonable and, of course, identified no findings related to it.
- c. Related to the fourth bullet, which is obtaining subrecipient agreement. I think this is related to the continuous efforts by GEDA to support the primary government, the government of Guam, with their efforts related to the expenditure of federal grants. Now, in certain cases, those may not be commemorated in a form of subrecipient agreement, and therefore, the treatment of that in your financial statement may be a little bit murky. It's important because it allows you to identify which ones you need to apply additional levels of internal control, because that's what's required by the federal government, by the Uniform Guidance. So again, it's important to have that all in place.
- d. And then lastly, it's going to be GASB 103. Now, this is a very feature-looking GASB announcement. The latest one that was provided, it will be effective fiscal

year, 2026. Now, the reason why I just want to let the board know is because this does have a significant impact on the treatment of what is operating or non-operating on your financials. I think that's something that we've had a lot of back and forth during the course of the audit, what goes as far as operating versus not operating, what goes as non-operating, because those are financial metrics that you guys care about. Again, something to look forward to. The GASB does formally identify what is not operating, and basically everything else is operating. Part of that is the consideration of subsidies, which GEDA does receive a significant amount of, and those are now going to be presented underneath operating expenses and a new subtotal that includes net operating income and subsidies will be present and non-capital subsidies will be presented. So that was a concern GABV has seen in other jurisdictions, and they have, again, provided a new pronouncement to it. We have better addressed the concerns of the users of the financial services.

- § 11. The motion to accept the Audit Report from EY was made by Director Andrew Park, and was seconded by Vice Chairman Ernesto Espaldon Jr. The Directors then voted, and the motion was unanimously passed.

Public Comments

- § 12. There were no public comments.

Adjournment

- § 13. A motion for the meeting to be adjourned was moved by Vice Chairman Espaldon. Adjournment of the meeting was unanimously approved.


Ernesto Espaldon, Jr., Vice Chairman
Board of Directors

Attest:


Siska Hutapea
Secretary, Board of Directors