



**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
January 18, 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, January 18, 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 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 Vice Chairman Ernesto Espaldon Jr. the following individuals were present:

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

Also, in attendance were:

| | |
|---------------|------|
| Angelene Rios | GEDA |
| Yong Pak | GEDA |

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|-------------------|---------------------|
| Melvin Tabilas | GEDA |
| Diego Mendiola | GEDA |
| Ed Camacho | GEDA |
| John San Nicolas | GEDA |
| Celia Anderson | GEDA |
| Frank San Nicolas | The Guam Daily Post |

Approval of Agenda

- § 4. The motion to approve the agenda with an adjustment to move New Business to after the Approval of Minutes was made by Secretary Hutapea. The Directors then voted, and the motion was unanimously passed.

Approval of Minutes

- § 5. Director Park made the motion to approve November 2023 board meeting minutes, with the correction of misspelling on page 4. The motion was seconded by Secretary Hutapea. The Directors then voted, and the motion was unanimously passed.

New Business

- § 6. Administrator Melanie reported the following:
- a. Resolution 24-002:
Tina Garcia participated on Zoom. She discussed the resolution to approve the issuance and sale of Guam Waterworks Authority revenue, refunding bonds and approving and authorizing the execution of related documents, agreements, and actions. It was reported that the bonds are a refunding of 2013 and 2014 bonds and expected to result in savings of approximately \$5.3 million and an annual cash flow savings of \$512,796. These two bonds are set to mature in about five and ten years, 2013, 2014 bonds, respectively, and the maturity stays the same. The refunded par amount is \$74.2 million and the interest rate, we're speculating to be around 3.39%.
 - b. In addition to the refunding, there's also the auction for the Guam Waterworks Authority. It's called a tender offer. A tender offer is essentially where you would buy back bonds. GWA is looking at buying back potentially some 2016, 2017 and 2020 bonds. But for this to be worth it, we must have about 50% investor participation, about \$110,000,000 worth of bonds. The way a tender offering works, because it's like a buyback, as the interest rate goes up, the price of a bond will go down. So right now, the value of these bonds is potentially lower than what it was several years ago when the rates were low. Now the rates are high. What that means is going out for

new money could be more expensive, but taking out retiring debt is a bit more cost effective. If GWA can get about \$110,000,000 worth of the issued bonds from 2016, 2017 and 2020, if they can get those investors to sell back the bonds to GWA, then this can realize potentially about \$11.9 million in net present savings, or percentage savings realized of 11%, 10.87%. The statutory requirement for bond refunding or refinancings, is a savings to the people, the government of Guam, of about 2%. The refunding is the transaction that will happen, which results in a 7.2% savings. The second transaction saves 10.87%, but its optional because if we don't have adequate investor participation, that'll drive up the price and that'll make this erode the savings to the GWA.

- c. Tender offers aren't usually something that the government of Guam has sought to go after on its own because of all the costs associated with the disclosures, the legal, all the costs associated with issuing a bond for not a guaranteed outcome. A tender is not something we go after on its own. It's something that can be added to an existing bond deal. So, at this point in time, it's not something that's a guaranteed, although it's looking positive. Today we're seeking your approval to resolution 24-002 relative to refunding, approving the issuance and sale of Guam Waterworks Authority. Following this board's approval, it will go to the PUC for approval. And following that, the timeline for financing the Moody's and SMP, the ratings meetings have already occurred. The investor roadshow and the sale will take place in February, right around the week of February 18, I believe, is the week that this is slated for at the current time.
- d. The Board members further discussed different aspects of the bond refunding and buyback.
- e. A motion to approve resolution 24-002 was made by Secretary Hutapea and seconded by Director Park. The Directors then voted, and the motion was unanimously passed.

Chairman's Remarks

§ 7. Vice Chairman Espaldon reported the following:

- a. Hafa Adai and a happy new year to everyone in attendance. Our chairman is on island but is unable to conduct today's meeting due to a personal obligation. Since our last meeting in November, we have been in planning mode for this year's activities, including upcoming trade missions, a bond investor conference, and select USA. Administrator Mendiola accompanied Governor Leon Guerrero to Washington, DC in the fourth quarter of this year to continue advocacy towards the medical campus and other economic diversification initiatives such as additive manufacturing. I'm informed that there were many productive meetings and a flurry of follow ups now in progress. In fact, the governor is currently in D.C. Preparing to testify in front of the House Natural Resources committee, but also having follow up meetings, including a face to face with our rating agencies on our government's general credit ratings.

- b. Earlier today, Governor Leon Guerrero and Google made a big announcement about an undersea cable project touching our shores. Administrator Mendiola can speak to that during her remarks.

CEO/Administrator's Remarks

§ 8. Administrator Mendiola reported the following:

- a. GEDA celebrated the holidays like everyone else, but we did remain very busy. One of the very interesting meetings we had was with a company called Blue Ocean Mariculture out of Kona, which sells Kampachi that they grow from offshore net pens. The CEO or the manager of Blue Ocean Mariculture, he is very kind and gracious to serve in an advisory capacity as we develop this market and basically give us advice on how to attract investors to our shores in this space and grow the network of potential investors to Guam's aquaculture market. Blue Ocean Mariculture has a hatchery and offshore net pens in Kona. He's also a committee member on an innovation center that's currently being designed and built right now in La Paz, Mexico, which is right around the Baja peninsula. GEDA went after a large US EDA grant having to do with aquaculture. It was a planning grant that would lead to a grant of about \$20 million. It was called the Blue Economy grant.
- b. We did give some feedback. Governor Leon Guerro and I met with the deputy secretary of commerce on this grant, and we shared that we felt that we were not selected and that we should have been selected and US EDA is now here and they're working out projects with us so we can have a higher likelihood of success when the next round of notice of funds availability come out. The small business team, led by Melvin Tabilas and Jen Guzman, have been hosting several roundtable meetings with the aquaculture stakeholders locally to build on these projects. We were awarded \$100,000 grant from the SBA towards export, our step program, which we've announced recently. We will marry this funding with funding through WUSATA, the Western US Agriculture and Trade Association. This would be our third year of participating in this program. With this, Melvin and Jen, the small business team will be leading four trade missions to Palau and Japan, with ten small businesses participating in addition to ASD market week. STEP pays for much of the travel expenses, and then WUSATA pays for the on the ground expenses, such as participation, conferencing, on the ground coordination. And they also help to manage the agenda so that we can maximize the productivity of our businesses.

- c. In additive manufacturing, there was an announcement made that the DoD awarded Astro, our partner in this space, \$500,000 towards the planning of an additive manufacturing center. This has a very high potential to lead to an investment by the DoD in the island of Guam, approximately \$30 million to develop the additive manufacturing space. UOG is stepping in regarding workforce development with the Colorado School of Mines as we get this off the ground. And GEDA is helping to coordinate potentially a site selected for the additive manufacturing center and funding of the construction of the center.
- d. Google had a great press conference this morning to announce two intra Pacific cables, Bulikula and Halailai. For the native Chamorro speakers, Halailai is a vine that grows along the beach, but it's also used in Chamorro language like the word grapevine, to talk about news, family news, someone passed away, someone had a baby. The governor had the opportunity to contribute to the name of this Google trans Pacific cable. We now have twelve cables and multiple data centers here today and we are inviting Google when its ready to set up a data center, we're here to help you. In 2022, GTA broke ground on the construction of a 31,000 square foot data facility and landing station that can accommodate up to six submarine cables. This infrastructure enables other businesses to set up shop and piggyback off Google's fiber. The governor was at the Google office in Washington DC to do the press conference with Google executives.
- e. So now regarding LEAP, this has been our quietest application launch. We have about just under 500 applications that have come through and we have transmitted our first batch downstairs amounting to a total of about \$3.5 million. What we're seeing, is a heavy concentration in tourism related businesses. So especially businesses that attract the Japanese, that cater to a Japanese visitor, their applications are in. We believe that the design of the program and when you see the applications that flow through, once you see the numbers coming through, it gives Mr. Camacho and I a great sense of comfort that we know what we're doing because the applicants that came through are exactly who we expected. And the amounts that we're seeing is exactly what we anticipated. I think we should be able to wrap up this grant program in the next few weeks. The first batch that went out again is about \$3.5 million.

Committee and Standing Reports

§ 9. Administrator Mendiola reported the following:

- a. A bill has been introduced by Senator Roy Quinata to extend the leasing law to 30 years, which we are exuberantly supporting. GEDA will be providing a letter in support of the bill.

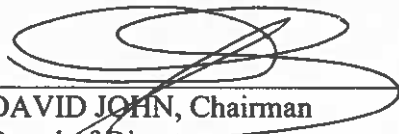
- b. The investment committee did meet between the last board meeting and now. We did meet with our financial advisors just a very brief 1 minute on our performance for 2023 with BGIS investments. Our portfolio was up 13.38% year to date for 2023, with all asset classes delivering positive returns, our Raymond James Portfolio was up 17.68%. So healthy double-digit returns. However, what I'll do is stop there, because I did invite our investment advisors to present in 2023, either at our next board meeting or if the agenda is too full, setting up separate meetings where directors can hear a little bit more in depth about 2023.
- c. Also on grants report, I did want to submit our final for leap one. In accordance with EO 21 25, we extended 233 leap loans totaling \$47.1 million. And based on their respective loan agreements, they had one year to apply for loan forgiveness using 60% of the proceeds to be expended on payroll and other 40% on other eligible expenses. We have received loan forgiveness applications. We started receiving loan forgiveness applications on August 2022. 233 loans issued; 226 applications received. 185 have been forgiven. 41 are pending some documentation and there has been seven that are not submitted.
- d. On the committee reports I did see under the real property committee, there's a permitting process. Is this in relation to the building permit. I know a little bit about the real estate and the problem is the supply, price pressure, and the supply is depending upon the building permit.

Public Comments

§ 10. There were no public comments made.

Adjournment

§ 11. A motion for the meeting to be adjourned was moved by Secretary Hutapea. 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