



Aturidád Inadilánton Ikunumihan Guahan

**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
March 27, 2025**

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 March 27, 2025 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.

Quorum and Attendance

- § 2. **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
Andrew Park	Director
Dr. Doreen Crisostomo-Muna	Director (zoom)
Shinsaku Taira	Director
Melanie Mendiola	CEO/Administrator
Carlos Bordallo	Deputy Administrator
Terrence M. Brooks	Legal Counsel

Also, in attendance were:

Angelene Rios	GEDA
Tina Garcia	GEDA
Matthew Baza	GEDA
Ed Camacho	GEDA
Antoinette Leon Guerrero	GEDA
Christina Merfalen	GEDA
Diego Garcia	GEDA
Jennifer Calvo-Guzman	GEDA

Mary Camacho	GEDA
Melvin Tabilas	GEDA
John San Nicolas	GEDA
Yong Pak	GEDA
Angela Reganit	GEDA
Johanna Pangelinan	GEDA
Raeann LeFever	GEDA
Gloria Molo	GEDA
Cedric Castillon	GEDA
Justin Lin	GEDA
Tara Murakami	GEDA
Johanna Borja	GEDA
Crua Anderson	GEDA
Cameron Eusebio	GEDA
Mahina Anderson	GEDA
Ricardo Duenas	GEDA
Marianas Business Journal	(zoom)
Keith Taliugyan	Senator Telo's Office (zoom)
Senator Telo Taitague	(zoom)
Aulii Taitano	Morgan Stanley
Margie Beckstrom	Morgan Stanley

Approval of Agenda

- § 3. The motion to amend the agenda to move the first item on new business, resolution number 25-006 to the end of new business was made by Vice Chairman Ernesto Espaldon Jr., and was seconded by Secretary Siska Hutapea. The Directors then voted, and the agenda was approved as amended.

Approval of Minutes

- § 4. A motion to approve the February 2025 board minutes, was made by Secretary Siska Hutapea, and was seconded by Vice Chairman Ernesto Espaldon Jr.. The Directors then voted, and the motion was unanimously passed.

Chairman's Remarks

- § 5. Chairman David J. John reported the following:
- a. Two years ago, the board approved the real property abatement for Don Don Donki, but our QCs were stalled at the AG's office. Office. However, with the intervention of Senator Telo Taitague, our oversight chair, we managed to get the pipeline going. Again, GEDA is very grateful to Senator Taitague and her leadership
 - b. In public finance, we continue to face uncertain times. There is a lot of volatility on top of this. There's a talk about municipal bonds potentially losing their tax exempt

status. It would be very difficult for us to have to manage that. I think it's a very small group within the federal administration that's pushing for that and I think there'll be a lot of pushback, but we need to keep on top of that.

- c. Also, in public finance, our current hotel occupancy bond is on the verge of technical default. Under the terms of that bond, the government is to do an audit of the actual fund. DOA tried to save some money and put through the overall government audit, which we support, but it was not accepted by the trustees. Now we're on a watch. If the bond audit is not done correctly within a very short window, we are going to have technical default. It's not material default, payments are current. But it's not good when we are going to be going to the markets soon for another HOT bond.
- d. In the last month we have received four requests for capital through the DGVC program. Three tourism revitalization and one in technology. We look forward to seeing these projects evaluation in the next coming months or two.
- e. The last few weeks are big weeks for our small business division. GEDA attended the Food X in Tokyo, buyers attended from all over Asia. Also we hosted our fourth annual virtual Taking the Leap conference, where almost 100 attendees came to learn about exporting out of Guam. We completed round seven of the QCC grant program. Special thanks to our new board member, Shin, for volunteering.
- f. In line with that, in light of Mel's transition to her new leadership role, I believe it's an opportune moment for me to step down as chairman. The evolving priorities and team development of the new leadership will require a new chairperson with capacity for full commitment. A commitment I unfortunately am unable to provide at this current juncture due to my other civic, business, and family obligations. Consequently, I just sat with the governor for lunch and we talked about it. So I'm going to step down as chair by next month. My sincere gratitude extends to dedicated management and all you guys, my esteemed board members, with me and the ones before me, it's been a good ride. 14 years and six in this seat. I've greatly valued my time with you and learned immensely from your expertise and deeply proud of our collective accomplishments.
- g. Finally, I'd like to convey my heartfelt thanks to the governor, Lieutenant Governor, for the trust they played in me to serve in this role, during their administration. And I'm confident that GEDA will be in good hands.

CEO/Administrator's Remarks

§ 6. Administrator Melanie Mendiola reported the following:

- a. My last days as Administrator are quickly approaching. Today is my last board meeting. Tomorrow is my last day in the office. And it seems like the last six years and three months have just flown by.

- b. At the start of my term here at GEDA, our tourism numbers were at an all time high. But H2B visas were frozen, crippling our construction industry. Within the first hundred days, we were in the federal courtroom trying to get a partial removal of the GSWA receivership. We were successful and subsequently issued a bond for construction of a new cell. Deputy Ricky Hernandez wrote legislation for a rainy day fund which was not only implemented, but funded, and continues to be funded today.
- c. One of the most significant projects the team continues to work on is the medical campus. We have been a consistent member of Governor Leon Guerrero's team, taking hits from the legislature and the naysayers on site selection committee meetings and anything else they could pick on. This has been such a contested project, so it's brought me a great deal of joy to see both GPA and GWA are now engaging in utility work for the site.
- d. On the municipal debt side, it's brought me a lot of pride to be able to say we have saved the people of Guam over 100 million in bond payments for years to come. In addition to securing an upgrade to our overall credit rating. We have a vibrant small business presence with our partnership with GUMA, with the STEP program, which stands for State Trade and Expansion Program.
- e. GEDA also just rolled out another direct assistance program, Destinu, Guahan. our venture capital arm. Also many have benefited from our QC Grant program, a creation of the Leon Guerrero Tenorio administration, carried out by our compliance division.

Committee Reports

§ 7. Administrator Melanie Mendiola reported the following:

- a. For healthcare. We did have the hospital consultant visiting for the last month and meeting with GMH to analyze GMH operations. We anticipate that his forthcoming report will be helpful.

Old Business

§ 8. Administrator Melanie Mendiola reported the following:

- a. What's going on in the economy kind of behind the numbers? You look at the government tax receipts and you would think that we're on fire. I think we all know that is not the case and that there are some Major problems within what's going on within the economy, both on the money coming in and circulating standpoint, from tourism standpoint as well as from the expense standpoint. I mean, even if we're giving our employees raises and people are getting more pay, the cost of things just keeps going up, up, up. And so Siska wanted to report out on some of the things that she's been finding in her work. And then maybe over the next couple months, we can start focusing some

attention on some of the things. I think if you look back about 18 months ago, when we started, you know, hitting the war drums about what was going on down in Tumon, I think a lot of that translated into the rebirth of what's going on in GVB.

- b. Our two economic pillars, the tourism and military, are pretty much at two extreme ends right now. The military, along with the billion dollar buildup and construction are in the peak. But the reality of the situation is although we have billion dollar construction, majority of the money doesn't stay in Guam. The profit is usually sent off to the headquarters that are not on Guam. And then on the bottom line, you know, maybe 40% of the labor cost are shipped to somewhere else because the H1/H2 workers are the one getting that money and often send a large portion to family that reside off island.
- c. First we have the pandemic and then we have Typhoon Mawar. And just right about when we are starting to increase in the tourism industry, we have the US strong dollars which is outside of our control. Our recent peak was in 2021-2022 and we were at around \$600 million in real estate sales, which was fueled by the low interest rate in 2021. But as of 2024, our real estate sales are about 472 million, which is down 3% compared to 2023.
- d. The number of transactions is also down. But the most shocking thing that I saw was the mortgage activity. In 2022 we have about 647 million in mortgage activity in real estate sales. But as of 2024 this number goes down to, to like only about 338 million, down by 32%. And a lot of it is also the SBA EIDL loan. So in 2023, the SBA EIDL loan that's related to Typhoon Mawar, 4%, 30 years term loan is about 80 million. And in 2024 it's about 20 million. Now, of course, that 20 million is spread out to about one hundred and eighteen companies. Now we don't have that anymore. And you know, mortgage is the backbone of a lot of activity, real estate especially. And then because I think the most prominent impact of the military buildup in Guam is not the, you know, military rent allowance. That's really minimal, if anything that helps the economy. But the one that really cost burden to us is the fact that all the military construction absorbs all of the construction company capability and it makes it impossible for people to find contracts at a reasonable price. So the median price of home in Guam as of 2024 was around 425,000, 427,000, which is double of what it was in 2014 at 213,000.
- e. Insurance is another issue. Insurance premium increases are hurting hotels in Guam that are already suffering from the stagnant tourism numbers. It's very difficult to find reasonable insurable premiums because of the increase in construction cost. The insurable value due to increase construction costs mean premiums double, triple or quadruple which is a big problem. They have limited revenue, limited growth in revenue and exponential increase in expenses.
- f. As we know we have 5,500 going to be to 6,000 workers on Guam. It does put pressure on housing. Even though there is a cap or limit on using workers housing in apartments, only up to 50% of an apartment can be used as workers housing, it affects the local housing market. There are apartments being purchased for use as workers housing. And I know there's about 338 workers housing permitted by the Department of Public Health.

But only about 28 of them are real temporary workforce housing facilities. I believe the permitting process needs to be streamlined. It can take eight months from planning housing to breaking the ground, that's too slow. I have three possible solutions for that. One is to make workforce housing a permitted use in M1 zone. Right now it's conditional use which means you must go to GLUC with your plans for approval. But if you make it a permitted use, then all you must do is just get the building permit.

- g. On the housing side. On the federal funding, we've seen what is evolving now on our economy. But on the housing the Trump effect could be lower interest rate and the deregulation of tax for people. People might have more funds for the housing. But what happened in 2021 is because of the tax cut, affordability unfortunately also increased the prices of the housing.
- h. Finally, Guam should start in public school, high school to teach basic finance, basic life skill, work ethic, persistence, grit. Guam students have very limited financial skills, they need to be taught these skills to better survive in the present economy.

New Business

§ 9. Administrator Melanie Mendiola reported the following:

- a. The Agriculture Development Fund was inconsistent with our other loan funds. With our other loan funds. If you recall the signing authority, if a CEO was raised to 100,000, anything beyond that would come to the board. ADF was the only one that didn't reflect that. In addition, it was inconsistent between our SOP and our website. One said 25,000, the other said 50,000. We want to make sure that there's just consistency. This change does require board action. It is the Agriculture Development Fund, ADF, and it authorizes the CEO administrator to approve loan guarantees or lines of credit from to 100,000 and increase the cap to 250,000. And we believe that this would be very helpful to strengthening agriculture. It's been an underutilized loan fund, primarily because in a low interest rate environment, USDA gave more favorable terms. This loan fund was 4%, but USDA was like one and a half. But now that the interest rates are what they are, we believe that this will have more popularity.


§10. The motion to approve resolution 25-007, increasing the approval authority of the Administrator for ADF loans to \$100,000, was made by Secretary Siska Hutapea, and was seconded by Director Andrew Park. The Directors then voted, and the motion was unanimously passed.

Public Comments

§ 11. There were no public comments.


Adjournment

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



DAVID JOHN, Chairman
Board of Directors

Attest:



SISKA HUTAPEA
Secretary, Board of Directors