



**Minutes of Regular Meeting to the Board of Directors of the  
Guam Economic Development Authority  
June 20, 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, June 20, 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:

***Directors:***

David J. John  
Ernesto Espaldon Jr.  
Siska Hutapea  
Andrew Park  
Dr. Doreen Crisostomo-Muna  
Melanie Mendiola  
Carlos P. Bordallo  
Georgette Bello Concepcion

***Office or Position:***

Chairman  
Vice Chairman  
Secretary/Director (via zoom)  
Director (absent/ excused)  
Director  
CEO/Administrator  
Deputy Administrator  
Legal Counsel

***Also, in attendance were:***

Frank San Nicolas	The Guam Daily Post
Anegen Cabaulo	IHS Corporation
Angelene Rios	GEDA
Yong Pak	GEDA
Melvin Tabilas	GEDA

John San Nicolas	GEDA
Diego Mendiola	GEDA
Tina Garcia	GEDA
Ed Camacho	GEDA
Gloria Molo	GEDA
Ariana Villaverde	GEDA

### *Approval of Agenda*

- § 4. The motion to approve the agenda was made by Vice Chairman Ernesto Espaldon Jr., to move old business up after approval of minutes, and was seconded by Secretary Hutapea. The Directors then voted, and the motion was unanimously passed.

### *Approval of Minutes*

- § 5. Secretary Siska Hutapea made the motion to approve May 2024 board meeting minutes and was seconded by Director Crisostomo-Muna with a correction. The Directors then voted, and the motion was unanimously passed.

### *Old Business*

- § 6. Deputy Administrator, Carlos Bordallo reported the following:
- a. GEDA has not seen a pay adjustment for over 14 years. The original implementation of pay was done in 1991. And 19 years later, in 2010, there was a 10% across the board salary increase. In 2014, the government of Guam implemented the general pay plan. At that time, I think it was brought to the board. It was not approved for a 5% across the board. Since that time, 14 years have lapsed since a pay adjustment has been given to GEDA. GEDA's administration discussed how we could right size employees with what's going on throughout the government. We see the classified employees, 22% increase. Autonomous agencies have adjusted their pay scale numerous times over the past 14 years, and GEDA remains status quo since 2010. We discussed what methods we can implement to try and right size the positions here at GEDA. What we came up with was moving to an annual performance evaluation. Moving to an annual evaluation period would allow us to gradually right size the positions at the discretion of the administrator who would be allowed to give increments from zero to three. As we tried to implement this, I asked that our accounting or administration services division to give us the impact and how many employees that would be affected by FY2024.
  - b. For FY24, there would be 17 employees that would receive a potential one-step increase. Typically, zero to two steps, depending on their performance. The impact of a one-step increase for those 17 employees for this year is \$40,000 and is well within budget. As you know, one employee recently retired, so there's that funding there, and

there's various other decisions that are being made. That said, the even opinions over the years have cited the GEDA's Enabling Act as providing the authority to determine our conversation without regard to the provisions of personnel and conversations. That was recently reaffirmed by legal counsel. With that, the recommendation that I just determined, I had that I asked Georgette to put something together in the language of motion for your consideration.

- c. Director Doreen asked who has the authority to give an employee two steps and not following each step over the year. Does management do that on their own or do they need to go to the board to get that approval?
- d. Administrator Mendiola answered: The administrator does. Chairman John asked, do you have the authority to do that without going to the board for final approval?  
Administrator Mendiola answer: Yes. The only person that you guys evaluate and decide on the increases and decreases are the Administrator. The employee handbook, it doesn't limit increments. It says salary increments are granted only upon satisfactory and consistent work performance, so it's at the discretion of the administrator.
- e. Chairman John added: is this possible where we have it set up, we're reevaluating every 12 months, and under that, the administrator obviously has the chance to move them up based on whatever that increment is for the year. But if they go more than one or the change of title, it has to come to the board for approval. That benefits the overall organization because you have an extra view on it. And it also gives protection to the administrator. So the administrator is not like, I'm making these decisions on my own, even if it's within the in really good faith efforts and if something doesn't go right, you're hanging, right? I mean, just one more check. Don't take it as a taking power away from you as much as it's giving protection for you for any decision that you're making so that you have an extra set of eyes on it. And it holds everybody responsible for what's going on. Is that something possible? Yes.
- f. Director Doreen still questioned: What authority? Because based on, and again, Mr. Carlos there is saying that the administrator, when the administrator has the authority to go as many steps as she/he wants, at their discretion. And, the administrator has the authority to change the class of the position.
- g. Attorney Concepcion stated: GEDA's enabling act 12 GCA, section 5104, subsection i, does give broad authority to fix and pay such compensation to employees, with the services of the Corporation may determine that regards the provision for the personnel and compensation law. Director Doreen added: Because every position, and according to the 2015 opinion, it says that when you create a position, you must announce it, you must, also send a copy to the legislative secretary. That's what it says when you create.

- h. The opinion discussed by Director Crisostomo I believe was related to classified employees. GEDA has no classified employees. It's also because GEDA is a public corporation, so there's a lot of discretion left to management as to what positions. I would like to review that and talk to Attorney Brooks because I need to see what the basis of his opinion is. Can we have one more month on this? Thank you, Doreen. We're not calling for any creation of positions or anything like that. We're just simply trying to move the tier performance evaluation periods down to an annual. I have no problem with that.
- i. Vice Chairman Espaldon added: When you're taking somebody who normally gets reviewed every 24 months, and let's assume that they're coming in for a 7% or that they qualify for a 7%, if you move them to every 12 months, is there the chance that they might earn 7% for that first year, get reviewed the next year, and they're doing such a great job, they're going to do 7% again? Yes. So there is that chance? Yes. And that's fine as long as we got the budget to support it. Just so that I'm understanding correctly, it sounds like Director Muna, the different floating concepts are the authority to do something, whether or not we are following the right procedures. And then at the very end, if we've got those two, do we have the funds, making sure that we're budgeted properly. Then the other question that I had was, thank you for showing what if people were going up one step in FY24, it was \$40,000. Knowing that we could do 7% the first year, 7% the second year, the third year, do we know what that amount comes to in year two or year three, approximately, in terms of how much does that bring up the payroll? Administrator Mendiola answer: The unofficial policy, I suppose you could say for me, is not all two steps get approved.
- j. Deputy Administrator Bordallo suggested: Would you be amendable, maybe, Mr. Chairman, in the motion that is presented now to cap the steps? Maybe you can have language to limit the pay adjustments to two steps. Maybe above two steps would have to come from the board for approval. I think this is something that's important enough that we make sure that we have something that's going to be institutionalized. From a board level, she has the best knowledge of government compensation. If we could postpone this one more. I know this is a delay that doesn't make everybody happy, but to realize this is an institutional thing. Unfortunately, the way the government works, where we have to do it this way. A normal organization, you would essentially put it out and get it done between board meetings.

§ 7. Christina Garcia reported the following:

- a. We're here to present a loan to the board for approval, the first one being an approval for Lit Tropics LLC, the GDFA program. Lit Tropics LLC is owned by Gary Santos and Marlin Cruz. They are requesting for \$399,000.00. \$279,000 to be used for working capital, \$120,000 to be used as a line of credit. Terms are \$279,000.00 with a

10-year term loan, first year interest only with principal and interest to commence July 2025. The \$120,000.00 line of credit is interest only for the first 12 months with principal due one year for the first draw down. We did add what we were asked to include a debt to income ratio, and Gloria did include a given loan over the net vs profit. And for this first loan, it's at 9%. We were thinking it's based on a total amount of \$399,000.00.

- b. The Credit Review Committee reviewed this and recommended we approve the financing with the terms as follows: personal guarantee of both Gary Santos and Marlin Cruz, partners in Lit Tropics, LLC. We're going to secure a lien on newly purchased vehicle used for delivery, and there will also be a lien on lot number 3394-8, Chalan Pago, whose title owner is Marlin Cruz, one of the owners, with an appraised value of 342,000, dated 10-26-23. We recommend the loan as presented to you today and are here to answer any additional questions you may have.

§ 8. Secretary Siska Hutapea made a motion to approve a loan for Lit Tropics, LLC and was seconded by Director Crisostomo-Muna. The Directors then voted, and the motion was unanimously passed.

§ 9. Christina Garcia reported the following:

- a. Second loan up for today is the loan for IHS Corporation, DBA Miki Taxi Services. We received this application for Miki Taxi service, and for GDFA, for \$500,000.00. It's a taxi and shuttle service. They're going to use the fund of \$290,000.00 for working capital, and credit for \$210,000.00. The use of funds is an operation of expense of \$290,000. The term for the loan for \$290,000.00 is for 10 years. First year, interest only of \$3,645.83, principal and interest of \$6,266.34, which commends in July 2025. Line of credit is interest only for 12 months, principal due one year from 1<sup>st</sup> drawdown. The term loan rate is at 8.75%. Again, the debt information on this one is at 9 %. IHS Corporation is operated since IHS Corporation is operated as a domestic corporation consisting of three members. Their shareholders are 9 %, 9.5 %, 9.5 %. And of course, the collateral is personal guarantee on Mr. Sook Im, President of IHS Corporation, DBA Miki Taxi, UCC-1 on IHS Corporation, secure lien on newly purchase vehicle, lien on lot number 5089, Tumon Bell Condo, estimated at rate value of \$600,000.00. The Credit Review Committee reviewed and recommended approval of this financing with the mentioned terms on May 21, 2024 subject to the Board's approval.
- b. Director Muna expressed concerns about the fact that the borrower is a taxi company and was not convinced the financial projections were accurate. Secretary Hutapea shared a similar concern because tour based industries were still having trouble. Given the fact that GEDA will have real estate as collateral gave her comfort. Vice Chairman Espaldon added that it's important to keep on top of the borrower's

financial status but he indicated he was okay moving forward. Chairman John concluded that the two other pieces that made him more comfortable than just the numbers are that the borrower is a known operator and GEDA has a lien on the operators home, which puts extra pressure on to make sure that loans are repaid.

- § 10. Secretary Siska Hutapea made the motion to pass approval of loan for IHS Corporation, DBA Miki Taxi Services, and was seconded by Vice Chairman Espaldon. The Directors then voted, and the motion was unanimously passed.

#### *Chairman's Remarks*

- § 11. Chairman John reported the following:
- a. At the last board meeting, the board discussed sending a letter objecting to Bill 179-37 that would convert Guam International Golf Course also known as the municipal golf course to a solar farm. The matter was not on the agenda for the meeting. The Chairman noted that he didn't believe at the time that issuing a letter down to the legislature was something that needed to be on the agenda to discuss, however that assumption was incorrect. It was brought to GEDA's attention after the meeting that since the vote was not on our agenda, the action was not valid. No letter was sent, and he didn't think we actually need to send a letter going forward. Just to move on with this. The community has heard our views on this. I think it's out there. But I just want to reiterate a couple of things that also make the board know about something.
  - b. Chariman John did note that he did personally issue a letter a few weeks back on this one on his own letterhead. The letter was sent to Senator San Augustin, opposing the bill based on a couple of things. One, that the Chamorro Land Trust provided a lease under favorable terms to GICC for a specific purpose, and that was to build a golf course. If GICC is unable to make these lease payments as a golf course operator, which they hadn't, this should have been foreclosed on a long time ago. After foreclosure, Chamorro Land Trust would have an improved asset on their books. There's a golf course sitting there that the Chairman believes is worth more than \$7-\$9 million. Simply moving the lease to a new operator for a new purpose might not be the best course of action. As the military buildup continues, I believe that we, as island leaders, need to maintain our parks and recreational spaces for the local community. An ongoing municipal course will to fit the youth and the seniors for an affordable golf and recreation space. When that golf course was operational, we had some really good golfers on this island that ended up having college careers and getting scholarships. Losing a municipal golf course will be a loss for our junior and senior golfers. The point was we're going to run out of supply. If there is no response to the RFP for a golf operator, then I believe that the RFP for best use is a more suitable way to go with things. Solar might be there, housing might be there, whatever is there. But I also stated that I applauded Chamorro Land Trust's efforts for setting aside land for a solar farm to generate cash flow to do the things that they have

been trying to do for a long time. I do applaud them on that. To this point, I think that the media over the last couple of weeks has missed what we were talking about here last week. I'd like to clarify. Again, we're not going to issue a letter, but I want to clarify. We were in no means talking about being anti-solar. I think everyone at the table would like to see solar. We would want to find ways possible to help with housing. In fact, I think Chamorro Land Trust, if they could set aside, I think we would be very willing to help them to set up a comprehensive strategy to figure out what parcels out there are commercial leasable and then turn around and put operational leases in play, go with the legislature, get what's there, and then take that money and turn it into the infrastructure money that's there for housing, or solar or whatever business could generate income to CLTC. GEDA is not going to issue a letter. GEDA is not anti-anything.

- c. Vice Chairman Espaldon agreed. GEDA concluded this segment stating we're in full support of solar and the CLTC as well. Chairman John stated that Guam been down this road with the tennis center. GEDA was instrumental in getting the tennis center going. We helped with the money that was there for A&E. They raised money from the local community, the government gave them the land and we have a beautiful and very active tennis and pickleball center. GEDA helped get them over the path to figure out what their business model was. And then the local community came in and made the thing happen. If you go up there on any night of the week, the thing is booked. They're on their second expansion already. It's pretty impressive. The courts are top-notch. It's able to handle tournaments. There's no reason this can't be done on the golf course site, too. The Chairman expressed fear that once you turn soil and change the nature of the lease, it's gone. It's a municipal asset that's gone. Gone for what? For a solar farm that could be built 90 other places on the island. The Vice Chair just wanted to clarify that this board was not being anti-anything.

#### *Administrator/CEO Remarks*

§ 12. Administrator Mendiola reported the following:

- a. She expressed her disappointed that the media portrayed this as a GEDA versus CLTC or GEDA versus the solar development. That was clearly not the case. GEDA supports renewable energy and the CLTC wanting to build revenue. GEDA also made observations about Junior Golf. She spoke about her own experience with Junior Golf with my nephew, and talked about how programs like our tax credit program could help improve the state of things, similar to how we help with the tennis, similar to how we help with basketball and rehabilitating the Tiyan gym and so on.
- b. This month there's been a flurry of activity in preparation for Select USA. We also have an aquaculture conference coming up, and the Micronesia Islands Forum just passed. The Administrator is the chair of the Science and Technology Steering Committee for EPSCOR under the University of Guam. She was honored to present

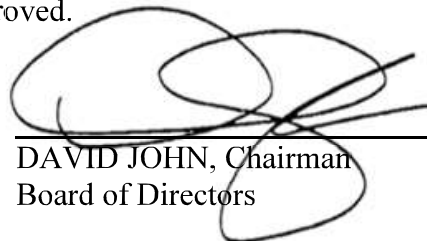
- to the island chiefs as the chair of the Trade Committee and about our work on diversifying the economy. We talked about ship repair, small crews. We talked about possibly reviving the small crew ship efforts that we'd started that got killed during COVID. We talked about aquaculture. We talked about the access to all the lines coming through, the undersea, the subsea cables making their way to Guam, that the islands, we all need to work together just to ensure there's access to these subsea cables from more remote places.
- c. The Administrator discussed the subsea cables making their way to Guam, like the Google cables, for example. She noted that the cables could be used to upgrade the internet traffic to more remote areas of the Pacific. We have the resources to build trunk lines between these main lines and their islands. This is just something to be discussed at the Micronesia Islands Forum. The Science and Technology Committee, put together a strategic document for economic diversification specific to STEM and specific to bridging the gap between academia and the streets. The final draft is being cleaned up for submission to EPSCOR, and hopefully it's the precursor to a lot of funding in this area, which would shore up our STEM workforce and further encourage innovative industries, especially in the spaces we're already investing in, such as additive manufacturing.
  - d. Finally, our podcast is probably going to kick off in July. We have eight episodes in the can, and then we're going to pick up, with the second seven episodes that will be recorded when I get back. Stay tuned.

***Public Comments***

§ 13. There were no public comments.

***Adjournment***


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



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DAVID JOHN, Chairman  
Board of Directors

Attest:



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SISKA HUTAPEA  
Secretary, Board of Directors