



Aturidâd Inadilânton Ikunumihan Guahan

**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
April 25, 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, April 25, 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 Vice Chairman Ernesto Espaldon Jr. the following individuals were present:

<i>Directors:</i>	<i>Office or Position:</i>
David J. John	Chairman (via Zoom)
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 (absent/excused)
Terrence M. Brooks	Legal Counsel

Also, in attendance were:

Frank San Nicolas	The Guam Daily Post
Angelene Rios	GEDA
Yong Pak	GEDA
Melvin Tabilas	GEDA

John San Nicolas	GEDA
Diego Mendiola	GEDA
Tina Garcia	GEDA
Matt Baza	GEDA

Approval of Agenda

- § 4. The motion to approve the agenda was made by Director Dr. Doreen Crisostomo-Muna, and was seconded by Director Park. The Directors then voted, and the motion was unanimously passed.

Approval of Minutes

- § 5. Director Park made the motion to approve April 2024 board meeting minutes and was seconded by Dr. Doreen Crisostomo-Muna. The Directors then voted, and the motion was unanimously passed.

Chairman's Remarks

- § 6. Vice Chairman Ernesto Espaldon Jr. reported the following:
- a. Since our last meeting, Google made another big announcement in the region about additional undersea cables as part of their Pacific Connect initiative. The cable named Proa will connect Guam, the CNMI, and Japan. There will also be an interlink cable to connect Hawaii, the CNMI, and Guam. Administrator Mendiola and two members of the business development team were invited to visit the vessel, laying the cable last Sunday at the Port Authority of Guam. It's great to see this momentum of activity from Google.
 - b. On the public finance front, our bond investor meetings are in the coming weeks. We are happy to report active registrants from both existing and prospective bond investors. For our investors, this is a great educational opportunity, especially for newer analysts. Even with the Internet and with Google and news alerts on Guam, we need to make our best efforts to educate analysts about the uniqueness and strengths of our island, as well as provide the correct context for news and statistics about our local and regional economy. Results come in the form of competitive rates for our bonds and rating achievements like the upgrade Guam achieved just two months ago. On the SSBCI, or as a reminder to all of us, the State Small Business Credit Initiative front, GEDA received a technical assistance grant of about \$574,000 for the purpose of providing technical assistance to our applicants of our SSBCI Venture Capital program over the next three years. As we are keen to spread our investments to ventures of all sizes, this is a critical service that entrepreneurs may need when applying. For example, the Venture Capital program we will be instituting requires a 10-year buy-out plan. This goes beyond a simple business plan and requires strategy

and steps to work towards the end goal of a buyout plan, allowing the businesses in this program to assume full ownership and thrive as independent entities. This technical assistance is meant to help provide this type of support.

- c. Lastly, just two days ago, the US Environmental Social Protection Agency announced a \$62 million dollar grant that will be awarded to Guam. The grant, entitled Solar For All, addresses affordability and accessibility to renewable energy. In other words, solar, for homeowners who fall within the category of low to moderate income. With this, GEDA will be the lender of the program, allowing qualifying households to invest in renewable energy. Interest is recycled, no pun intended, to keep this program evergreen. We are happy to partner with the Guam Energy Office and are excited to get this going.
- d. Before I make my final conclusion, we would like to congratulate the Village of Donki on their opening this week. We wish them much success. We also thank them for having confidence in our economy as well as our people, the local community, the military community, as well as confidence in our visitors and their arrivals and their purchasing power. And finally, in conclusion, I'd like to extend on behalf of the board our appreciation for our Administrative Professionals, as it is Administrative Professionals Week. We know that our administrative professionals are the gatekeepers and truly instrumental to getting things done. We appreciate you.

Administrator/CEO's Remarks

§ 6. Administrator Mendiola reported the following:

- a. It's been a good month for GEDA with the announcement of those two particular grant awards. In particular, the Solar For All public finance really did the heavy lifting in the grant application, helping the Guam Energy Office put together the application. The significance of the Solar For All program is a grant to Guam so that we can continue similar to SSBCI, we can lend the money out to qualified households and continue to lend for years and years to come for families to be able to install solar and renewable energy and do it affordably, or it doesn't affect their credit report, or it doesn't affect their ability to go and get a competing loan, say for a car or their capacity for a home. And in today's interest rate environment, I think it's incredibly timely, as well as with power bills that everybody, including myself, stresses over fairly regularly.
- b. We were invited by the USDA, who is hosting their Rural Housing Administrator out of DC. Administrator Waukeen, was here to visit from DC to talk about rural housing programs, or he had with him a number of individuals to come and talk about USDA's programs in Guam. USDA asked us, GEDA, to do an economic overview of Guam, which we did, but it was also a town hall meeting. So it was also attended by members of the community who provided input into USDA as to housing programs that exist.

- c. The Transshipment Consultant has been in town as well, hosting a number of stakeholder meetings over the last few weeks. And hopefully out of this, a very robust plan in developing this industry. Transshipment, as many of you are aware, was one of the governor's economic diversification initiatives.
- d. GEDA also hosted a visit from Australia ambassador to Palau. And one of the things that we most significantly discussed with her was that Australia and Palau entered into an agreement wherein the Australian government provided funding for a guaranteed a number of seats between a city in Australia and Palau. And it was meant to encourage tourism as well as encourage economic activity. And this pilot program, they're trying to continue it, but one of the ways that could possibly... But they're not quite achieving, I guess, the scale that they'd like to achieve. So one of the ways that we had explored continuing a project like this was if Guam could be one of the stops or it would be a the Australian, I think it was Perth to Krua to Guam and back. But what would be carried... The big challenge remains what is being carried back to Australia in the form of trade to make it worthwhile and economically feasible. And so that was something we were just having some discussion over.
- e. But we do have in May, we have a group sponsored by Western US Agriculture and Trade Association, WUSATA, doing a trade mission to Palau, a number of local Guam entrepreneurs once again participating. And so we look forward to hearing the feedback of the ongoing meeting on that.
- f. This Saturday, I'm also invited to be a keynote speaker at an investment conference hosted by some private individuals who are inviting investors to come to Guam to look at Guam for smaller real estate investments, but also entrepreneurial ventures. They invited us to sit on a keynote with Mr. Chris Felix from Century 21 and Ryan Mummer from Title Guaranty.

§ 7. Vice Chairman Ernesto Espaldon Jr. added:

- a. You were talking about Guam as an additional stopover. I saw a presentation the other day of I guess more than three cruise ships stopovers this year to report. Is there some type of survey that's being done when they exit so that we can somehow maybe put a statistic to bear spend while on island? We can probably put in a call to GVB. There is an exit survey that all visitors who are leaving via airplane fill out. I would imagine the exit survey also goes to cruise ship passengers, but I'm not sure. So that's something we can find out. I remember Director Mesa, pushing for that, a number of years ago and seeing how a few more cruise visits have come over the years, it would be nice to see actually what that was providing back to us, if anything, exposure. We did, at the start of the administration, continue with the small cruise ship project because what was determined to be most beneficial for Guam, as well as our island neighbors, was small cruises because the passengers on the smaller cruises were a higher margin, higher spending,

passenger, smaller, not the big Royal Caribbean, Vegas shows and things like that, but more the expedition type cruises, like the ones you see in Alaska. But I remember from the research that was done and then the ongoing research we did on that project, the most advantageous would be the home port as opposed to the ports of call. So, the ports of call weren't as profitable as being the home port because they're flying in, there's the airport fees, they're probably overnighing in a hotel, they're eating in a local restaurant, and then the next day they get on the ship and go off to the islands because the ports of call visit are just a few hours, right? We did apply for an EDA grant, and that was just at the start of COVID, if you recall, when the cruise ship industry was really in tremendous distress. So we did not get good feedback on that grant. We didn't get a yes on that. So, something we can probably resurrect. Again, any statistics also, just with the cruises in general. One of the cruise lines that I noticed was coming was Seaborne, which is a pretty high-priced cruise. And so trying to even get the feedback from those customers as to what that type of visitor seemed to appreciate about Guam or what they wanted to see more of would be interesting.

Committee and Standing Reports

§ 8. Administrator Mendiola reported the following:

- a. I did want to provide one update because I know there was concern about the state of the qualifying certificates with the AG's office. So, we have heard some feedback from them. They gave us some follow-up questions, which we're working on providing them the supporting information relative to those follow-up questions. We heard a response from attorney Strader up at the AG's office following. We're following our follow-up after the last board meeting, as you could say. When do we anticipate getting the answers to them to what they had asked in the next couple of weeks? It's a long list of questions regarding... Because there's multiple QC's up there. So, we are taking the time to really go into it. And then we are also going to try to reach out with him. He indicated that he would be open and scheduling the time for us to sit down and meet and also the AG is available to have in the meeting as well. So, we're working towards all of that to have something for a full packet to send as soon as possible.

Old Business

§ 9. Administrator Mendiola reported the following:

- a. If you all remember from last month's board meeting, we did have a resolution related to the trustee depository and paying agent services to administer the Federal Highway Fund grant, the grants. However, because of a lack of quorum, we couldn't vote on it at the last board meeting. I said it, but. So first, what we'd like to do is to get a motion to adopt the resolution as it pertains to this, and then Administrator Mendiola will say a few words about it, just reminding us all and also allowing you any chance for questions or comments.

§ 10. Secretary Siska Hutapea made the motion to adopt RFP 24-001, the resolution of the Federal Highway Fund grant, and was seconded by Dr. Doreen Crisostomo-Muna.

- a. The RFP 24-001, was issued on February 14th and published in the Guam Daily Post. And a total of a number of responses were submitted, Bank of Guam, Bank of Hawaii, and Bank of America, which responded with, we will not be sending in a response, or we are electing not to participate in this procurement. After a thorough analysis of the proposal submitted by members of the team, including Diego Mendiola from Real Property, Tina García from Public Finance. Also in attendance was Linda Ibanez, Deputy Director of DPW. The recommendation was to select Bank of Guam for RFP 24-001. The trustee depository and paying agent services. These services are relative to the anticipated federal highways grant. Basically, it's called a Garvie bond. And a Garvie bond is a tax... It's an anticipation bond, meaning we will issue the bond so that we can collect the proceeds from the bond, undertake the road projects, and then the cash flow will come from federal highways to the cash payment to the bond. It's a limited obligation revenue bond. With that, I don't know if there's any questions.

§ 11. The Directors then voted, and the motion was unanimously passed.

§ 12. Administrator Mendiola reported the following:

§ 13. Secretary Siska Hutapea made the motion to the first amendment to it in order to open discussions of Resolution 23-007, and was seconded by Director Park.

- a. So this resolution was done in honor of the late Margaret Hattori, dean of the School of Health over at the University of Guam. Dean Hattori was every year, she would call us to check on if we had some money available for the School of Health. And every year, we would take her through the process of applying separately every year. And after her untimely death, I think we all very much wanted to find a way to honor her sacrifice and her commitment to the health care profession, rather. And so with that, we passed Resolution 23-001, and I think this is a beautiful tribute to her. What we did, though, was we did split up the award 70 % to the University of Guam and 30 % to Guam Community College. Now, the rationale at the time was the cost to administer the degree program at the University of Guam was higher than over at the Guam Community College. The cost of the school itself, the requirements of the degree, the requirements of the professors, and so on and so forth. Subsequent to this passage, we did get a call from Mary Okada, President of the Guam Community College, who basically expressed her desire. She said, we had always utilized this award across a number of health care professions. It's not just a dedicated nursing award. It's an award, a grant award that has been used to advance health care professions. And just as University of Guam has nursing, GCC has nursing, but it also has other occupations that support health care. And they'd like to utilize any additional funds or if we can make it back to being 50/50, or if we can give a little more

funds, then they can support even more in the health care professions. So with that, the team went back and looked at the historical, what our health care money, what the monies of the QC have been used for, especially with regard to GCC's performance and what they've utilized our QC monies for. And instead of saying, let's go back and give UOG less, or let's get them back to 50-50, which is 75,000 and 75,000, why don't we go ahead and just bump it up a little more? So instead, give 210,000, which provides an additional amount to GCC, and basically it brings them back to being 50-50, but it doesn't sacrifice. UOG doesn't have to give up any money for GCC to gain anything, and GCC can utilize the award to the best advancement of the healthcare application. And it's still going to be a hundred five for UOG anyway? Yes, ma'am. 70 % of the 150 was a 105, and 50 % of \$210,000 is \$105,000. These awards were once upon a time tied to the Take Care Qualifying Certificate, which has since expired. We utilize the GRMC QC for this particular award. So this award is good as long as the GRMC QC is alive and well. And so it's always based on a funds availability perspective. Nevertheless, it's a commitment of the board to set aside this money for the duration of the QC to these two organizations. It was this particular award is scheduled to start in fiscal year '24. Because we had already obligated their money towards GCC and UOG for fiscal '23. This award was not meant to be active until this calendar year. We could communicate back and forth with GCC LCC for some time to really understand what we were wanting to do, do some research. We had some time to go over, as opposed to... That's why we didn't address it right after the last meeting.

- b. Director Dr. Doreen Crisostomo-Muna added that I am a faculty at UOG, but under the SEPA. Just to disclose that, I did get an opinion from the Ethics Commission and said that there is no conflict of interest as long as they disclose it. So just letting you guys know, I'm disclosing it, that I'm from the university.
- c. So we've raised the overall allocation, if you will, not by much, by 60,000 or so. That wasn't somehow allocated to someone else before that was available to give out? So usually that would go to the pot that is our community contribution grant program. But normally, this funding level that we've been selecting has ranged from anywhere from 300,000 to 700,000 and doing multiple awards of about 25,000. The sweet spot for the QC awards tends to be 25,000. We tried around where we did more at 50, and then we tried around where we did less at 10. And we find that we get the best high quality. We have a nice competitive program at 25,000 maximum. And it's competitive, but at the same time, it's accessible to both organizations that have a terrific legacy of giving back, such as UOG and GCC, but also for some of the startups like the Breaking Wave Theater Company or some of our Guahan Sustainable, some of these younger organizations. So we don't anticipate this really affecting that. It affects the pot of money available. Having said that, it's certainly a good cause, and there's enough in the pot for the number of applicants we tend to receive.

§ 14. The Directors then voted, and the motion was unanimously passed.

New Business

§ 15. Administrator Mendiola reported the following:

- a. Resolution 24-004. This is related to the Manenggon Memorial Foundation, 80th anniversary of the liberation of Guam at the Manenggong Valley Memorial.

§ 14. Director Park made the motion to adopt Resolution 24-004, and was seconded by Director Dr. Doreen Crisostomo-Muna.

- a. Manenggon Memorial Foundation, they reached out to GEDA because they're looking at phase 2 of the Manenggon Memorial. It includes signage, upgrades to the trail, and a ceremony at the site, and so on and so forth. They have a number of fundraising initiatives going on, seeking pledges, et cetera. Normally, we would kick this request into the Community Contribution Grant program. And normally, we would also administer that pot of money in time for the summer, usually March or April. But because we've done so many of the grants for the nonprofits, like the summer camps and after-school care through public health, et cetera, et cetera, we said, we can spread out some time. We can allow for some time before we do the community contribution grants and maybe wait until fall or even the new fiscal year. Because as John from Compliance had just mentioned, we rely on the GRMC QC for this particular grant, and their contributions historically come a little in the latter half of the calendar year. Having said that, the 80th doesn't happen every year. There's only one year that it's the 80th anniversary of the liberation, and that would be this year. And so I wanted to advocate for this in advance of our general grant program. Like I said, we would normally kick this into the big pot of money. However, this isn't going to happen next time. So it's not timely relative to this request. This request is but a portion of money that many donors are contributing to. It is for our World War II, the sacrifices of its moral people in World War II. And I think this is a really worthwhile contribution and something that GEDA would be proud to have its name on. So we agreed to bring it to the board for your consideration.

§ 15. The Directors then voted, and the motion was unanimously passed.

Public Comments

§ 16. Administrator Mendiola reported the following:

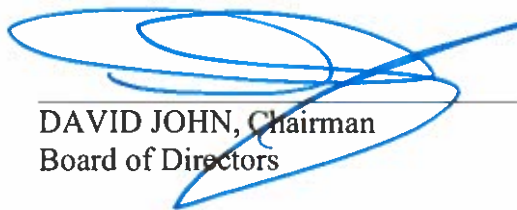
- a. The board had asked us to take on a study having to do with the effect of the buildup on the BPT and our financial planning going forward and planning for the days when the buildup monies are no longer filling our coffers. In the future. And so what we did was we started a little bit of a research team here at with some of our rookie employees, the two of us started a literature review on the effect of military spending on the economy. So I did some research, review. But in the means concurrent with that, we also engaged communications with with Dr. Martha Sorasales from the University of Guam, because this is an accounting project. We're looking at BPT, and she is also going to talk to her

colleagues. And so it looks like we'll put together a nice little research consortium to accomplish this project. We usually have an MOU with the University of Guam for the purpose of compensating the researchers on the UOG side of the house. And so we're updating our MOU with the global learning and engagement because they usually contract with the professor. Let's say a professor is doing a continuing education or something like that. That's outside of their faculty load, right? And so they could utilize the global learning and engagement to filter the payment or to receive payment through that method without having to basically just do it that way. We have an active MOU, so we can update that, it seems.

- b. So the first pass at the research on this is very interesting. It's a very big project. And I think that that's where the UOG, University of Guam guidance can come in, because we want to get this narrow enough to be very helpful, but big enough to be practical and applicable, right? And reliable and valid, that it represents what you are trying to find out, and that it can be replicated over and over in other communities, this type of study. That's what we shoot for, right, in academia. What really was interesting was when the governor and I were in DC, we met with a Deputy Secretary, Kathleen Hicks, Deputy Secretary of Defense. And I saw some literature that she contributed as a PhD candidate to the literature on Department of Defense in the Economy. So I thought that was really interesting. The primary observation thus far is that if the military spending is geared towards ways that are innovative and help a community improve its level of innovation, such as through things like additive manufacturing or the increased technology resources in the island. That tends to be a very good thing for the community long term. Some of the negative things tend to be the crowding out of other sectors in the economy. So that's what we need to really understand. So taking labor from other industries into the fence.

Adjournment

§ 17. A motion for the meeting to be adjourned was moved by Director Dr. Doreen Crisostomo-Muna, and was seconded by Secretary Hutapea. Adjournment of the meeting was unanimously approved.



DAVID JOHN, Chairman
Board of Directors

Attest:

SISKA HUTAPEA
Secretary, Board of Directors

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DAVID JOHN, Chairman
Board of Directors

Attest:


SISKA HUTAPEA
Secretary, Board of Directors

