

CITIZEN CENTRIC REPORT

FISCAL YEAR 2023
OCT. 1, 2022 – SEP. 30, 2023



1 ABOUT GEDA **2 PERFORMANCE** **3 FINANCES** **4 OUTLOOK**

ABOUT US

Guam Economic Development Authority (GEDA) a public corporation (12GCA Chapter 50), was created by enabling legislation on August 21, 1965, under Public Law 8-80. Under P.L. 8-80, the Authority has been given rather broad responsibility to the centralized direction, control, and supervision of an integrated plan for the economic development of Guam. GEDA focuses on key areas including new industry development, local business support services, compliance monitoring for tax credit and tax incentive programs, commercial loan programs, and government real property management. Additionally, GEDA is the Central Financial Manager for the Government of Guam and assists agencies with financial advisory services, capital financing, debt management, and annual financial reporting on debt instruments.

OUR LEADERSHIP

- BOARD OF DIRECTORS**
David J. John **Chairman**
Ernesto V. Espaldon, Jr. **Vice Chairman**
Siska S. Hutapea **Secretary**
Doreen Crisostomo-Muna **Director**
Andrew Park **Director**
- EXECUTIVE MANAGEMENT**
Melanie Mendiola **CEO / Administrator**
Carlos Bordallo **Deputy Administrator**

OUR WORKFORCE

38
Personnel
FY 2022: 51

OUR CLIENTS

2,500+
Businesses & Non-Profit Organizations

70
Government Organizations

OUR MISSION

GEDA's mission is to develop a sound and sustainable economy through innovative programs that preserve and promote local culture, economic opportunities, and quality of life.

OUR VISION

In 10 years, Guam has a robust 3rd industry, a vibrant and diverse small business community, where the economy supports a highly affordable quality of life for the people of Guam.

OUR GOALS

- 1 Advance the economic health of the island with the development of emerging industries and expansion of existing industries, to include investment opportunities, tax incentives, workforce development, and local entrepreneurship opportunities.
- 2 Ensure compliance with terms outlined in contracts to avail of tax benefits with the Department of Revenue and Taxation.
- 3 Provide financial assistance opportunities as a lender of last resort to create, expand, and promote the workforce and economic development.
- 4 Support the local economy by providing leasing and/or development opportunities on public-owned properties.
- 5 Address the financial needs stemming from capital improvement or liquidity management of various agencies of the Government of Guam in its entirety.



ECONOMIC ASSISTANCE

8
Administered Child Care Programs
FY 2022: 7

\$2,900,000 awarded for the Child Care Assistance Program-Support
FY 2022: \$283,297
2022 to provide funds for the opening of new CCDF licensed childcare facilities

\$95,000 GRANT AWARDS
FY 2022: \$45,000

\$4,800,000 GRANT AWARDS

awarded for the Relative Care Grant Program launched to support relative care providers and provide affordable and accessible childcare for working families

awarded for the Community Care and After School Grant Program to assist Community Programs and school programs offered by non-profit organizations, businesses, residential communities, and local private schools

30
Childcare Graduates introduced into the workforce
FY 2022: 33

\$11,300,000 GRANT AWARDS
Launched the Village Community Care Program to prepare village facilities and train staff for planning and implementing childcare programs

\$1,300,000 GRANT AWARDS

Launched the Childcare Workforce Retention Grant to encourage childcare workers to remain employed and grow their knowledge and skills in the childcare industry

358 Block Grant Vouchers
FY 2022: 1,073

\$16,800,000 GRANT AWARDS

Launched the Mawar-rrior Child Care Recovery Program to harden Child Care Development Fund (CCDF) certified childcare facilities for future disasters, natural hazards, flood damages, and disaster losses as a result of Typhoon Mawar

ECONOMIC DEVELOPMENT

6 TRADE MISSIONS ATTENDED
FY 2022: 4

Hosted a virtual symposium with 24 international investors



GEDA represented Guam for a second consecutive year at the SelectUSA Investment Summit, the highest-profile event dedicated to promoting foreign direct investment in the United States. The Governor of Guam was a panelist in 2 discussions.

INDUSTRY DEVELOPMENT

6 QUALIFYING CERTIFICATE applications processing
FY 2022: 6
related to healthcare insurance, affordable housing, circular economy & recycling, and tourism

\$100,000 GRANT AWARDED
from the U.S. Small Business Administration to develop a comprehensive export development program

Completed the Guam Additive Manufacturing (AM) Feasibility Study which found Guam's potential competitive position for ship and submarine repair

46 PERMITS ISSUED
FY 2022: 38
GUAM PRODUCT SEAL (GPS) PROGRAM

GEDA conducted a trade mission in Palau with 5 small business to explore new markets and business opportunities.

Hosted a virtual export conference with 80 attendees



PUBLIC FINANCE

\$47M
Sale of A.B. Won Pat International Airport Authority of Guam General Revenue Bonds and achieved savings of \$2,280,000 million

6 Agriculture Development Fund (ADF) loans being serviced
FY 2022: 6

1 Guam Development Fund Act (GDFA) pending loan request for final decision
FY 2022: 1

10 Guam Development Fund Act (GDFA) loan inquiries
FY 2022: 10

COMPLIANCE

10 Active Qualifying Certificates Monitored
FY 2022: 10

\$300,000 TAX CREDITS ISSUED
FY 2022: \$819,088

REAL PROPERTY

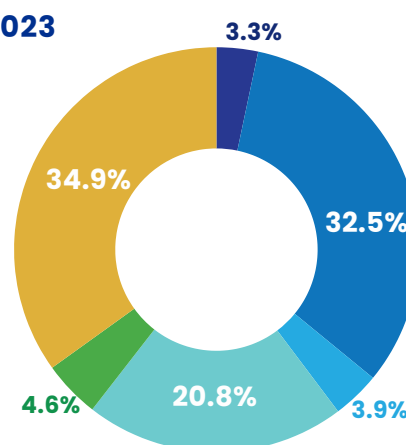
\$1,280,000 LEASE REVENUES GENERATED
FY 2022: \$1,460,000

31 Active Leases
FY 2022: 31
Concluded the Medical Action Plan for a new Medical Campus started in FY2022

OPERATING REVENUE

SOURCES	FY2023	FY2022 (restated)	% change
OPERATING GRANTS	\$ 141,288	\$ 5,392,245	(97.4%)
QUALIFYING CERTIFICATE PROGRAM	\$ 1,371,403	\$ 1,464,822	(6.4%)
BOND FEES EARNED	\$ 163,763	\$ 1,111,828	(85.3%)
INDUSTRIAL PARKS	\$ 873,353	\$ 892,375	(2.1%)
GALC LEASE COMMISSION	\$ 191,874	\$ 207,058	(7.3%)
OTHERS	\$ 1,466,574	\$ 2,705,723	(45.8%)
TOTAL OPERATING REVENUE	\$4,208,255	\$11,774,051	(69.8%)

FY2023

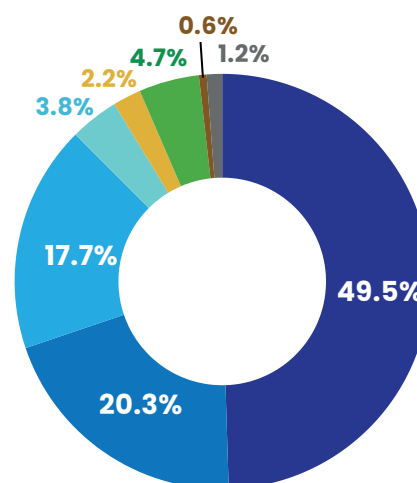


GEDA's operating revenues decreased in FY 2023 by \$6,326,647 or 69.8% primarily due to the decrease in ongoing COVID-19 related public assistance programs in FY 2023. Rental income from Industrial Parks slightly decreased by 2.1% due to the implementation of GASB 87 in the prior year. GALC Lease Commission decreased by 7.3% attributed to additional outstanding balances paid off by tenants in the prior year. Qualifying Certificate Program income decreased by 6.4% due to the timing of additional Qualifying Certificate payments received during FY 2023. Bond Fees income decreased by 85.3% as a result of closing one bond: Guam International Airport Authority General Revenue Bonds, Series 2023A (AMT).

OPERATING EXPENSES

SOURCES	FY2023	FY2022 (restated)	% change
SALARIES & BENEFITS	\$ 3,649,831	\$ 2,790,186	30.8%
LEGAL & PROFESSIONAL SERVICES	\$ 1,498,940	\$ 2,734,034	(45.2%)
MISCELLANEOUS	\$ 1,306,793	\$ 329,986	296.0%
OFFICE SPACE & EQUIPMENT RENT	\$ 279,791	\$ 470,003	(40.5%)
GRANTS EXPENSE	\$ 345,949	\$ 890,889	(61.2%)
TRAVEL	\$ 164,811	\$ 160,815	2.5%
DEPRECIATION & AMORTIZATION	\$ 43,031	\$ 28,796	49.6%
OTHERS	\$ 89,820	\$ 69,070	30.0%
TOTAL OPERATING EXPENSES	\$7,378,966	\$7,473,776	(1.3%)

FY2023



GEDA's operating expenses in FY 2023 decreased by \$94,810 or 1.3% over FY 2022. Salaries and Benefits increased by 30.8% due to the hiring of limited-term employees to support the short-term childcare programs. Legal and Professional services expense decreased by 45.2% due to completing Task Orders focused on marketing activities of various programs. Total Office Space and Equipment rental decreased by 40.5% due to year-end adjustments related to GASB 87. Travel expense increased by 2.5% attributed to increased participation in conferences and trainings.

NON-OPERATING REVENUE (EXPENSES)

SOURCES	FY2023	FY2022 (restated)	% change
GRANT REVENUE	\$ 21,304,063	\$ 585,295	3,539.9%
NET INCREASE (DECREASE) IN THE FAIR VALUE OF INVESTMENTS	\$ 2,786,959	\$ (3,193,898)	187.3%
INVESTMENT INCOME (EXPENSE)	\$ 532,757	\$ (2,120,782)	125.1%
INTEREST ON LEASES	\$ 505,849	\$ 417,822	21.1%
OTHER EXPENSE	\$ (183,855)	\$ (651,324)	(71.8%)
INTEREST EXPENSE, NET	\$ (1,804,832)	\$ (1,842,219)	(2.0%)
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$23,140,941	\$(6,805,106)	440.1%

GEDA's non-operating revenues (expenses) in FY 2023 increased by \$20,636,110 or 1,023.9% over FY 2022. Grants revenue was \$21.3 million, an increase of 3,539.9%, due primarily to the award of the SSBCI Loan and Venture Capital funding from the U.S. Department of Treasury and additional grants funding to operate childcare initiatives on behalf of Department of Public Health and Social Services (DPHSS).

Ernst & Young, an independent auditor, rendered an unmodified (clean) opinion on GEDA's FY 2023 financial statements. To view the Independent Audit Report or for more information visit our [website](#) or www.opaguam.org.



FISCAL YEAR 2024 INITIATIVES

Qualifying Certificate & Tax Credit Programs Monitor and improve processes of Qualifying Certificates and Tax Credit Programs

American Rescue Plan Act (ARPA) Financial Assistance Programs Monitor economic recovery and assist in the implementation of additional COVID-19 recovery financial assistance programs if necessary

Transshipment Task Force Continue as a key member of the transshipment task force by providing administrative support

Economic Development Trade Missions Schedule trade missions and business trips to market Guam's economic opportunities, with a focus on enticing investment in key industries such as tourism, commercial development, and agriculture & aquaculture, while also undertaking efforts to secure investment into new industries such as technology, pharmaceutical manufacturing, and regional healthcare

Small Business Development & Guam Product Seal Continue to research and develop small business assistance programs that aim to provide more opportunities for local entrepreneurs. We will conduct outreach initiatives to drive Guam Product Seal membership

Childcare Assistance Grant Programs Continue assisting the Department of Public Health and Social Services in administering programs that support the childcare industry

Guam Healthcare Campus, Guam Department of Corrections, Simon Sanchez High School Leaseback Financing Secure services needed to construct a new Healthcare Facility and modernized Correctional Facility and rehabilitate, construct, expand, and renovate the Simon Sanchez High School

State Small Business Credit Initiative (SSBCI) Operate programs that incentivize lenders to make loans to borrowers and provide seed, early, and growth stage equity investment in Guam-based startups which include a \$36 million loan guarantee program, a \$12.4 million collateral support program, and a \$10 million venture capital program

CHALLENGES

UNFUNDED LEGISLATIVE MANDATES

GEDA over the years has been mandated by the I Liheslaturan Guåhan to perform duties that are not financially supported. All expenses incurred by GEDA to meet the unfunded mandates must come out of the agency's finite operating revenues. As the Central Financial Manager and Consultant for the Government of Guam, in recent years, GEDA had to record hundreds of thousands in write-offs from work done on anticipated financing request not completed for various reasons, primarily from failure to secure legislative support.

LAND AVAILABILITY/LOSS

Property leases are the primary funding source of GEDA's operations. The vast majority of commercial leases under GEDA's purview were negotiated in the 70s and 80s. During that time, the primary goal of GEDA was to spur economic activity through attracting industrial and commercial development. Although accomplishing this goal, many leases are locked until the 2060s. Thus, the revenue generated is less able to sustain GEDA's continuing operations and initiatives into the future.

COMMERCIAL LEASE LIMIT

P.L. 32-40 and later amended by P.L. 34-99 imposed a five (5) year duration limit on commercial leases. This public law essentially created additional requirements to public land leasing, further complicated the process, and added additional time required to complete compliance with its process. This short-time period makes GEDA's commercial leases on available government-owned lands "less" attractive to potential developers.



Do you have suggestions on how we can improve our reporting? Please contact Melanie Mendiola at mel.mendiola@investguam.com

CONNECT WITH US



590 S. Marine Corps Dr., Ste. 511 ITC BLDG, Tamuning, GU 96913

TEL: 671-647-4332

FAX: 671-649-4146

EMAIL: info@investguam.com

VISIT www.investguam.com



Aturidåd Inadilånton Ikunumihan Guahan