

From: [Committee on Rules 36GL](#)
To: [Clerks: Bernice Mento](#)
Cc: [Speaker Therese M. Terlaje](#)
Subject: Messages and Communications for Doc. No. 36GL-22-2812*
Date: Wednesday, November 16, 2022 3:24:22 PM
Attachments: [image.png](#)

Háfa Adai Clerks,

Please see attached M&C Doc. No. 36GL-22-2812 for processing:

36GL-22-2812 GEDA Board of Directors Meeting Packet for November 10, 2022*

Guam Economic Development Authority

Si Yu'os Ma'áse',



COMMITTEE ON RULES

Vice Speaker Tina Rose Muña Barnes, Chairperson
36th Guam Legislature
I Mina'trentai Sais Na Liheslaturan Guahan
Guam Congress Building | 163 Chalan Santo Papa Hagåtña Guam 96910
Email: cor@guamlegislature.org

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----- Forwarded message -----

From: **Speaker Therese M. Terlaje** <senatorterlajeguam@gmail.com>
Date: Tue, Nov 15, 2022 at 3:40 PM
Subject: Messages and Communications for 36GL-22-2812
To: Office of Senator Shelton Guam Legislature <officeofsenatorshelton@guamlegislature.org>, Committee Rules <cor@guamlegislature.org>

Háfa Adai,

Please see attached M&C Doc. No. 36GL-22-2812*

36GL-22-2812 | GEDA Board of Directors Meeting Packet for November 10, 2022*

Guam Economic Development Authority

Si Yu'os Ma'áse',

Marie Cruz
Community Relations Liaison

Office of Speaker Therese M. Terlaje

Committee on Health, Land, Justice and Culture
I Mina'trentai Sais na Liheslaturan Guahan
36th Guam Legislature
Address: Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910
T: (671) 472-3586 F: (671) 989-3590 Email: speaker@guamlegislature.org
website: www.senatorterlaje.com

----- Forwarded message -----

From: **Therese Santos** <tsantos@investguam.com>
Date: Tue, Nov 15, 2022 at 3:23 PM
Subject: November 10, 2022 | GEDA Board of Directors Meeting
To: Speaker Therese M. Terlaje <senatorterlajeguam@gmail.com>

Háfa Adai Speaker Therese Terlaje,

Pursuant to 5 GCA § 8113.1 Reporting Requirement for Boards and Commissions, we have attached the meeting agenda, approved minutes and attachments from the **Guam Economic Development Authority's Board of Directors Meeting** held on **November 10, 2022**.

Audio from the meeting can be found on the [Office of Public Accountability's website](#).

Please let me know if you have any questions or concerns. I will be glad to assist you.

Si yu'os ma'áse,

Therese Santos
Executive Assistant



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[36GL-22-2812.pdf](#)



Speaker Therese M. Terlaje <senatorterlajeguam@gmail.com>

November 10, 2022 | GEDA Board of Directors Meeting

Therese Santos <tsantos@investguam.com>
To: "Speaker Therese M. Terlaje" <senatorterlajeguam@gmail.com>

Tue, Nov 15, 2022 at 3:23 PM
DOC NO. 36GL-22-2812
OFFICE OF THE SPEAKER
Therese M. Terlaje
Date: 11/15/2022
Time: 3:23 p.m.
Received: *Mcruz*

Håfa Adai Speaker Therese Terlaje,

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Please let me know if you have any questions or concerns. I will be glad to assist you.

Si yu'os ma'åse,

Therese Santos
Executive Assistant



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COMMITTEE ON RULES
RECEIVED:
November 15, 2022
3:40 P.M.

Handwritten signature

GEDA BODM November 2022 Final Packet.pdf
21247K



BOARD OF DIRECTORS MEETING

Thursday, November 10,
2022 1:30 p.m.

GEDA 5th Floor GITC Building
Ste. 511, 590 South Marine Corps Drive Tamuning,
Guam 96913

LOURDES A. LEON GUERRERO
Governor of Guam
I Maga'Haga Guahan

JOSHUA F. TENORIO
Lt. Governor of Guam
I Segundo Na Maga'Lahen Guahan



MELANIE MENDIOLA
Chief Executive Officer/Administrator
Atkâdi Eksekutibu Ofisial/Atmenestradora

CARLOS P. BORDALLO
Deputy Administrator
Sigundon Atmenestrador

Board of Directors Regular Meeting
Attendance Sheet
Thursday, November 10, 2022
1:30 p.m.

David J. John, Chairman

Siska Hutapea, Secretary

Fe Valencia-Ovalles, Director

Present via Zoom

Andrew Park, Director

Melanie Mendiola, CEO/Administrator

Carlos P. Bordallo, Deputy Administrator

Terry Brooks, Legal Counsel



Inifresi

Ginen i mās takhilo' gi hinasso-ku

I mās takhalom gi kurason-hu,

Yan i mas figo' na nina'siña-hu,

Hu ufresen maisa yu'

Para bai prutehi yan hu difende

I HINENGGE,

I KOTTURA,

I LENGGUÅHI,

I AIRE,

I HANOM yan I TANO' CHAMORU

Ni' irensiå-ku direchu ginen as Yu'os

Tåta,

Este hu afitma gi hilo' I Bipblia yan I

Banderå-hu,

-I Banderan Guåhan

APPROVAL OF AGENDA

NOTICE OF A REGULAR BOARD OF DIRECTORS MEETING
PLEASE TAKE NOTE OF ANYONE WHO WISHES TO ATTEND AND PARTICIPATE THAT A REGULAR
BOARD OF DIRECTORS MEETING WILL BE HELD:

DATE: Thursday, November 10, 2022

TIME: 1:30 p.m.

PLACE: GEDA 5th Floor GITC Building Ste. 511, 590 South Marine Corps Drive | Tamuning, Guam 96913

Public Notice: Distributed to the media on Thursday October 13, 2022, and on Tuesday, October 18, 2022.

AGENDA

- I. Call to Order
- II. Inifresi
- III. Roll Call
- IV. Approval of Agenda
- V. Approval of Minutes – August 2022 Board Meeting | August 18, 2022
- VI. Chairman’s Remarks
- VII. CEO/Administrator’s Remarks
- VIII. Committee & Standing Reports
 - a. Real Property Committee
 - b. Healthcare Committee
 - c. Agriculture Committee / Aquaculture Committee
 - d. Qualifying Certificate Report
 - e. Communications Report
 - f. Grants Report
 - g. Economic Diversification Working Group
 - h. Investment Committee
- IX. Old Business
 - a. Ratification of Resolution 22-020: Waiver of Notice and Consent to Take Action by Unanimous Consent Relative to Approving the Rollover of FY 2022 Budget
 - b. American Rescue Plan (ARP) Funded Projects
 - I. Local Employers’ Assistance Program “LEAP”
 - II. Growth Accelerator Program “GAP”
 - III. Commercial Farmers Grant
 - IV. Childcare Assistance Program 2022
- X. New Business
 - a. Fiscal Year 2023 Budget
 - b. Fiscal Year 2023 Organizational Chart update
 - c. Resolution 23-001 Relative to Approving Qualifying Certificate Application 22-01-01: Island Home Insurance Company
 - d. Resolution 23-002 Relative to Approving Qualifying Certificate Application 22-08-05: Take Care Insurance Company Inc.
 - e. Resolution 23-003 Relative to Approving Qualifying Certificate Application 22-06-04: Core Tire Recycling LLC
- XI. Public Comment
- XII. Adjournment

Enclosure

APPROVAL OF MINUTES

**Minutes of Regular Meeting to the Board of Directors of the
Guam Economic Development Authority
August 18, 2022**

Call to Order

- § 1. The regular meeting of the Board of Directors of the Guam Economic Development Authority (GEDA) was held on Thursday, August 18, 2022 at the hour of 1:42 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:

<i>Directors:</i>	<i>Office or Position:</i>
David J. John	Chairman
Ernesto V. Espaldon, Jr.	Vice Chairman
Siska Hutapea	Secretary/Director
Fe Valencia-Ovalles	Director
Andrew Park	Director
Melanie Mendiola	CEO/Administrator
Carlos P. Bordallo	Deputy Administrator
Terrence M. Brooks	Legal Counsel

Also, in attendance were:

Cedrick Castillon	GEDA
Young Pak	GEDA
Justin Peredo	GEDA
Claire Cruz	GEDA
Christina Merfalen	GEDA

Ed Camacho	GEDA
Diego Mendiola	GEDA
Tina Garcia	GEDA
Jennifer Calvo-Guzman	GEDA
Matthew Baza	GEDA
Norman Tarlic	Daily Post
Chit Bathan	Core Tech
Ho Eun	Core Tech
Johann Cruz	Core Tech
Tony Babauta	Self Employed
Henry Taitano	Core Tech
Michael Carlson	Sen. Ridgell's Office

Approval of Agenda

- § 4. The motion to approve the agenda was made by Vice Chairman Ernesto V. Espaldon, Jr., with a modification of moving resolution 22-017 relative to the approval of a qualifying certificate up to after the approval of the minutes. The motion was seconded by Secretary/Director Siska Hutapea. The Directors then voted, and the motion was unanimously passed.

Approval of Minutes

- § 5. Director Fe Valencia-Ovalles made the motion that was seconded by Secretary/Director Siska Hutapea to approve the July 28, 2022, board meeting minutes. The Directors then voted, and the motion was unanimously passed.

GEDA & Core Tech Representatives' Report

- § 6. Ed Camacho reported the following.
- a. Provided in the packet, an application for a qualified certificate for the Affordable Housing Units submitted by Core International Corporation. Mr. Camacho acknowledged the principal Mr. Ho Eun of Core Tech, Chit Bathran, CEO Johanna Cruz, Henry Taitano as the team representing Core Tech, with support from the Tony Babauta and Joe Rosario from the private sector.
 - b. Also provided in the packet is the case analysis for Core Tech International Corporation's application for Affordable Housing QC. The application was received

on February 16, 2022. The first public hearing was held on March 8, 2022 as required by law. The company is applying for incorporating income tax benefits of 100% for 20 years, BPT and GRT benefits of 100% for 20 years, and real property tax for 100% for 10 years, all under the QC program.

- c. Core Tech International Corporation is a domestic corporation, that has operated in Guam since 1991. Core Tech has a current business license, therefore are eligible to apply for a QC. Core Tech's application is eligible based on section 12 GCA 58104(j), improvement of real property for the purpose of which are specifically determined by the authority be beneficial, desirable, and necessary for the Economic Development of Guam, in this case low-income housing.
- d. CTIC is a sub chapter S Corporation, and the shareholder information is Core Tech Trust. Mr. Ho is the 100% owner of Core Tech Trust. Mr. Camacho requested if everyone had the opportunity to review the case analysis and everyone advised a summary is appropriate and convenient.
- e. Core Tech had a previous QC 230, which expired in 2020. During that QC, Core Tech built over 1,163 homes. Mr. Camacho confirmed it is the same benefits. Of those 1,163 homes, 240 were dedicated to senior housing. Provided in the packet are where the homes are located: Dededo, Barrigada, Yona, Talofoyo, Santa Rita, Agat, Merizo, Inarajan, Tamuning.
- f. CTIC indicates in their application, based on QC 230, they spent \$20 million on direct labor, \$66 million for local purchase and another \$67 million in local construction. QC 230 benefited Guam significantly through local purchase. CTIC also provided \$640,000 in public investments.
- g. The current QC CTIC is applying for is Summer Breeze 1. Summer Breeze 1 is 64 affordable units located in Mangilao, on the way to the former Navy Golf Course. Mr. Camacho provided a map of the location. In addition to the 64 units, it is also required to construct a community center, pavilion with concrete benches, bus stops, and to bring in the water line, fire line, sewer lines, storm drains, power lines, parking, and a number of other things that are all part of the community, etc. Chairman David John asked, and Mr. Camacho confirmed that the water lines will benefit property owners along the way.
- h. The construction of this project is equated to about \$35.4 million of which \$30 million be funded by low-income tax credits, \$5 million financed through either Bank of Hawaii or First Hawaiian Bank. Mr. Camacho emphasized again that this



construction will be primarily financed by low-income tax credits, which is authorized by GHURA.

- i. Mr. Camacho referred to page 3 of the analysis, the breakdown of the construction is \$25 million for the construction itself and land for \$1 million, another \$8 million in other expenses to be incurred for a total investment of \$35.4 million. The same benefits are offered, 401K, medical and dental, paid holidays, personal leave, bonuses, etc.
- j. Under Summer Breeze 1 Phase, \$34 million to build 64 homes of 1 to 4 bedroom in 8 different structures. It is planned to spend \$9 million on payroll costs, and that would just be for phase 1. Over the 10-year period, it is planned to build 320 to 350 affordable housing units in different areas of the island. It has planned to maintain at least 40 full time employees throughout the course of the program.
- k. Mr. Camacho references page 4, some of the financial projections, explaining what kind of revenue might be made with the QC and without the QC. It is obvious that the benefit of the QC is highly needed, especially on the BPT side.
- l. QC Application submitted on February 16, 2022 and was certified the same day. Public hearing was held on February 23, 2022, which representatives showed up for the public hearing. General information to be eligible for the QC: creation of employment, yes. Replacement of imports, no. Creation of facility or affordable housing, absolutely yes. And creation of economic activity, yes. Specific requirements of the application, impact of existing businesses and markets on Guam, there is no expected negative impact on existing businesses and markets on Guam, which is a good thing. CTIC application indicated that their business plans have increased the cost of labor, the escalation of cost for construction material due to inflation, shipping costs, and the increase provided for infrastructure, barriers of affordable housing on Guam. As a result, this QC is needed to help offset the inflation of the costs, rising in the last 3 or 4 years.
- m. The company is applying for incorporating income tax benefits of 100% for 20 years, BPT and GRT benefits of 100% for 20 years, and real property tax for 10% for 10 years. Mr. Camacho pointed out one thing in the application, referencing page 6 item 2 section D: CTIC has elected to be taxed S corporation; although 12 GCA Section 58131 of the QC Law provides a 75% income tax rebate for shareholders of the S Corporation. The QC Law also provides a 100% income tax rebate for beneficiaries in constructing affordable homes. CTIC had a previous QC 230, which went through 2 modifications and was approved for 100% income tax rebate for S Corporation, approved by 2 different Attorney Generals and 2 Governors. Based on the findings on



the previous QC and the current law, we recommend the full 100% income tax benefit for CTIC. Lastly, part of the public investment is that they are committed to provide \$50,000 annually in public investments, which GEDA can use part of it for contributions for marketing the program.

- n. Administrator Melanie Mendiola addressed the final draft provided in the packet, reassuring that the final with signatures is not provided in the packet because the draft was put in the packet before all signatures were procured. Ms. Mendiola confirmed that there are no changes in the draft provided.
 - o. Secretary/Director Siska Hutapea thanked Core Tech International Corporation helping the government provide affordable housing on Guam. Ms. Hutapea, as her fiduciary duty as a Board member of GEDA, has clarification questions. Referencing page 4, it shows that without the QC, the expected return is about 2.6%, but it does not include that the project is going to be funded through LITEC also. Ms. Hutapea expressed her opinion that the 2.6% is somewhat low because the LITEC benefits is not included. She clarified that the project will be facilitated by LITEC (low-income tax credits), and that 2.6% is not the real return.
 - p. Mr. Ho Eun of Core Tech stated that if the Government does not subsidize a portion of the construction cost, people will not build houses for the low-income housing families because in general, Guam is limited, but as for Taiwan, Japan, Korea, the order of the residential apartment building gives profit of the return rate is around 2.5% as of today, less than 4%, which is the standard right now. An example is the government giving money to the developer by giving the tax credit to the housing agency. GHURA will receive the money and go through a bill process, then all developers receive the plan based upon their criteria and prove from their experience and performance, the ability to sell the credit, ability to borrow money, and build equity. Once a developer is selected by GHURA, the tax credit is received. The problem is that when the developer receives the tax credit, the tax credit needs to be sold and that is not easy.
 - q. Ed Camacho reported that GHURA will not authorize the credit until after the project is completed, signed off and start to sell the program. Chairman John thanked Mr. Ho Eun for his service for building affordable housing, acknowledging QC 230, that built 1,163 homes.
- § 7. The motion to approve the resolution 22-017 was made by Vice Chairman Ernesto V. Espaldon, Jr., to approve the qualifying certificate relative to affordable housing. The motion was seconded by Secretary/Director Siska Hutapea. The Directors then voted, and the motion was unanimously passed.

Chairman's Remarks

§ 8. Chairman David J. John reported the following:

- a. GEDA has fired on all cylinders and not slowing down. One of the most significant projects to break ground this month is the Seawall and Shoreline Reinforcement Construction, which is the precursor to our Fisherman's Co-op and the last project under the last HOT bond. Budget on this is \$5 million, Chairman John and Ms. Mendiola were present for gold shovel ground breaking on behalf of GEDA. Governor Leon Guerrero was ecstatic, as well as the Fisherman's Co-op leaders. Governor pledged \$200,000 in economic diversification money to help with the promotion for the temporary facility and to support the membership growth that is expected for the new facility.
- b. GEDA is completing the process with just under \$1 million in funding to push out and support childcare program. Administrator Melanie Mendiola will give some of the highlights from the last 3 weeks like the check and photo presentations for over 29 profit, businesses, and schools, who had active after school programs and or daycare centers during the break times. Governor surprised everyone by authorizing a 2nd round of funding for those who may have missed the first deadline. The team is hard at work processing yet another round. We are also completing our check presentation under the QC community contribution grant program. We again congratulate the 14 organizations who received awards in the past round, as well as our healthcare partners UOG and GCC, who received a larger portion in a separate QC contribution to show up the healthcare work force. As the pandemic conditions seem to quiet down worldwide, we are starting to welcome investors again. This month we hosted 2 sets investors from Taiwan in the area of agriculture and 1 in support of pharmaceutical and manufacturing. Chairman John and Ms. Mendiola have another meeting today with another group regarding hotels, the direct result of exchanges shared at the select USA conference in May in Maryland. Our group met and came up with some ideas to give them more support for next year's go around.
- c. GEDA also continues to assist other agencies in special projects, including licensee and permit work, helping with the Governor's leasing and other requests of the Governor. Chairman John looks forward to more updates in today's meeting. As we approach Labor Day holiday, Mr. John shared the saying, "hard work beats talent when talent does not work hard." Chairman expressed appreciation of the talent and hard work GEDA has.

CEO/ Administrator's Remarks

§ 9. Administrator Melanie Mendiola reported the following:



- a. There are good things going on with our grant programs and other programs at the Chairman noted. Ms. Mendiola shared a trivia, that 50 years ago GEDA was negotiating rent, today we \$2.20 per square foot, and rent 50 years ago was \$0.32. And if we wanted to go to a sexy new office building such as the Chase Manhattan building, we would need to pay \$0.65 per square foot plus common area fee. GEDA's total rent at the time was \$450 per month. As to oppose to our current rent, which is \$20,000 per month. This was all being negotiated by Mr. Corn and Chairman of the board Jesus Leon Guerrero, the father of Governor Leon Guerrero.

Committee and Standing Reports

- § 10. Administrator Mendiola stated regarding the standing reports that it is all there with nothing more to report.

Old Business

- § 11. The American Rescue Plan (ARP) Funded Grant Updates were reported by Administrator Melanie Mendiola.

- a. **Local Employers' Assistance Program. LEAP.** Ms. Mendiola advised that GEDA is working to finalize the leap program and getting ready for loan forgiveness. Companies are starting to get in touch with us regarding submitting paperwork for loan forgiveness. Our goal is to get everyone forgiven as far as loans are concerned and to reiterate the office of the Governor, the Department of Administration and GEDA, continue to work on getting out that when businesses when it is time to get their tax forms or file their corporate taxes will be treated like PPP, where the income is not taxable, and expenses can still be deducted. We are working on all the documentation, so every channel is aware. The Governor gave her blessing, The Governor also authorized GEDA, there are a number of businesses that asked us to look at the state of current Guam businesses, potentially doing a survey to give incentives to get GRT information. Recalling the first pandemic assistance grant, there were 2,500 beneficiaries.

- b. **Growth Accelerator Program. GAP.** At GEDA this past weekend, GUMA did their shark tank. There were 22 incubator businesses that went through the training. A number of them did pitch this weekend and will be providing their recommendations as far as funding. GEDA utilized some of the ARP economic diversification working group monies towards funding incubators, helping them roll out the program and matching their incubator funds. Ms. Mendiola clarified that we will find out a little more in the coming weeks. In the past, the grant

awarding has been \$25,000. GUMA did request for more flexibility, in the event of the rising freight costs, if it can go up to \$30,000 to \$40,000. Out of the 22 businesses, if 10 to 15 participate, the money provided some of it is used for the actual training, paying trainers and to buy materials, so the money that is passed through the incubator, there is a limited amount of funding. Ms. Mendiola stated that she has not experienced a business come back for GAP who have been funded before. There is a situation of the current round, there are individuals who have other business coming to GUMA for the launch of their business. GUMA has good success stories from their incubator program, so GEDA is helping continue their success. Although over 71 people completed a village-based training. They went to every village and did a mayor's office training about getting a business license. Apparently, a number of those businesses are now applying for some micro credit money.

- c. **Commercial Farmers Grant.** Administrator Mendiola stated that there will likely be a second round. Ms. Mendiola will report more later.
- d. **Childcare Assistance Program 2022.** 853 new vouchers approved and issued. Prior to GEDA getting involved, vouchers to subsidize monthly tuition at daycare, totaled about 800 outstanding vouchers. Since GEDA has come in, we have doubled the number of vouchers. Now it is over 1500 people receiving vouchers of up to \$675 per month. The vouchers accumulated to \$1.5 million per month. Aside from that, 73 businesses were introduced into the employer program. We have 25 new childcare programs that are pending inspections or in negotiation with daycares. GRMC was one of the first to sign up with a local daycare to partner up to have a daycare onsite in the workplace. We are looking to expand the number of daycares, the workforce within the daycares, and the availability and choices for working parents. There are 44 potential new childcare programs. For community care, we awarded 22 organizations totaling \$861,000. There is still funding in the program, so the governor said let us push out more money, so we are doing another round. We are accepting applications for the next three weeks. We are also reaching out to organizations who did not meet the first deadline. Second class has graduated from the GCC our childcare certification program. Our goal is to train at least 100 individuals in childcare by the end of the calendar year. Thus far, we have trained about 33. Out of the 33, 19 are employed in childcare facilities. 17 graduated yesterday and are in the process of being placed in their jobs. Relative care program, this is one where you can actually pay family and neighbors to watch your kids, go through a fast track, instead of the daycare full on, handicap accessibility, etc. In some situations where you have neighbors or family members take care of the child(ren), the relative care program, where grandma or grandpa can accept the voucher, and if the individual



qualifies, you can receive the voucher, give it to grandma or grandpa and in addition they can bring it into GEDA and get \$5,000 mini grant to do some minor renovations to their home to make it safer for kids, fire suppression, reinforcing balconies, installing screens. GEDA had 254 downloads of the application since its launch yesterday. Public Health conducts the home inspection. Relative care program actually has existed, a standing program, this is just a little bit of money to help the relative care providers. Relative care providers, you do have to go through a screening process, check sex offender registry, police and court clearance, training certificate, physical inspection of home, etc. Lastly, the newest program is the village community care program for mayors. The Governor is encouraging every single mayor to look at partnering or have their own program for kids under 13. GEDA is working with the village mayors to figure out what kind of support they need for this program.

New Business

- § 12. Ratification of Resolution no. 22-019. The Board addressed the ratification of an action taken after the prior board meeting from July 22, 2022. The Board reviewed a waiver of notice and consent to take action by unanimous consent relative to approval of the selection of Bank of Guam as financier of RFP 22-001. Administrator Melanie Mendiola explained that RFP 22-001 sought a loan for UOG to seek energy efficiency solutions. Ms. Tina Garcia explained GEDA issued this at the request of UOG, working with one of the partners GPA, to provide energy efficiency for the campus, at a cost of about \$4.5 million. Because one of the board members had a conflict of interest, the action without a meeting was necessary or UOG would the risk price going up. Through this unanimous consent to take action, the Board approved RFP 22-001 issued in April and closed in May 31. There were 3 responsive received. They were opened on June 1 and an evaluation team was named to review the proposals. UOG's Randy Weigand and GEDA's Tina Garcia and CFO Ariana Villaverde were on the review team. The team reviewed the negotiated terms, and came to the conclusion that the best proposal for UOG came from the Bank of Guam. GEDA's Bylaws allows us action to take action by unanimous consent. With guidance of our legal counsel, we requested and receive approval from all 4 board members eligible to vote to allow us to move forward and make the award to Bank of Guam, so that UOG can lock in the prices. GEDA discussed these 2 separate board meetings, but both times were a different composition of board members, everyone was briefed, but never had enough to vote with the one member conflicted.
- § 13. The motion to approve and ratify resolution 22-019 was made by Secretary/Director Siska Hutapea relative to the approval of Bank of Guam as the bank to provide funding for the UOG energy efficiency project. The motion was seconded by Director Andrew

Park. The Directors then voted, and the motion was unanimously passed, Director John did not vote because of the conflict of interest.

Public Comments

§ 14. There were no public comments.

Adjournment

§ 15. A motion for the meeting to be adjourned was moved by Director Ovalles and it was seconded by Director Park. Adjournment of the meeting was unanimously approved.



DAVID JOHN
Chairman, Board of Directors

Attest:



SISKA HUTAREA
Secretary, Board of Directors



COMMITTEE REPORTS

**REAL PROPERTY
NOVEMBER 2022**

CENTRAL ISSUE

GALC

- Desire to expand GEDA services to include investment guidance and strategies to grow the Land Bank Trust Fund and manage risk

Military and Federal Excess Lands

- GEDA RPD Assisting Gov Office

Support

- Several GovGuam Agencies seeking GEDA assistance on a number of initiatives

5 Year Law

- Creates challenges to attracting developers and investors

KEY MEETINGS

- 10/21: GALC Reg Mtg
- 10/18: GALC Re: Investments
- 10/17: OOG, CDLO, GALC, DLM Re: MedCampus
- 10/14: OOG, CDLO, GALC, DLM Re: MedCampus
- 10/06: Federal Properties
- 09/26: GALC Special Mtg Re: Investments
- 09/26: MDG, CDLO Re: Updates
- 09/14: GALC Reg Mtg
- 09/09: GALC Investment Committee Mtg
- 08/15: Fishermen Ground Breaking
- 08/24: GALC Special Mtg RE Investments
- 08/11: USDA, GMH RE Grants
- 07/29: GALC Special Mtg RE Polaris RFP
- 07/13: H2B Workers & Permit
- 07/13: GALC Public Mtg
- 07/11: MDG, CDLO, & OOG Re: Reuse Facilities Study
- 07/07: EDA Re: Green Markets Grant Award
- 06/29: Civil Military Coordinating Council Housing Group
- 06/27: MDG, CDLO, & OOG Re: MedCampus

OTHER NEWS AND UPDATES

- GEDA facilitating Matrix Task Orders to include:
Reuse Facilities Study
Medical Healthcare Task Force Steering Committee and Subcommittees in relation to the Medical Action Plan
MedCampus Draft Reports delivered and in review
Ongoing Grants Training Phase 2
No-cost 3-month extension til December 2022 approved

- GALC

GEDA held special mtg re: Investment Policy Statement Smithbridge to commence Polaris Mitigation Plan Scope

- US EDA Grants:

RPD supporting Executive Division w/ Grant w/ RE to public markets for Agat, Sinajana, and Mangilao
Grant awarded on 07/05/22, RFP 22-002 opened on 09/09
Proposals opened on 10/11/22

- Permitting Task Force

GEDA collaborating with DPW to explore Standard Operating Procedures for efficient permitting

- DOC

Requesting GEDA assistance for its CIP Program.
Draft RFP for PMO under review

- GASB87 (Governmental Accounting Standards Board)
Attended training for the implementation of GASB87 for lease reporting.

ACTION ITEMS

- GALC : Investment Policy Statement to be drafted
- Continuing to support Governor's Initiatives on potentially Releasable Federal Lands.
- Continuing support of other GovGuam agencies' initiatives
- RFP PMO collaboration for DOC expansion underway
- Collaborate with ASD to implement GASB87 requirements for lease reporting.

**Ancestral Land Owners (ALO)
*Community Defense Liaison Office (CDLO)
*Department of Land Management (DLM)
*Guam Ancestral Land Commission (GALC)
*Guam Memorial Hospital Authority (GMH)
Guam State Clearinghouse (GSC)

**Joint Region Marianas (JRM)
*Matrix Design Group (MDG)
*Office of the Governor of Guam (OOG)
*Ruder Integrated Marketing Strategies (RIMS)
United States Army Corps of Engineers (USACE)

COMMITTEE

HEALTHCARE NOVEMBER 2022

CENTRAL ISSUE

- Need for Regional Health Lab
- Need to upgrade or replace public healthcare facilities
- Need for options for the reuse of current medical services facilities
- Continuing upkeep of GMH facility and services
- DPHSS facilities
- Due to COVID 19 cases over the past years, GMH, GRMC and other health providers are still experiencing shortages of locally based trained staffers to support front liners

OTHER NEWS AND UPDATES

- Matrix Design Group
On island Sep 25
DRAFT Deliverables submitted for Task Orders: Task 3, Task 4, Task 5, Task 6, Task 8
Staff reviewing submissions
Contract Extension Routing for Signature
- PL 36-56 pledges funding for the Guam Twenty-First Century Healthcare Center development expenses.
- NAVFAC contractor engaged in appraisal services
Survey and mapping has been completed & recorded at DLM License for Mangilao property signed Dec 2021
Lease discussions ongoing
Medical Action Plan Draft report presented to Governor on 05/16
- RIMS tasked to create website to support this project
- ARP funding support request submitted to the Governor
- RPD Assisting Guam VA w State Plan drafting

KEY MEETINGS

- 10/17: OOG, CDLO, GALC, DLM Re: MedCampus
- 10/14: OOG, CDLO, GALC, DLM Re: MedCampus
- 10/03: MDG, CDLO Re: Enhanced Use Lease
- 09/26: MDG, CDLO Re: Updates
- 09/19: CDLO, DLM, JRM Re: Lease
- 08/01: GMH & OOG Re: Updates
- 07/11: MDG, CDLO, & OOG Re: Reuse Facilities Study
- 06/27: MDG, CDLO, & OOG Re: MedCampus
- 05/16: MDG, CDLO, & OOG Re: Updates
- 05/04: MDG, CDLO, GSC Re: Grants Management Training
- 05/03: MDG, CDLO, DOL, GMH Re: Medical Action Plan
- 05/05: ALO & GALC
- 05/02: Project Management Office RFP
- 04/29: ALO & GALC
- 04/28: CDLO, DLM, JRM Re: Lease
- 04/28: ALO & GALC
- 04/15: MDG Re: Updates
- 04/08: ALO & GALC
- 04/06: ALO & GALC
- 04/05: ALO & GALC
- 04/04: ALO & GALC

ACTION ITEMS

- Continue facilitation and support of the Healthcare Task Force and its various subcommittees to coordinate efforts to improve medical and health services delivery to the community.
- GEDA staff supporting Governor's office with RE to a potential new medical services campus in terms of researching finance options and collaborating with other GovGuam agencies on related matters.
- RPD to draft the RFP for site preparation surveys (including field work) for required A&E purposes
- RPD drafting MOAs for infrastructure agencies
- Ongoing collaboration between RPD & PFD for draft of PMO RFP
- RPD to guide RIMS with the website

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COMMITTEE

AGRICULTURE/AQUACULTURE

CENTRAL ISSUE

Guam's high dependency on the importation of agriculture products creates a need to grow and develop the local agriculture into a sustainable industry and reduce imports.

GEDA initiatives:

1. Expand and build agriculture assets
2. Workforce development
3. Private investment initiatives

KEY MEETINGS

- 9/29/22 - GEDA staff met with Department of Agriculture Division of Aquatic & Wildlife Resources to discuss potential federal grant opportunities
- 10/26/22 - Guam EPSCOR meeting discussed project priorities, including aquaculture grant applications, innovation center, and research.

OTHER NEWS AND UPDATES

- 10/10/22 - Aquaculture Taskforce held webinar with Northern Marianas College on "Progress in Rabbitfish Hatchery Production in Saipan, CNMI"

ACTION ITEMS

11/1/22 - Agriculture/Aquaculture Taskforce submitted "Aquaculture Action Document" with the Governor that provides specific next steps for the growth of local aquaculture industry.

TRIP REPORT

N/A

QUALIFYING CERTIFICATE (QC)

CENTRAL ISSUE

Business & Economic Development Division (BEDD) continues to administer and develop the QC program.

Efforts continue to improve program to maintain it as a viable investment tool, with a focus on:

- Special Hotel QC
- Manufacturing
- Captive Insurance
- Technology
- Circular Economy & Recycling

KEY MEETINGS

- GEDA BEDD remains in contact with all domestic health insurance companies regarding potential submission of QC application for domestic health insurance. To date, GEDA has received applications from three domestic health insurance companies.

OTHER NEWS AND UPDATES

- GEDA has received a marked increase in interest in the QC program. As of the date of this report, GEDA has received six (6) QC applications, and we anticipate more before the year's end.
- Bill 348 was introduced on 10/24/22 to expand the affordable housing QC program. BEDD to prepare testimony for public hearing.
- Bill 306 (Special Captive Insurance QC) was originally to be discussed during the Legislature's October session, but was pulled to be discussed at a later session date.

ACTION ITEMS

- Continue drafting of the following QCs for signature and routing to the Governor:
 - BG Place LLC (*second draft under review*)
 - Core Tech International (*final draft being routed for signature*)
- Continue researching tax incentives for the following:
 - manufacturing, including but not limited to pharmaceuticals & additive manufacturing;
 - the development of high tech industries;
 - the development of a transshipment, manufacturing, assembly and/or distribution industries in Guam.

QUALIFYING CERTIFICATE APPLICATION LIST as of November 4, 2022

APPROVED QCs			
<i>Project</i>	<i>Industry</i>	<i>Activity</i>	<i>Status</i>
None as of date of this report			
APPLICATIONS IN PROGRESS			
<i>Project</i>	<i>Industry</i>	<i>Activity</i>	<i>Status</i>
Island Home Insurance Company	Domestic Insurance	Health insurance	Scheduled for action at 11/22 BOD mtg.
Core Tech International Corp.	Affordable Housing	Affordable Housing	BOD approved 8/18/22 - QC signed by applicant, GEDA & RevTax
BG Place LLC	Tourism	Entertainment/Tourism Complex	BOD approved 6/23/22 - QC under review
Core Tire Recycling, LLC	Circular Economy/Recycling	Tire Recycling	Scheduled for action at 11/22 BOD mtg.
TakeCare Insurance	Domestic Insurance	Health insurance	Scheduled for action at 11/22 BOD mtg.
Tokio Marine Pacific Insurance	Domestic Insurance	Health insurance	Application received 9/19/22 - Public Hearing tentatively scheduled for 11/22/22
POTENTIAL APPLICATIONS			
<i>Project</i>	<i>Industry</i>	<i>Activity</i>	<i>Status</i>
NetCare Life and Health Insurance	Domestic Insurance	Health insurance	Letter of Intent (3/28/22)
Oil Recycling Guam	Circular Economy/Recycling	Used Oil Recycling	Letter of Intent (5/25/22)
Pan Pacific International Holdings	Real Property Development	Retail Shopping Center	Letter of Intent (6/3/22)
Guahan Waste Recycling LLC	Circular Economy/Recycling	Recycling	Letter of Intent (9/14/22)

GEDA FEDERAL GRANT PROJECTS									
Updated 10/6/22									
PROJECT TITLE	PROJECT DESCRIPTION	PROJECT START	GRANT	FUNDING SOURCE	REQUESTED AMOUNT	GEDA ALLOCATION	STATUS	COMMENTS	
Guam Aquaculture Industry Feasibility Study	Economic and marketing feasibility study (including site analysis and preliminary conceptual design) for the establishment of an aquaculture industry on Guam	June 2020	FY 2019 EDA Disaster Supplemental	DOC - EDA	\$199,775	\$51,150	7/23/20 PRELIMINARY SELECTED - 12/4/20	information requested by EDA - 8/4/20, 8/18/20, 9/11/20, 12/31/20, 2/25/21, 3/25/21 Submitted requested forms	2
Guam Comprehensive Economic Development Strategy Pandemic Recovery Plan	Update of Guam CEDS 2020-2025 to include new and revised strategic development projects in order to reflect current economic conditions and the impact of COVID-19	June 2020	FY 2020 EDA Public Works and Economic Adjustment Assistance Programs including CARES Act Funding	DOC - EDA	\$128,533	23,533	SUBMITTED - 9/3/20 PRELIMINARY SELECTED - 12/8/20 AWARDED - 4/29/21	Submitted additional information requested by EDA - 12/23/20, 3/3/21, 3/30/21 Award amount is \$85,000	2
Guam Green Market Facilities	The project is intended to repair, renovate, storm harden and construct new green market facilities in three strategic municipalities (Agat, Mangilao and Sinajana) and to expand existing facilities at the sites in order to add new small business space for minority entrepreneurs.	January 2020	FY 2020 EDA Public Works and Economic Adjustment Assistance Programs	DOC - EDA	\$1,200,000	\$60,000	3/10/20 PRELIMINARY SELECTED - 10/9/20 AWARDED - 9/9/21 Re-Awarded - 5/23/22	8/3/20, 11/13/20, 2/25/21, 5/12/21, 7/30/21 4/12/22 - Requested GovGuam as co-recipient: pre-award extended for EDA review and approval	2
Guam State Trade Expansion Program	Guam State Trade Expansion Program to increase the number of small businesses exporting	March 2022	State Trade Expansion Program	SBA	\$200,000	\$200,000	SUBMITTED - 5/27/22 AWARDED - 9/15/22		2
Guam Aquaculture Innovation Center	Architectural and engineering design for Guam Aquaculture Innovation Center	December 2021	FY 2021 American Rescue Plan Act Economic Adjustment Assistance	DOC - EDA	TBD	TBD	Draft in progress	May delay submission until after report from ongoing Aquaculture Feasibility Study	3
Small Cruise Ship Strategic Plan	Development of small cruise ship strategic plan	December 2021	FY 2021 American Rescue Plan Act Travel, Tourism, and Outdoor Recreation	DOC - EDA	TBD	TBD	Draft in progress	delay submission due to COVID-19 surge	3
Guam Agriculture Master Plan	Development of a Guam Agriculture Master Plan to strengthen and modernize the agriculture industry	April 2020	Technical Assistance Program	DOI	\$200,000	TBD based on RFP requirements (potentially \$30,000 - \$40,000)	SUBMITTED - 5/1/20 NOT SELECTED	Department of Agriculture used DOI application to draft Agriculture Master Plan project as part of EDA State Planning Grant application (submitted by resubmitted under FY 2022 CARES Act)	6
Guam Small Cruise Ship Feasibility Study	Feasibility study, environmental impact assessment and a business model design for the establishment of a small cruise ship line home porting and/or regional hub in Guam to serve the entire Marianas Islands visitor destination points	March 2020	FY 2020 EDA Public Works and Economic Adjustment Assistance Programs including CARES Act Funding	DOC - EDA	\$350,500	\$63,162	SUBMITTED - 6/10/20 NOT SELECTED - 10/26/20	Disaster Supplemental - 6/16/20 Submitted additional information requested by EDA - 8/18/20, 9/11/20	6

Pacific Region Blue Economy	Development of Micronesia region aquaculture industry, including construction of Guam Aquaculture Innovation Center. Technical Assistance to support application for Phase II of grant.	September 2021	FY 2021 American Rescue Plan Act Build Back Better Regional Challenge	DOC - EDA	\$500,000	\$37,000	Submitted - 10.15.21 NOT SELECTED		6
Polaris Point Cleanup Assessment	Comprehensive environmental assessment of Polaris Point	November 2019	FY20 Guidelines for Brownfield Cleanup Grants	USEPA	\$200,000	\$20,000	12/3/19 - NOT SELECTED		6

ADDITIONAL GRANTS

Tourism Recovery Plan	Analysis of Guam's tourism market, including: Tourism Market Study, Tourism and Destination Marketing Assessment, Repositioning and Development Strategy	May 2020	FY 2020 EDA Public Works and Economic Adjustment Assistance Programs Including CARES Act Funding	DOC - EDA	3921559.79 (Awarded \$390,000)	\$200,000	AWARDED - 3/18/21	Collaborated with BSP and GVB, with BSP serving as grant applicant.	2
Medical and Public Health Services Action Plan	The Action Plan will influence and shape GovGuam's medical and public health investment decisions and support investments in medical and public health care infrastructure	March 2020	Office of Economic Adjustment	OEA	~ \$2,000,000	10% of budget	Preliminary discussions with OEA	Led by Guam Buildup Office	3
Statewide Planning Grant	Non-competitive grant to fund: Guam Agriculture Master Plan, Additive Manufacturing Feasibility Study, Transshipment Industry Feasibility Study, Economic Impact Model	July 2021	FY2021 Statewide Planning Grant	DOC - EDA	Plan - \$375,000 Additive Manufacturing - \$300,000	TBD	Awarded - 11/4/21	Collaborated with BSP and DOAG, with BSP serving as grant applicant	2

COMMITTEE

INVESTMENT COMMITTEE RAYMOND JAMES

CENTRAL ISSUE

- * The Balanced Portfolio is approximately 58% Equity/ 42% Fixed Income
 - The fixed income return was -2.78% vs. benchmark at -3.06% for the quarter, and -8.07% since inception vs benchmark at -8.34%
 - The equity return was -5.87% vs benchmark at -5.25% for the quarter, and -20.03% vs. benchmark at -20.99% since inception
- * The Aggressive Portfolio is 100% Equities.
 - The Aggressive Portfolio 's returns was -5.87% vs. benchmark -5.25% for the quarter, and -21.35% vs benchmark -21.78% since inception

OTHER NEWS AND UPDATES

- * 3Q22 Ending Market Value for the entire portfolio was \$9,163,697.65
- * The portfolio was incepted on 1/19/2022, with a quarter to date return of -5.22% as of 9/30/2022
- * The total portfolio return since inception was -19.70% as September 30, 2022
- * The total portfolio is comprised of 74.64% Equities (60.40% U.S. Equity/ 12.80% Non US Equity/ 1.44% Real Estate) / 21.37% Fixed Income/ 3.99% Cash

KEY MEETINGS

- October 19, 2022 - via Zoom
- April 12, 2022 - via Zoom
- February 11, 2022 - via Zoom

ACTION ITEMS

Vice Chair Espaldon suggested that both advisors briefly meet in early December should either advisor have proposed fund or allocation changes based on their forecasts and investment strategy for 2023.

He further recommended that both firms review their allocation to emerging and international market given the macro environment with global interest rates rising, weaker currencies vs the US dollar, inflationary pressures outside the US and increasing oil prices (traded in dollar).

COMMITTEE

INVESTMENT COMMITTEE BG Investment Services, Inc.

CENTRAL ISSUE

The third quarter of 2022 saw financial assets continue their year-to-date decline. Positive stock and bond correlations and decline in commodity prices delivered negative returns across all asset classes except cash. Inflation has proved to be persistent, and its outlook remains uncertain. In September, the Federal Reserve raised short-term interest rates by 0.75% for the third consecutive time, putting further pressure on fixed income assets. The Fed has asserted its hawkish stance to increase rates further as necessary to bring inflation under control.

Despite a strong labor market, overall economic growth has slowed and looks to slow down further as disposable incomes are decreasing due to higher prices and consumer sentiment remains weak. We expect continued volatility into 2022 and look for the upcoming earnings season to provide further clarity on the current economic and business cycle.

KEY MEETINGS

October 19, 2022 - via Zoom

April 07, 2022 - via Zoom

February 11, 2022 - via Zoom

October 15, 2021 - via Zoom

July 13, 2021 - via Zoom

May 07, 2021 - via Zoom

April 15, 2021 - via Zoom

January 19, 2021 - via Zoom

OTHER NEWS AND UPDATES

* Total market value ending 3rd quarter 2022 was \$15,675,194

* The GEDA portfolio returned a -6.29% for the quarter.

* International and Emerging Markets suffered the biggest declines, at -10.5% and -12.3% respectively, pressured by the effects of the prolonged war in Ukraine, a strong dollar, and restrictive policy in China

* Long-term portfolio return remains a positive 4.36% annualized since inception.

ACTION ITEMS

Vice Chair Espaldon suggested that both advisors briefly meet in early December should either advisor have proposed fund or allocation changes based on their forecasts and investment strategy for 2023.

He further recommended that both firms review their allocation to emerging and international market given the macro environment with global interest rates rising, weaker currencies vs the US dollar, inflationary pressures outside the US and increasing oil prices (traded in dollar).

Guam Economic Development Authority (GEDA)

Media Report

October 15 - November 3, 2022

Date	Publication	Headline	Reaction
October 17, 2022	KUAM News	Governor's proposal compensates original landowners who can't get ancestral property back	Negative
October 18, 2022	Pacific Daily News	GEDA: Additional business aid would cost \$36M	Negative
October 18, 2022	Pacific Daily News	Governor: 'Almost impossible' to return Mangilao land	Negative
October 18, 2022	KUAM News	Testimony emotional over use of Eagles Field for new medical complex	Negative
October 19, 2022	Guam Daily Post	Guam's 'road to recovery' marked with challenges	Neutral
October 21, 2022	Pacific Daily News	Speaker to ancestral landowners: 'We are with you'	Negative
October 27, 2022	KUAM News	GovGuam ended fiscal year with hefty excess revenues	Neutral
October 27, 2022	Pacific Daily News	Camacho wants Gov Guam to buy GRMC	Negative
October 28, 2022	Pacific Daily News	Growth Accelerator Program award winners recognized	Positive
October 29, 2022	Pacific Daily News	Governor: Building a new hospital serves the best interests of all Guam's people	Positive
October 30, 2022	Pacific Daily News	Our View: Compensate landowners with Land Bank Reform Act of 2022, move forward with new medical complex	Positive
October 30, 2022	Pacific Daily News	Letter: Eagles Field sufficient for new medical complex	Positive
October 30, 2022	Guam Daily Post	Political ploys at the last part of election?	Neutral
October 31, 2022	Pacific Daily News	Residents say new hospital would be beneficial to island community	Positive

November 1, 2022	Pacific Daily News	Our View: GovGuam must complete one expensive project before embarking on another	Neutral
November 1, 2022	KUAM News	13 awarded grants for GEDA's Growth Accelerator Program	Positive

GEDA NEWS

GEDA: Additional business aid would cost \$36M [Pacific Daily News](#) (October 18, 2022) Another round of cash assistance to businesses still struggling from the pandemic would cost about \$36 million, according to **Guam Economic Development Authority** administrator **Melanie Mendiola**. The first round of the government's "LEAP" program helped about 900 businesses pay their bills, at a cost of about \$62 million, but only about 450 businesses likely would qualify if there is another round of assistance, Mendiola said during a tourism forum Tuesday at the RIHGA Royal Laguna Guam Resort.

Guam's 'road to recovery' marked with challenges [Guam Daily Post](#) (October 19, 2022) A new grant program aims to open up some 1,500 new spots in local child care facilities. The governor's office announced Tuesday, in coordination with the **Guam Economic Development Authority** and the Department of Public Health and Social Services, it has launched the Child Care Assistance Program Support 2022, or CAPS 2022. Under the program, eligible businesses can receive up to \$200,000 in grant funding to open new or expand existing child care facilities. The grant also can be used to cover personnel costs, rent, utilities and mental health services, Adelup stated in a press release.

13 awarded grants for GEDA's Growth Accelerator Program [KUAM News](#) (October 19, 2022) To kick off entrepreneurship month, 13 local business owners received grants under the **Guam Economic Development Authority's** Growth Accelerator Program. This comes after the completion of a 16-week GUMA Entrepreneurship Training Program.

Growth Accelerator Program award winners recognized [Pacific Daily News](#) (October 28, 2022) Gov. Lou Leon Guerrero celebrated Guam Entrepreneurship Month and the recipients of the **Guam Economic Development Authority's** Growth Accelerator Program during a ceremony at Adelup Wednesday. Guam Unique Merchandise and Arts used award funds to accelerate the incubation and expansion of new and existing start-up businesses that graduated from its training programs.

GEDA MENTION

GovGuam ended fiscal year with hefty excess revenues [KUAM News](#) (October 21, 2022) The year-end September Consolidated Revenue and Expenditure Report released by the Bureau of Budget & Management Resources shows that income taxes ended some \$71 million more than projected... However, the report also shows that lawmakers passed multiple appropriations using the excess revenue. These included \$25 million for the **Local Employer Assistance Program (LEAP)** program and \$20 million for capital improvements and specialty doctors for the **Guam Memorial Hospital**.

MEDICAL CAMPUS MENTION

Governor's proposal compensates original landowners who can't get ancestral property back [KUAM](#) (October 17, 2022) There's a new proposal by the governor to compensate original landowners who can't get their ancestral property back. The major announcement comes ahead of a legislative oversight hearing tomorrow on the proposed site of a new **medical campus** on military property in Mangilao. But that land has been under dispute by original landowners, who say it should be returned to them instead.

Governor: 'Almost impossible' to return Mangilao land [Pacific Daily News](#) (October 18, 2022) It is “almost impossible” for the ancestral owners of military land in Mangilao to get the property back, Gov. Lou Guerrero said during her meeting Monday without about two dozen residents whose family land in the Eagles Field area was condemned more than 70 years ago. Leon Guerrero said her administration is moving forward with plans to lease 102 acres of military-held land at Eagles Field for a new hospital and **medical complex** so the entire island can benefit from the land, which the military otherwise will keep

Testimony emotional over use of Eagles Field for new medical complex [KUAM News](#) (October 18, 2022) There was lots of emotional testimony again during an oversight hearing on the proposed use of Eagles Field in Mangilao as the site for a new **medical complex**. Governor Lou Leon Guerrero has long identified that acreage as the home of the new Guam Memorial Hospital.

Speaker to ancestral landowners: 'We are with you' [Pacific Daily News](#) (October 19, 2022) “The Guam Legislature is not opposed to the construction of a **new hospital**. That’s not what this is about,” Terlaje said. “What we need I think in this process is a transparency and additional public input.” Terlaje said lawmakers haven’t been notified or invited to any of the planning meetings for the project since November 2021. The governor’s office and the **Guam Economic Development Authority** have denied the Pacific Daily News’ requests for a copy of a government consultant’s plan for the project, which is 95% complete.

Camacho wants Gov Guam to buy GRMC [Pacific Daily News](#) (October 27, 2022) Gubernatorial candidate Felix Camacho, whose platform states **Guam Memorial Hospital** and the private Guam Regional Medical City can “co-exist” and complement each other’s services, now is proposing that the government of Guam buy, expand and take over the \$400 million GRMC facility.

Our View: Compensate landowners with Land Bank Reform Act of 2022, move forward with new medical complex [Pacific Daily News](#) (October 30, 2022) Another controversy was stirred in the weeks leading to Election Day as ancestral landowners with claims to land in the Mangilao area again met with the governor and lawmakers to further discuss what could be done should a new, much-needed **medical complex** be built at Eagles Field... To fix this, federal law must be changed — a change that could cost money and time that neither the local government nor landowners can easily afford.

Letter: Eagles Field sufficient for new medical complex [Pacific Daily News](#) (October 30, 2022) While the very positive effects of a **new hospital** for our people are obvious, the medical campus would also spur economic activity and install and improve infrastructure in the area. The Department of Land Management already has been receiving inquiries on the infrastructure plans for the area. This Mangilao land would join Guam’s economy through the taxbase and perhaps increase the potential for additional land release and return.

Political ploys at the last part of election? [Guam Daily Post](#) (October 30, 2022) Instead, people who oppose or support the proposed **medical campus** at Lalo' (not Eagles field) are using 106-504 to run interference for their position. Argue about the hospital not about the law

Residents say new hospital would be beneficial to island community [Pacific Daily News](#) (October 31, 2022) While the very positive effects of a **new hospital** for our people are obvious, the medical campus would also spur economic activity and install and improve infrastructure in the area. The Department of Land Management already has been receiving inquiries on the infrastructure plans for the area. This Mangilao land would join Guam's economy through the taxbase and perhaps increase the potential for additional land release and return.

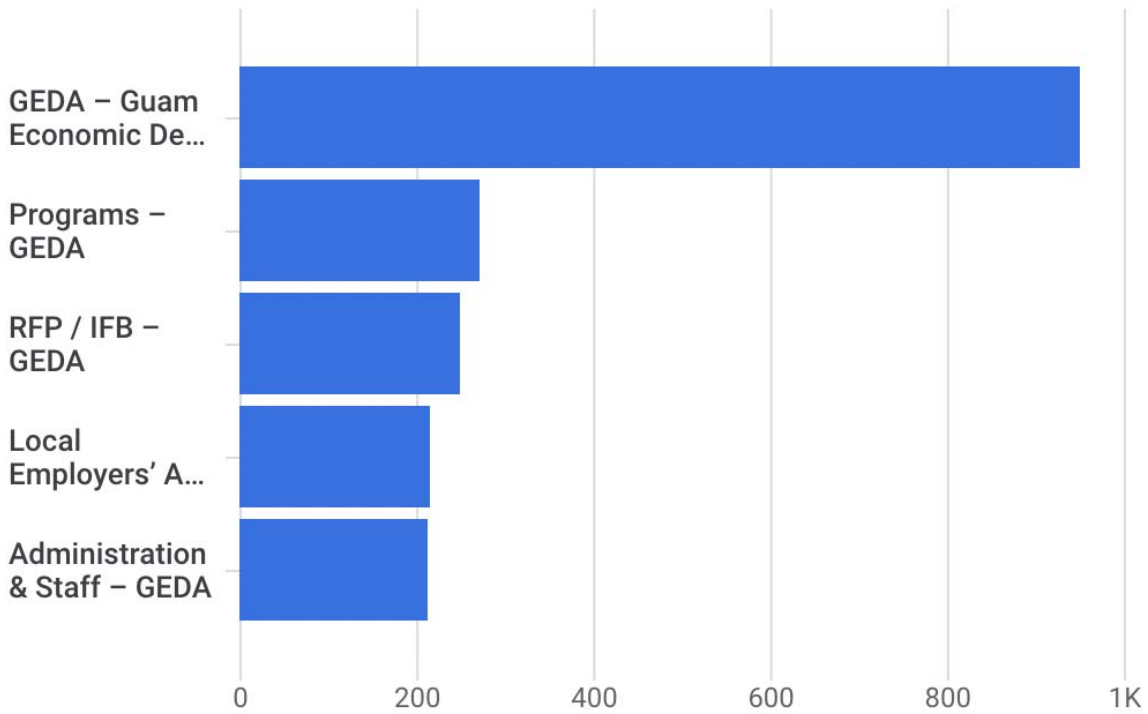
Governor: Building a new hospital serves the best interests of all Guam's people [Pacific Daily News](#) (October 29, 2022) Perhaps a more realistic way to phrase this question would be: "Should GovGuam continue working with the military to build a **medical complex** at Eagles Field, or should we work with the federal government to return excess land?"

Our View: GovGuam must complete one expensive project before embarking on another [Pacific Daily News](#) (November 1, 2022) From streamlining government operations to eliminating lines entirely at the Department of Revenue and Taxation, to building new schools and a new comprehensive **medical complex**, the people of Guam have heard countless ideas from candidates who promise to make Guam — and the government of Guam — work better.

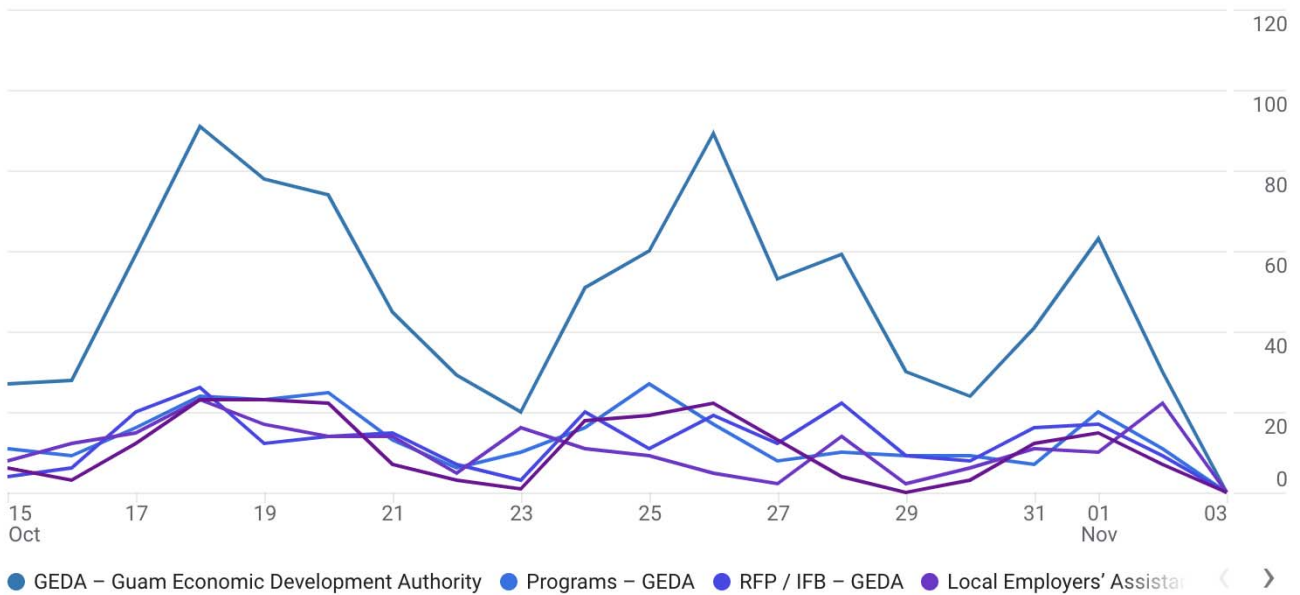
Guam Economic Development Authority (GEDA) Digital/Social Media Report

Website Analytics

Views by Page title and screen class



Views by Page title and screen class over time



Page title and screen class	Views	Users	Views per user	Average engagement time	Event count All events	Conversions All events	Total revenue
	4,073 100% of total	1,332 100% of total	3.06 Avg 0%	1m 39s Avg 0%	13,369 100% of total	0.00	\$0.00
1 GEDA – Guam Economic Development Authority	951	522	1.82	0m 43s	3,342	0.00	\$0.00
2 Programs – GEDA	271	156	1.74	1m 41s	829	0.00	\$0.00
3 RFP / IFB – GEDA	250	111	2.25	0m 33s	731	0.00	\$0.00
4 Local Employers' Assistance Program – GEDA	216	119	1.82	0m 47s	790	0.00	\$0.00
5 Administration & Staff – GEDA	213	115	1.85	0m 17s	670	0.00	\$0.00
6 Relative Care – GEDA	158	111	1.42	1m 12s	517	0.00	\$0.00
7 CAPS2022 – GEDA	133	87	1.53	1m 31s	399	0.00	\$0.00
8 Business in Guam – GEDA	116	86	1.35	0m 35s	410	0.00	\$0.00
9 Village Community Care Programs – GEDA	106	78	1.36	0m 52s	315	0.00	\$0.00
10 Small Business 2021 – GEDA	102	75	1.36	0m 45s	359	0.00	\$0.00
11 Downloads – GEDA	95	63	1.51	1m 33s	324	0.00	\$0.00
12 Investment Opportunities – GEDA	81	62	1.31	0m 54s	269	0.00	\$0.00
13 Small Business – GEDA	74	49	1.51	0m 41s	236	0.00	\$0.00
14 Employee Directory – GEDA	70	38	1.84	1m 32s	216	0.00	\$0.00
15 GEDA Board Minutes – GEDA	66	20	3.30	0m 28s	193	0.00	\$0.00
16 Guam Products – GEDA	60	51	1.18	0m 42s	234	0.00	\$0.00
17 Investor Incentives – GEDA	60	41	1.46	1m 07s	185	0.00	\$0.00
18 Rent Assistance – GEDA	58	41	1.41	0m 32s	186	0.00	\$0.00
19 Employment Opportunities – GEDA	56	41	1.37	0m 19s	175	0.00	\$0.00
20 Page not found – GEDA	56	28	2.00	0m 04s	169	0.00	\$0.00
21 GEDA Board of Directors – GEDA	53	49	1.08	0m 27s	185	0.00	\$0.00
22 Fiscal Reports – GEDA	50	17	2.94	0m 33s	206	0.00	\$0.00
23 Visitor Industry – GEDA	49	37	1.32	0m 28s	187	0.00	\$0.00
24 QC Grants – GEDA	48	41	1.17	0m 56s	140	0.00	\$0.00
25 Foreign Assistance – GEDA	47	27	1.74	6m 11s	144	0.00	\$0.00

Instagram Analytics (October 15, 2022 - November 1, 2022)

- ❖ Accounts Reached: **740**
- ❖ Accounts Engaged: **79**
- ❖ Total Followers: **1,053 (+1.2%)**
- ❖ Posts Shared: **2**
- ❖ Stories Shared: **9**



OLD BUSINESS

**BOARD OF DIRECTORS OF THE
GUAM ECONOMIC DEVELOPMENT AUTHORITY**

RESOLUTION NO. 22-020

**WAIVER OF NOTICE AND CONSENT TO TAKE ACTION
BY UNANIMOUS CONSENT RELATIVE TO APPROVING
THE ROLLOVER OF THE FISCAL YEAR 2022 BUDGET
FOR NO LONGER THAN THE FIRST QUARTER OF
FISCAL YEAR 2023**

We the undersigned, being all the directors of the GUAM ECONOMIC DEVELOPMENT AUTHORITY (GEDA), that are eligible to vote on this resolution hereby waive notice and agree to take action by unanimous consent.

Unanimous Consent to Taking Action

WHEREAS, Pursuant to 12 GCA, Section 50105, “all functions and powers of the Corporation (the Guam Economic Development Authority (‘GEDA’)) shall be vested in and be exercised by and under the direction of a Board of Directors”; and

WHEREAS, one such critical function is the adoption of the annual operating budget; and

WHEREAS, the Fiscal Year 2022 Budget was adopted by the Board of Directors at the September 2021 regular board meeting and amended during the March 2022 regular board meeting; and

WHEREAS, the GEDA executives and managers have requested additional time to assess Fiscal Year 2022 performance, which consisted of both standing activities of the agency in addition to COVID19 related ad hoc projects, including, but not limited to the Small Business Pandemic Assistance Grants 2020 and 2021, the Commercial Rent Assistance Grant, and the Local Employers Assistance Grant; and

WHEREAS, the Fiscal Year 2023 Budget will continue to be comprised of standing GEDA activities including real property management, public finance services, and investment incentive programs and monitoring, it will also include continuing COVID19 relief program management such as “Prugraman Pinilan”, a suite of programs to support the childcare industry; and

WHEREAS, it is necessary and prudent to allow for comprehensive review and discourse concerning the Fiscal Year 2023 Budget, notwithstanding the need to allow for continued operations of the agency uninterrupted at the start of the fiscal year which occurs prior to the regularly scheduled October 2022 board meeting; and

WHEREAS, Section 3.10 of GEDA’s Bylaws provides that GEDA may take action by the unanimous consent of the GEDA Board of Directors without a meeting; and

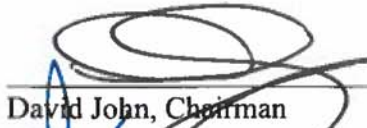
NOW, THEREFORE, BE IT RESOLVED, by this Board as follows:

RESOLVED, that the GEDA Board of Directors hereby unanimously agrees to take action by consent as allowed by Section 3.10 of its Bylaws to rollover the Fiscal Year 2022 budget for no longer than the first quarter of Fiscal Year 2023.

RESOLVED, that the rollover of the Fiscal Year 2022 budget shall be amended upon the adoption of the Fiscal Year 2023 Operating Budget by the Board of Directors.

RESOLVED, that the GEDA Board of Directors shall ratify this resolution at the next regularly scheduled GEDA Board meeting.

EFFECTIVE dated 28th day of September, 2022.



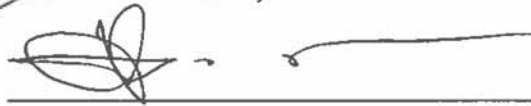
David John, Chairman



Siska S. Hutapea, Secretary



Fe Valencia-Ovalles, Member



Andrew Park, Member

Signature Page - Resolution No. 2022-020

*WAIVER OF NOTICE AND CONSENT TO TAKE ACTION BY
UNANIMOUS CONSENT RELATIVE TO APPROVING THE
ROLLOVER OF THE FISCAL YEAR 2022 BUDGET FOR NO
LONGER THAN THE FIRST QUARTER OF FISCAL YEAR 2023*

NEW BUSINESS



Fiscal Year 2023 Proposed Budget

Adopted by the Board of Directors on November 10, 2022

Recommended & Certified by:

Melanie Mendiola
Chief Executive Officer/ Administrator

Carlos P. Bordallo
Deputy Administrator

Approved by:

David John
Board Chairman

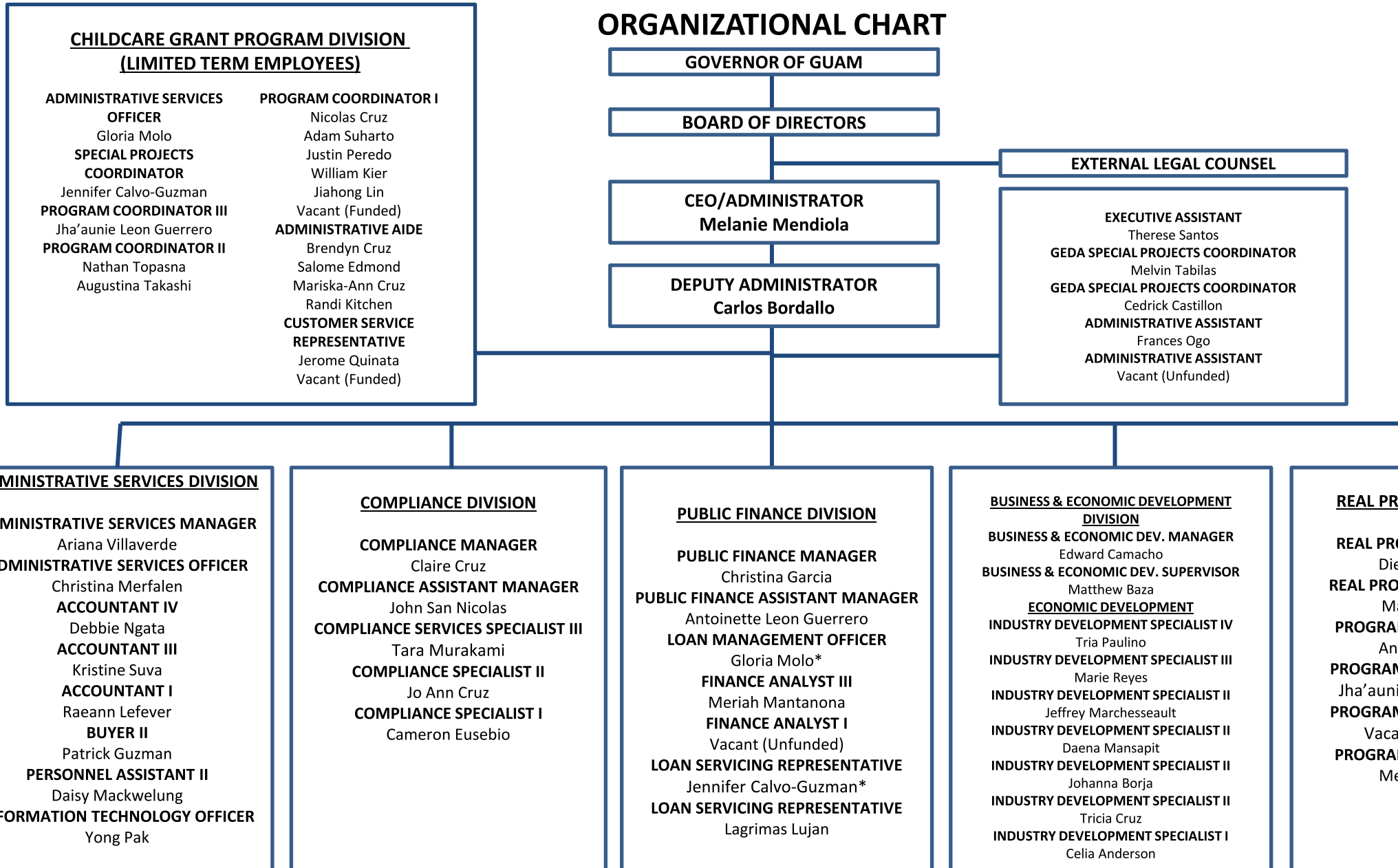
Siska Hutapea
Secretary

Fiscal Year 2023 Proposed Budget

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GEDA FY2023 ORGANIZATIONAL CHART



*Employees detailed to Childcare Grant Program Division

**GUAM ECONOMIC DEVELOPMENT AUTHORITY
FY 2023 PROPOSED BUDGET - SUMMARY**

	FISCAL YEAR 2022		FISCAL YEAR 2023	
	APPROVED	AS OF 08/31/22	INCREASE (DECREASE)	AMOUNT PROJECTED
SUMMARY				
Revenues	\$ 3,946,635	\$ 6,817,178	\$ 803,967	\$ 4,750,603
Operating Expenses	3,356,810	3,206,499	1,329,926	4,686,736
Net Operating Income/(Loss)	589,825	3,610,679	(525,959)	63,866
Non-Operating Income/(Loss)	170,200	(867,229)	-	170,200
Depreciation Expense	(42,300)	(25,095)	6,300	(36,000)
Net Income/(Loss)	\$ 717,725	\$ 2,718,355	\$ (519,659)	\$ 198,066

- > GEDA generates its own revenues to sustain annual operations from (3) primary sources:
 - (1) Rental income from Industrial Parks
 - (2) Application and surveillance fees from QC beneficiaries
 - (3) Management of the Guam Ancestral Lands Commission (GALC) lease properties under the current MOU

- > Bond Fees and other federal/local grants are additional sources of revenues, but may not represent a recurring annual income

GUAM ECONOMIC DEVELOPMENT AUTHORITY
 FY 2023 PROPOSED BUDGET - PROJECTED REVENUES

REVENUES		FISCAL YEAR 2022		FISCAL YEAR 2023	
		APPROVED	AS OF 08/31/22	INCREASE (DECREASE)	AMOUNT PROJECTED
REVENUES					
Leases					
Industrial Parks					
Cabras Industrial Park		\$ 27,212	\$ 27,212	\$ -	\$ 27,212
ET Calvo Memorial		1,087,093	1,076,994	6,205	1,093,298
Harmon Industrial Park		143,372	143,372	321	143,693
Total Leases	Sch A	1,257,678	1,247,579	6,526	1,264,204
GALC	Sch A	158,988	204,686	29,965	188,953
QC/Surveillance	Sch B	32,480	190,277	(730)	31,750
QC/Economic Development	Sch B	518,625	395,000	91,375	610,000
QC/Marketing	Sch B	70,000	-	(67,500)	2,500
Anticipated Bond Fee	Sch C	695,039	1,110,179	121,851	816,890
Grant Revenue	Sch D	1,213,075	344,811	(513,075)	700,000
Government of Guam Program					
Admin Fees		-	3,323,671		1,135,556
Guam Product Seal		750	975	-	750
Total Operating Revenues		3,946,635	6,817,178	(331,588)	4,750,603
Non-Operating Revenue:					
Interest on Investments		70,000	108,624	-	70,000
Interest on Saving Bank Accounts		200	1,116	-	200
Other Income		-	4,496	-	-
Other Expense		-	(414,430)	-	-
Restricted - Investments Gain/(Loss)		100,000	(567,035)	-	100,000
Total Other Revenue		170,200	(867,229)	-	170,200
Total Revenues		\$ 4,116,835	\$ 5,949,949	\$ (331,588)	\$ 4,920,803

*QC Contributions and QC Awards are shown as non-operating items.

Sch A
GUAM ECONOMIC DEVELOPMENT AUTHORITY
FY 2023 PROPOSED BUDGET - PROJECTED INDUSTRIAL PARK REVENUE
and GUAM ANCESTRAL LAND COMMISSION FEES

INDUSTRIAL PARK LEASES	FY 2020	FY 2021	FY 2022	PROJECTED FY 2023
CABRAS INDUSTRIAL PARK				
Guam United Warehouse	\$ 24,738.54	\$ 27,212.39	\$ 27,212.39	\$ 27,212.39
Total Cabras Industrial Park	\$ 24,738.54	\$ 27,212.39	\$ 27,212.39	\$ 27,212.39
E. T. CALVO MEMORIAL PARK				
B & B Inc. (Copy Express - Lot 6, Blk. 6)	\$ 25,101.60	\$ 25,101.60	\$ 25,101.60	\$ 25,101.60
Calvo Enterprises (formerly Leland Campbell - Lots 9 & 10, Blk 4)	\$ 3,520.37	\$ 3,520.37	\$ 3,813.73	\$ 3,872.41
Coral Reef Marine Center (Lot 4, Blk 6)	\$ 24,543.88	\$ 24,543.88	\$ 24,543.88	\$ 24,543.88
Take Care - Medical Center (Lot 1New, Blk 2)	\$ 5,263.44	\$ 5,263.44	\$ 5,263.44	\$ 5,263.44
Take Care - Parking Lot (Lot 1new, Blk 2)	\$ 342,300.00	\$ 342,300.00	\$ 342,300.00	\$ 342,300.00
Take Care - Dental Annex (Lot 3, Blk 2)	\$ 75,650.00	\$ 75,650.00	\$ 75,650.00	\$ 79,886.40
T.A. Enterprise, Inc. (Lots 1,2,3 & 4 Blk 4)	\$ 7,167.44	\$ 7,884.18	\$ 7,884.18	\$ 7,884.18
Fujita Property (Guam) Inc. (Lot 1, Blk 1)	\$ 24,053.84	\$ 26,459.22	\$ 26,459.22	\$ 26,459.24
Fujita Property (Guam) Inc. (Lot 1 & 2, Blk 6) Parking Lot	\$ 38,731.92	\$ 42,605.11	\$ 42,605.11	\$ 42,605.12
Guam Power Authority (Lot 1-1 & Lot 1-R1, Blk 3)	\$ 86,800.00	\$ 86,800.00	\$ 86,800.00	\$ 86,800.00
S.H. Enterprises (formerly KALS Corp - Lot 4, Blk 2)	\$ 158,154.74	\$ 158,154.74	\$ 158,154.74	\$ 158,154.74
BMR (Former Massey Tire Co. Lots 11 & 12, Blk 4)	\$ 32,670.00	\$ 32,670.00	\$ 32,670.00	\$ 32,670.00
Pacific Charlie (Lot 11 & 12, Blk 4)	\$ 26,400.00	\$ 26,400.00	\$ 26,400.00	\$ 26,400.00
Thirty Nine LLC (Lot 2, Blk 2)	\$ 80,547.84	\$ 80,547.84	\$ 80,547.84	\$ 80,547.84
United States Postal Service (Lots 3 & 5, Blk 6)	\$ 48,966.36	\$ 48,966.36	\$ 48,966.36	\$ 48,966.36
The Americana Group (Lots 13 & 14, Blk 4)	\$ 47,137.50	\$ 47,137.50	\$ 47,137.50	\$ 47,137.50
Tai Fa Import & Export, Formerly Fred Chao Inc.-(Lots 5, 6 & 8, Blk 4)	\$ 31,680.00	\$ 31,680.00	\$ 33,792.00	\$ 34,848.00
B & B Tenants (3% of Rents Paid to GEDA)	\$ 3,618.00	\$ 2,937.00	\$ 2,937.00	\$ 3,657.60
S.H. Enterprises (3% of sub-rents paid to GEDA)	\$ 17,640.00	\$ 16,200.00	\$ 16,200.00	\$ 16,200.00
Total E. T. Calvo Memorial Park	\$ 1,079,946.93	\$ 1,084,821.24	\$ 1,087,226.60	\$ 1,093,298.31
HARMON INDUSTRIAL PARK				
Genghis Khan Guam, Inc. (Charles Corn Ent.) (Lot 5109-NEW-A)	\$ 36,432.00	\$ 43,718.40	\$ 43,718.40	\$ 43,718.40
Anna Wang Kao (Lot 5165-2PART)	\$ 57,978.36	\$ 57,978.36	\$ 57,978.36	\$ 57,978.36
Hon Tai Corporation (Lot 5165-2S-3)	\$ 1,777.42	\$ 1,955.16	\$ 1,955.16	\$ 1,955.16
Guam Dry Cleaners (Lot 5165-2S-R4)	\$ 7,763.65	\$ 7,763.65	\$ 7,763.65	\$ 7,763.65
Guam Dry Cleaners (Lot 5165-2S-New)	\$ 7,109.67	\$ 7,109.67	\$ 7,465.15	\$ 7,820.64
Harmon Field Joint Venture (Lot 5165-2North)	\$ 8,206.29	\$ 9,026.92	\$ 9,026.92	\$ 9,026.92
RJM Pacific Properties (Lot 5165-2S-4)	\$ 2,597.30	\$ 2,857.03	\$ 2,857.03	\$ 2,857.03
Guam Dry Cleaners (11% of Sub-rents to GEDA)	\$ 12,351.90	\$ 12,474.00	\$ 12,474.00	\$ 12,573.00
Total Harmon Industrial Park	\$ 134,216.59	\$ 142,883.19	\$ 143,238.67	\$ 143,693.16
GALC LAND BANK TRUST PROPERTIES (GEDA'S SHARE)				
KwikSpace Ground Rent	\$ 7,009.64	\$ 6,777.60	\$ 6,822.78	\$ 6,845.40
Matson Ground Rent	\$ 42,564.00	\$ 47,589.84	\$ 47,589.84	\$ 47,589.84
Northern Market, LLC	\$ 43,453.08	\$ 43,453.08	\$ 36,210.90	\$ 47,798.28
Guam EPA License Agreement - Tiyan Facility	\$ 13,728.00	\$ 13,728.00	\$ 13,728.00	\$ 13,728.00
DPHSS License Agreement (WIC Program Office) - Tiyan Facility	\$ -	\$ -	\$ 14,414.40	\$ 14,414.40
AT&T	\$ 39,364.04	\$ 39,364.04	\$ 39,364.04	\$ 39,364.04
Trans Steel	\$ -	\$ 858.00	\$ 858.00	\$ 858.00
Smithbridge	\$ -	\$ -	\$ -	\$ 15,100.80
Farmer's Cooperative Association of Guam	\$ -	\$ -	\$ 3,253.90	\$ 3,253.90
Potential	\$ -	\$ -	\$ -	\$ -
Total GALC Land Bank Trust Properties (GEDA's Share)	\$ 146,118.76	\$ 151,770.56	\$ 162,241.86	\$ 188,952.66
GRAND TOTAL	\$ 1,385,020.82	\$ 1,406,687.38	\$ 1,419,919.52	\$ 1,453,156.52
ACTUAL FY	\$ 1,303,941.00	\$ 1,406,526.00	\$ 1,452,264.80	\$ -
DIFFERENCE	\$ 81,079.82	\$ 161.38	\$ (32,345.28)	

Note 1: Rental Increase 02/01/2022

Note 2: 50% rent deferral - March 2021 to Sept 2022, we anticipate collection issues

Note 3: 1% Rental Increase 05/01/2023

Note 4: Lease eff 9/1/22 - 8 of 13 acres useable rent = \$1,000/acre. Tenant only paying for useable acreage.

Note 5: Pending FY2022 official financial statements from FCAG to determine 2% of gross annual rate for FY2022

*Projected revenue for FY2022 & F2023 does not include arrears and participation rent

GUAM ECONOMIC DEVELOPMENT AUTHORITY

FY 2023 PROPOSED BUDGET - QUALIFYING CERTIFICATE PROJECTED REVENUE

QUALIFYING CERTIFICATE	Projected FY2021	Projected FY2022	Projected FY2023	Purpose
I. HOTEL INDUSTRY				
City Hill Co. (Guam) dba GUAM PLAZA HOTEL	\$ 22,860.00	\$ 22,860.00	\$ -	Surveillance
City Hill Co. (Guam) dba GUAM PLAZA HOTEL	20,000.00	20,000.00	-	Marketing
Premier Hotel dba SHERATON LAGUNA HOTEL	13,995.00	13,995.00	-	Surveillance
Premier Hotel dba SHERATON LAGUNA HOTEL	20,000.00	20,000.00	-	Marketing
TNN Guam, Inc. dba TSUBAKI HOTEL	3,000.00	17,000.00	17,000.00	Surveillance
TNN Guam, Inc. dba TSUBAKI HOTEL	137,254.00	-	-	Economic Dev.
JMSH 11,LLC dba Citta Di Mare	3,000.00	-	-	Surveillance
JMSH 11,LLC dba Citta Di Mare	128,165.50	-	-	Economic Dev.
Total	348,274.50	93,855.00	17,000.00	
II. ATTRACTION INDUSTRY				
Total	-	-	-	
III. DOMESTIC INSURER				
Century Insurance Company (Guam) LTD	1,000.00	1,000.00	1,000.00	Surveillance
Century Insurance Company (Guam) LTD	100,000.00	100,000.00	100,000.00	Economic Dev.
Marianas Captive Group, Inc	1,000.00	1,000.00	1,000.00	Surveillance
Take Care Insurance	1,000.00	-	-	Surveillance
Take Care Insurance	10,000.00	-	-	Marketing
TakeCareInsurance Risk ManagementServices (TIRMS)	1,000.00	1,000.00	1,000.00	Surveillance
Total	114,000.00	103,000.00	103,000.00	
IV. MEDICAL INDUSTRY				
Guam Regional Medical City	350,000.00	350,000.00	450,000.00	Economic Dev.
Guam Regional Medical City	2,000.00	2,000.00	2,000.00	Surveillance
Total	352,000.00	352,000.00	452,000.00	
V. SERVICES INDUSTRY				
Total	-	-	-	
VI. MANUFACTURING INDUSTRY				
Guam Brewery		2,000.00	2,000.00	Surveillance
Guam Brewery		2,500.00	2,500.00	Marketing
Total	-	4,500.00	4,500.00	
VII. AGRICULTURE				
Total				
VIII. GUAM BASED TRUST				
Eun Family Trust	250.00	250.00	250.00	Surveillance
Total	250.00	250.00	250.00	
IX. TAX CREDIT				
Guam Basketball Confederation- Tiyan Gym	1,500.00	1,500.00	1,500.00	Surveillance
Guam Basketball Confederation- UOG/FIBA	1,500.00	1,500.00	1,500.00	Surveillance
Guam Football Association	1,500.00	1,500.00	1,500.00	Surveillance
Guam Racing Association	1,500.00	1,500.00	1,500.00	Surveillance
Harmon Industrial Park Association	1,500.00	1,500.00	1,500.00	Surveillance
Total	7,500.00	7,500.00	7,500.00	
X. OTHER (Potential)				
Other pending	-	60,000.00	60,000.00	Economic Dev.
Total	-	60,000.00	60,000.00	
TOTAL QC REVENUES	\$ 822,024.50	\$ 621,105.00	\$ 644,250.00	
GEDA Revenues	184,770.50	68,605.00	31,750.00	
Economic Development	587,254.00	510,000.00	610,000.00	
Marketing Revenues	50,000.00	42,500.00	2,500.00	

**GUAM ECONOMIC DEVELOPMENT AUTHORITY
FY 2023 PROPOSED BUDGET - ANTICIPATED REVENUES - BOND FEES**

AGENCY	PAR AMOUNT	GEDA FEES
Simon Sanchez High School Lease-Leaseback Financing (PL 31-229)	166,365,000	362,730
Guam International Airport Authority, 2023 Forward Delivery Bonds (PL 35-137)	47,080,000	124,160
Guam Power Authority Revenue Bonds Series 2023 (TBD)	150,000,000	330,000
	-	-
	-	-
Total FY 2023 Anticipated Revenues	\$ 363,445,000	\$ 816,890

FY 2023 ANTICIPATED REVENUES - EXPENSE REIMBURSEMENT ONLY

AGENCY	PAR AMOUNT	GEDA FEES
	-	-
	-	-
	-	-
	-	-
	-	-
Total FY 2023 Anticipated Revenues	\$ -	\$ -

FY 2022 ACTUAL REVENUES - BOND FEES

AGENCY	PAR AMOUNT	GEDA FEES	GEDA Expenses	TOTAL
2022A GPA Revenue Refunding Bonds	\$ 257,570,000	\$ 545,140.00	\$ 20,000.00	\$ 565,140.00
	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
Total FY 2022 ACTUAL Revenues	\$ 257,570,000	\$ 545,140	\$ 20,000	\$ 565,140

Sch D
GUAM ECONOMIC DEVELOPMENT AUTHORITY
FY 2023 PROPOSED BUDGET - PROJECTED GRANT REVENUES
and ADMINISTRATIVE FEES

FY 2023 BUDGETED

<u>Funded By</u>	<u>Project Period</u>	<u>Award Amount</u>	<u>Grant Revenue Direct Award</u>	<u>Admin Fees</u>
1 US Small Business Administration (SBA) State Trade Expansion Project (STEP)	09/30/22-09/29/24	\$ 100,000 <i>Note 1</i>	\$ 100,000	
2 US Department of Commerce - Economic Development Administration (EDA) Guam Green Market Facilities Construction Project	60 months from Date of Award	\$ 1,300,000 <i>Note 2</i>	\$ 600,000	
3 Medical Campus (OEA Grant)	Not a direct grant	10% of Task Orders		<i>TBD</i>
4 VA State Plan (Approval anticipated in December)	Not a direct grant	10% Admin Fee		\$ 36,000
5 CCDF Admin Fees	Not a direct grant	Year 2 Amount		\$ 899,556
6 Economic Diversification Working Group	Not a direct grant			\$ 200,000
			\$ 700,000	\$ 1,135,556

Note 1: The approved budget for the STEP grant is as follows:

Salaries & Wages	\$ 10,000
Travel	9,000
Other	68,000
Contractual	13,000
Total Direct Costs	\$ 100,000

Note 2: Projected to incur costs related to admin/legal, A&E, project inspection fees and 40% of construction costs for FY2023.

Administrative & legal expenses	\$ 60,000
Architectural and engineering fees	120,000
Project inspection fees	10,000
Construction	1,010,000
Contingencies	100,000
	\$ 1,300,000

FY 2022 BUDGETED/ACTUALS

DIRECT GRANTS:

Funded by EDA	GEDA Share	Received thru FY21	Balance for FY22	Earned for FY22	Balance for FY23
Aquaculture Feasibility Study	\$ 54,755.00	\$ 1,303.51	\$ 53,451.49	\$ 191,443.50	<i>Completed</i>
CEDS				\$ 17,880.07	
Sub Total			\$ 53,451.49	\$ 209,323.57	\$ -

Funded by SBA	GEDA Share	Received thru FY21	Balance for FY22	Earned for FY22	Balance for FY23
STEP Reimbursement				\$ 135,487.10	
Sub Total			\$ -	\$ 135,487.10	\$ -

GRAND TOTAL DIRECT GRANTS \$ 344,810.67

ADMINISTRATIVE FEES:

Funded by OEA	GEDA Share	Received thru FY21	Balance for FY22	Earned for FY22	Balance for FY23
TO6 Grants Management Training	\$ 95,000.00	\$ 21,869.52	\$ 73,130.48	\$ 34,849.42	\$ 38,281.06
TO7 Fiscal Impact Assessment Study (FIAS)	\$ 99,750.00	\$ 99,750.00	\$ -	\$ -	<i>Completed</i>
TO8 *Medical Action Plan (MAP)	\$ 148,877.60	\$ -	\$ 148,877.60	\$ 146,753.60	\$ 2,124.00
TO9 <i>Pending info.</i>	TBD	\$ -	\$ -	\$ -	
TO10 <i>Pending info.</i>	TBD	\$ -	\$ -	\$ -	
Sub Total			\$ 222,008.08	\$ 181,603.02	\$ 40,405.06

LEAP	415,435.18
HOT Bond	500,000.00
CAPS	660,000.00
DPHSS CCDF	79,304.00
Prugraman Pinilan	1,484,367.37
Other...	2,961.43
GRAND TOTAL ADMIN FEES \$ 3,323,671.00	

**GUAM ECONOMIC DEVELOPMENT AUTHORITY
FY 2023 PROPOSED BUDGET - PROJECTED EXPENDITURES**

EXPENSES	FY 2022		FY 2023 PROPOSED
	AUTHORIZED	ACTUAL AS OF 08/31/22	GEDA General
Salaries & Benefits	2,368,395	2,357,045	3,004,437
Travel			
- Conferences/Training/Meetings	57,810	98,141	73,029
- Trade Missions/Marketing	70,000	-	24,500
Marketing & Promotions			
- GPS, Promo Items, Promo TV, airtime	90,000	41,000	90,000
Contractual Services			
Office Space	174,250	249,868	182,192
Legal Services	80,000	48,245	70,000
Insurance	10,500	3,287	10,500
Audit	28,000	7,756	28,000
Copier Lease	12,600	11,703	13,716
Other Professional Service	250,000	191,663	852,000
Software - Licensing / Maintenance	4,200	6,272	6,933
Maintenance	500	95	500
Maintenance - Vehicles	1,750	210	1,750
Lease Vehicle	-	-	8,400
Fuel Services	1,260	1,352	2,100
Postal Services	5,000	3,048	3,500
Courier Services	500	-	500
Subscriptions/Periodicals	3,195	2,687	3,395
Advertising	12,000	11,256	15,044
Printing & Photocopying	1,000	542	5,000
Total Contractual Services	584,755	537,984	1,203,530
Supplies & Materials	9,000	8,286	6,200
Equipment			
Software < \$500	500	-	-
Computer Peripheral/Accsy	500	-	1,500
Office Equip - Other	500	-	1,100
Total Equipment	1,500	-	2,600
Communication			
Telephone-Basic	1,750	1,641	1,750
Long Distance	300	12	300
Website - Investguam	21,000	19,125	12,600
ISP Services	1,400	1,233	1,400
Total Communications	24,450	22,011	16,050
Miscellaneous			
Retiree Supplemental/Med/Dental/Life	125,000	106,452	125,000
Board Stipends	-	-	-
Contingency	3,500	2,144	5,000
Refreshment/Entertainment	2,500	1,744	5,000
Training & Development	10,000	28,126	121,490
Membership Dues/Fees	3,500	2,490	3,500
Cable TV	1,200	550	1,200
PTR's	5,000	60	5,000
Bank Chrgs	200	466	200
Total Miscellaneous	150,900	142,032	266,390
Total Operational Expenses	3,356,810	3,206,499	4,686,736
Depreciation	42,300	25,095	36,000
Total Expenditures	3,399,110	3,231,594	4,722,736

**GUAM ECONOMIC DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS**

Resolution 23-001

***RELATIVE TO RECOMMENDING APPROVAL OF A RENEWAL OF A QUALIFYING
CERTIFICATE FOR A DOMESTIC INSURANCE COMPANY TO ISLAND HOME
INSURANCE COMPANY***

WHEREAS, Island Home Insurance Company (IHIC), formerly known as Zurich Insurance Guam, Inc., is a domestic insurance company that received Qualifying Certificate (QC) No. 216 with the effective date of January 1, 1998; and

WHEREAS, IHIC submitted an application to renew its QC on October 27, 2017 in anticipation of its QC's expiration date of January 1, 2018; and

WHEREAS, former Governor Eddie Baza Calvo, via Executive Order 2018-02 instituted a moratorium on the renewal or extension of QCs, which prevented GEDA from taking action on IHIC's QC application; and

WHEREAS, the moratorium was further extended via Executive Orders 2018-06 and 2018-08 as well as Public Law 34-116, Public Law 35-36 and Public Law 35-99; and

WHEREAS, the Honorable Lourdes A. Leon Guerrero, *I Maga'hågan Guåhan*, Governor of Guam, rescinded the moratorium via Executive Order 2021-14, which allowed for the renewal or extensions of QCs to begin on October 1, 2021; and

WHEREAS, IHIC's current application for renewal is currently with the GEDA Board of Directors for discussion and action.

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
GUAM ECONOMIC DEVELOPMENT AUTHORITY:**

RESOLVED, that the Board of Directors of the Guam Economic Development Authority (GEDA) recommends the renewal of Island Home Insurance Company's Qualifying Certificate (QC) for domestic insurance company based upon the findings set forth in Case Analysis No. 22-01-01 presented to the Board during its November 10, 2022 Board of Directors meeting. The tax benefit recommended for approval is as follows:

- 1) An abatement of one hundred percent (100%) of all Business Privilege Tax paid by IHIC to the government of Guam on gross receipts derived from underwriting health insurance risks in Guam for a period of three (3) years from the effective date of the QC.

RESOLVED FURTHER, that additional conditions as contained in Case Analysis No. 22-01-01 presented to the Board at the November 10, 2022 Board of Directors meeting are hereby approved, as follows:

- 1) IHIC shall make an annual Public Investment to GEDA, subject to the following:

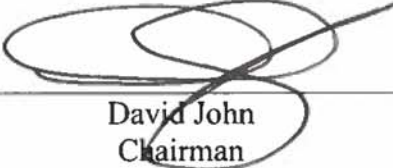
**GUAM ECONOMIC DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS**

Resolution 23-001


**RELATIVE TO RECOMMENDING APPROVAL OF A RENEWAL OF A QUALIFYING
CERTIFICATE FOR A DOMESTIC INSURANCE COMPANY TO ISLAND HOME
INSURANCE COMPANY**

- a) Make contributions in cash for Public Investments at a rate of fifty thousand dollars (\$50,000) for each year of the QC.
 - b) The manner in which IHIC will pay the Public Investments will be negotiated between GEDA and IHIC and will be detailed in the final QC.
 - c) GEDA will utilize the contributions in the following manner:
 - i. Seventy percent (70%) annually for activities and organizations involved in healthcare in Guam to be awarded under the GEDA QC Grant Program; and
 - ii. Thirty percent (30%) annually to GEDA for local economic development efforts.
- 2) IHIC shall commit to the minimum employment amount of no less than twenty (20) full time employees;
- 3) IHIC shall demonstrate to GEDA how receiving a business privilege tax abatement has resulted in reducing or retaining Guam consumer premium costs for health insurance. IHIC, within forty five (45) days of the effective date of the QC, shall meet with GEDA's Compliance Division, after which GEDA shall prepare the methodology to be used to demonstrate affordability. Such methodology shall be considered final and binding.
- 4) IHIC shall comply with all provisions of the QC Law, rules, regulations and all pertinent laws of Guam.

Dated this day 10th of November 2022.



David John
Chairman

ATTEST:


Siska S. Hutapea
Secretary

Guam Economic Development Authority
Qualifying Certificate Application for a Domestic Insurance Company
ISLAND HOME INSURANCE COMPANY (IHIC)
CASE ANALYSIS
Case No. 22-02-01

I. Application Submission & Public Hearing Date:

Application submission date: February 9, 2022
Public hearing date: March 4, 2022

II. Benefits Requested for a Domestic Insurance Company QC:

Nature of Tax	Periods Requested	Percentages Requested
Business Privilege Tax	Three (3) Years	One Hundred Percent (100%)

III. Applicant Description:

- 1) Island Home Insurance Company (IHIC) is a domestic Guam corporation whose current Certificate of Authority was issued on July 1, 2022 to offer health insurance and other insurance services.
- 2) IHIC is wholly owned by IHIAC, Inc., which also owns StayWell Guam and StayWell Saipan (General Agents).
- 3) As a Guam domestic insurance company, IHIC is eligible to apply for tax benefits under GEDA's QC program, specifically 12 GCA §58104 (k): insurance issuance, either by commercial insurers, reinsurers, or captive insurers which meet the requirements of Title 22, GCA, Chapter 15, Article 3;

4) Island Home Insurance Company Shareholder Information:

<i>Name:</i>	<i>Address:</i>	<i>% of Share Ownership</i>
IHIAC, Inc. (Ms. Chen Yu Mack, sole shareholder)	430 W Soledad Avenue, Hagatña, GU 96910	100%

5) Services:

Description of services currently offered per Certificate of Authority:

Accident & Health	Motor Vehicle
Fidelity & Surety	Property Damage & Liability
Fire	Workmen's Compensation
Marine	Health Maintenance Organization
Miscellaneous	

6) Location:

IHIC operates out of their corporate office at 520 Route 8 Maite, Guam 96910

Company Overview:

1) PRIOR QC (Qualifying Certificate #216)

- a. In 2008, IHIC purchased Zurich Insurance Guam, Inc. when the latter decided to pull out of the Guam market. Zurich Insurance Guam was the original recipient of Qualifying Certificate #216, which was transferred to IHIC.
- b. QC #216 expired on January 1, 2018. IHIC was compliant with all QC terms and conditions at the expiration of their QC.
- c. IHIC has indicated that during their tenure as holders of the QC (years 2009-2016) they have received the following tax benefits:

<i>Tax Benefit</i>	<i>Amount</i>
Business privilege tax abatement	\$9,400,000
Corporate income tax rebate	\$8,500,000
Dividend tax rebate	\$0
GRAND TOTAL	\$17,900,000

- d. IHIC also indicated the following payments to local healthcare providers during their QC term:
 - i. Paid local healthcare providers approximately \$196,000,000; and
 - ii. Paid the Guam Memorial Hospital over \$26,100,000

2) Project Description

- a. IHIC currently has thirteen percent (13%) of the local health insurance market in 2020. Approximately ninety seven percent (97%) of total underwriting business performed by IHIC is for health insurance coverage.
- b. Current customer base:
 - i. Health insurance: 13,000 members
 - ii. Property & Casualty: 1,700 policy holders

3) Employees, Payroll & Benefits:

- a. Employment level: Twenty one (21) full-time employees
- b. Nationality analysis: 100% are either US Citizens or Permanent Residents.
- c. Annual gross payroll: \$1,348,122
- d. IHIC's employee breakdown is as follows:

Classification	Number	Gross Payroll (Annual)
Accounting/Admin	4	\$465,655
Actuary	3	\$212,188
Medical Management	12	\$542,170
Property & Casualty	2	\$128,109
Total	21	\$1,348,122

e. IHIC employee benefits include:

Vacation, sick leave & paid holidays	Health insurance	401K plan
Group term life insurance	Supplemental insurance	Tuition Assistance

4) **Financial Analysis & Potential Tax Impact**

SEE ATTACHMENT I

5) **Maintaining Insurance Affordability (AS REQUIRED BY RESOLUTION 20-05)**

- a. As per GEDA Board Resolution 20-05, all domestic health insurance QC applications must include an analysis that demonstrates how receiving a business privilege tax abatement will result in more affordable health insurance rates to Guam consumers.
- b. IHIC indicated in their application that when their QC expired on 1/1/2018, the average cost of health insurance increased by 10.8 percent. The increase in price was attributed to the expiration of the BPT Abatement included in their QC as well as natural increases in healthcare costs. They also noted that the increased costs led to a drop in subscribers, from almost 15,000 in 2017 to 13,000 in 2018.
- c. They also indicate in their application that the impact of COVID-19 on healthcare costs, coupled with the uncertain economic outlook associated with the pandemic can lead to even more significant cost increases, which may lead to even fewer residents being able to afford health insurance.
- d. Based on a review of IHIC's financial projections, they plan to reduce the overall cost of health insurance by offsetting any costs that would be passed along to the consumer, less the mandatory \$50,000 public investment required in Resolution 20-05. Based on this, they plan to save their members an average of 4.9% of annual premium cost per year.

IV. Findings:

1) **Does the project meet the eligibility requirements – Yes**

- a) §58104 Eligibility (k), QC Law: “insurance issuance, either by commercial insurers, reinsurers, or captive insurers which meet the requirements of Title 22, Chapter 15, Article 3”.

2) **QC Application Submitted: - Yes.**

- a) Submitted on February 9, 2022
- b) Certified as Complete” on February 9, 2022
- c) Notice of Application published on February 15, 2022 (Guam Daily Post)

3) **Public Hearing – Yes.**

- a) Hearing Notice: February 25, 2022 (Guam Daily Post)
- b) Hearing Date: March 4, 2022
- c) HEARING REPORT: Due to COVID-19 considerations, GEDA held a virtual public hearing via Zoom in accordance with government guidelines. No members of the public provided comment regarding IHIC's application during the hearing. Mr. Jason Rios from IHIC provided a brief statement on behalf of the Applicant.

4) **Creation of Employment (§58105.1) – Yes.**

- a) IHIC plans to maintain its established employment levels. They also indicated in their application that “as IHIC grows, so will its need for human resources, services and products. The company expects to increase its payments to its employees and vendors in the coming years. This means increases in salaries and wages”.

- 5) **Replacement of imports (§58105.2) – No.**
 - a) IHIC is an existing local company. Renewing their QC will not replace insurance services that are currently purchased off island.
- 6) **Price Reduction (§58105.3) – Yes.**
 - a) IHIC indicated in their application that receiving a BPT abatement will result in an average savings of 4.9% over the term of the QC, as they will not have to pass along the BPT burden to their health insurance customers.
- 7) **Creation of a vitally needed facility or affordable housing (§58105.4) – N/A**
- 8) **Creation of economic activity (§58105.5) - Yes.**
 - a) IHIC plans to continue growing and expanding their business within the insurance industry. They indicated that, with regards to their goal of providing quality health insurance coverage to their customers, they anticipate paying more to their employees, healthcare providers, utilities agencies and other service providers. It is important to note, however, that these economic activities seems to be part and parcel of their normal business goals, and there is no indication of any significant investment in a new product and/or service.
- 9) **Establishment of Guam as a financial/insurance center (§58105.6) – No.**
 - a) IHIC is an existing and long established insurance company. While its continued operation shows evidence of a mature and overall stable insurance industry, they do not plan to make any investments in products or services that will further grow Guam as a insurance center of the pacific.
- 10) **Specific findings on the application (§58109, QC Law):**
 - a) *Impact on existing businesses and markets on Guam:*
 - i) There is no expected impact on existing businesses and markets in Guam. GEDA anticipates that all domestic health insurance companies will apply for a QC, which will mean that, if approved, they will all be on equal footing with regards to BPT.
 - b) *Project Risks and challenges:*
 - i) IHIC has indicated in their application that COVID-19 and the related economic uncertainties have increased the cost of healthcare in Guam. This has led to increased insurance rates for local consumers. In addition, the recent inflationary pressures have the potential to drive further increases in healthcare costs.
 - c) *Location of the proposed project:*
 - i) IHIC will operate out of its offices in Maite.
 - d) *Importance to the economy and the official policy of the government:*
 - i) The GEDA Board, through its authority in the QC Law and GEDA Board Resolution 20-05, has indicated that “finding ways to provide more affordable health insurance to Guam residents is important for the continued growth and strength of Guam’s economy.” IHIC has indicated that receiving a BPT abatement will result in more affordable health insurance for their customers, as they will not have to pass along the BPT liability, which in turn will reduce the overall cost for health insurance for their members.

V. Recommendations:

- 1) The recommendation is to **APPROVE** the Qualifying Certificate Application Case No. 22-02-01 for Island Home Insurance Company with the following benefits and conditions:

Recommended Benefits for a QC to a Domestic Insurance Company for Health Insurance:

Nature of Tax Recommended	Periods Requested	Periods Recommended	Percentages Requested	Percentages Recommended
Business Privilege Tax Abatement	Three (3) Years	Three (3) Years	One Hundred percent (100%)	One Hundred percent (100%)

2) **Basis for Recommended benefits:**

- a) **Business Privilege Tax (BPT) Abatement** - The requested percentage and period meets eligibility of the QC Law (§58127.5) and GEDA Board Resolution 20-05.
- 3) **Minimum Employment Obligations** (§58116): no less than 20 full time employees through the full term of the QC.
- 4) **Demonstration of Affordability** (Resolution 20-05): The final QC shall require that IHIC demonstrates to GEDA how receiving a business privilege tax abatement has resulted in reducing or retaining Guam consumer premium costs for health insurance. IHIC, within forty five (45) days of the effective date of the QC, shall meet with GEDA’s Compliance Division, after which GEDA shall prepare the methodology to be used to demonstrate affordability. Such methodology shall be considered final and binding.
- 5) **Recommended Additional Conditions:** The following are conditions in addition to the standard requirements of the QC law. The basis for the following recommendations is §58110 of the QC Law, which reads: *“Conditions of benefits. In its recommendation of specific tax benefits, the Authority shall consider the following as possible terms and conditions to such benefits.”* The specific conditions below are considered “Public Investments” as provided for in part (d) of §58110, which reads, *“Public investments. Conditioning the tax benefits on the Beneficiary’s investing in or creating public improvements separate from its proposed activities”* Pursuant to GEDA Board Resolution 20-05, IHIC is subject to the following public investments:
- a) Make contributions in cash for Public Investments at a rate of fifty thousand dollars (\$50,000) for each year of the QC.
 - b) The manner in which IHIC will pay the Public Investments will be negotiated between GEDA and IHIC and will be detailed in the final QC.
 - c) GEDA will utilize the contributions in the following manner:
 - i. Seventy percent (70%) annually for activities and organizations involved in healthcare in Guam to be awarded under the GEDA QC Grant Program; and
 - ii. Thirty percent (30%) annually to GEDA for local economic development efforts.
- 6) The final QC will also detail all conditions of compliance as contained in the QC Law and GEDA Board Resolution 20-05, and GEDA’s Compliance Division will ensure that all necessary conditions contained in the QC Law and the QC Rules and Regulations are adhered to.

*** Signatures on Following Page***

Island Home Insurance Company
QC Application No. 22-02-01 Case Analysis

Prepared By:

Reviewed and Approved to Present to CRC:

Matthew Baza Date: 10/11/22
Matthew Baza, BEDD Supervisor

Matthew Baza Date: 10/11/22
for Ed Camacho, BEDD Manager

CRC Meeting Date: 10/10/22

CRC RECOMMENDED ACTION:

The Credit Review Committee reviewed the QC application and has decided to forward the QC application to the Administrator for further action.

Carlos Bordallo APPROVED
[] DISAPPROVED
Deputy Administrator

Claire Cruz [] APPROVED
[] DISAPPROVED
Compliance Manager

Diego Mendiola APPROVED
[] DISAPPROVED
Real Property Manager

Ed Camacho APPROVED
[] DISAPPROVED
BEDD Manager

Christina Garcia APPROVED
[] DISAPPROVED
Public Finance Manager

Ariana Villaverde APPROVED
[] DISAPPROVED
Administrative Services Manager

CEO/Administrator's ACTION

Approved [] Disapproved

Melanie Mendiola Date: 10/14/22
Melanie Mendiola
CEO/Administrator

**GUAM ECONOMIC DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS**

Resolution 23-002

***RELATIVE TO RECOMMENDING APPROVAL OF A RENEWAL OF A QUALIFYING
CERTIFICATE FOR A DOMESTIC INSURANCE COMPANY TO TAKECARE
INSURANCE COMPANY, INC.***

WHEREAS, TakeCare Insurance Company, Inc. (TakeCare), formerly known as Pacificare Health Insurance Company of Micronesia, is a domestic insurance company that received Qualifying Certificate (QC) No. 232 with the effective date of January 10, 2001; and

WHEREAS, TakeCare's QC expired on January 1, 2021; and

WHEREAS, former Governor Eddie Baza Calvo, via Executive Order 2018-02 instituted a moratorium on the renewal or extension of QCs, with subsequent extensions being implemented via Executive Orders 2018-06 and 2018-08 as well as Public Law 34-116, Public Law 35-36 and Public Law 35-99; and

WHEREAS, the moratorium prevented TakeCare from requesting a renewal of its QC; and

WHEREAS, the Honorable Lourdes A. Leon Guerrero, *I Maga'hågan Guåhan*, Governor of Guam, rescinded the moratorium via Executive Order 2021-14, which allowed for the renewal or extensions of QCs to begin on October 1, 2021; and

WHEREAS, TakeCare's current application for renewal is currently with the GEDA Board of Directors for discussion and action.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GUAM ECONOMIC DEVELOPMENT AUTHORITY:

RESOLVED, that the Board of Directors of the Guam Economic Development Authority (GEDA) recommends the renewal of TakeCare Insurance Company, Inc.'s Qualifying Certificate (QC) for domestic insurance company based upon the findings set forth in Case Analysis No. 22-08-05 presented to the Board during its November 10, 2022 Board of Directors meeting. The tax benefit recommended for approval is as follows:

- 1) An abatement of one hundred percent (100%) of all Business Privilege Tax paid by TakeCare to the government of Guam on gross receipts derived from underwriting health insurance risks in Guam for a period of three (3) years from the effective date of the QC.

RESOLVED FURTHER, that additional conditions as contained in Case Analysis No. 22-08-05 presented to the Board at the November 10, 2022 Board of Directors meeting are hereby approved, as follows:

- 1) TakeCare shall make an annual Public Investment to GEDA, subject to the following:

**GUAM ECONOMIC DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS**

Resolution 23-002

***RELATIVE TO RECOMMENDING APPROVAL OF A RENEWAL OF A QUALIFYING
CERTIFICATE FOR A DOMESTIC INSURANCE COMPANY TO TAKECARE
INSURANCE COMPANY, INC.***

- a) Make contributions in cash for Public Investments at a rate of fifty thousand dollars (\$50,000) for each year of the QC.
- b) The manner in which TakeCare will pay the Public Investments will be negotiated between GEDA and TakeCare and will be detailed in the final QC.
- c) GEDA will utilize the contributions in the following manner:
 - i. Seventy percent (70%) annually for activities and organizations involved in healthcare in Guam to be awarded under the GEDA QC Grant Program; and
 - ii. Thirty percent (30%) annually to GEDA for local economic development efforts.
- 2) TakeCare shall commit to the minimum employment amount of no less than sixty (20) full time employees;
- 3) TakeCare shall demonstrate to GEDA how receiving a business privilege tax abatement has resulted in reducing or retaining Guam consumer premium costs for health insurance. TakeCare, within forty five (45) days of the effective date of the QC, shall meet with GEDA's Compliance Division, after which GEDA shall prepare the methodology to be used to demonstrate affordability. Such methodology shall be considered final and binding.
- 4) TakeCare shall comply with all provisions of the QC Law, rules, regulations and all pertinent laws of Guam.

Dated this day 10th of November 2022.

ATTEST:


Siska S. Hutapea
Secretary



David John
Chairman

Guam Economic Development Authority
Qualifying Certificate Application for a Domestic Insurance Company
TAKECARE INSURANCE COMPANY, INC.
CASE ANALYSIS
Case No. 22-08-05

I. Application Submission & Public Hearing Date:

Application submission date: August 10, 2022
Public hearing date: September 2, 2022

II. Benefits Requested for a Domestic Insurance Company QC:

Nature of Tax	Periods Requested	Percentages Requested
Business Privilege Tax	Three (3) Years	One Hundred Percent (100%)

III. Applicant Description:

- 1) TakeCare Insurance Company, Inc. (TakeCare) is a domestic Guam corporation whose current Certificate of Authority was issued on July 1, 2022 to offer health insurance services.
- 2) TakeCare is wholly owned by TakeCare Health Systems, LLP, and its general agent is TakeCare Insurance Broker's, Inc.
- 3) As a Guam domestic insurance company, TakeCare is eligible to apply for tax benefits under GEDA's QC program, specifically 12 GCA §58104 (k): insurance issuance, either by commercial insurers, reinsurers, or captive insurers which meet the requirements of Title 22, GCA, Chapter 15, Article 3;

4) Island Home Insurance Company Shareholder Information:

<i>Name:</i>	<i>Address:</i>	<i>% of Share Ownership</i>
TakeCare Health Systems, LLP	415 Chalan San Antonio, Suite 308 Tamuning, GU 96913	100%

5) Services:

Description of services currently offered per Certificate of Authority:
Accident & Health

6) Location:

TakeCare operates out of their corporate office at 415 Chalan San Antonio, Suite 308
Tamuning, GU 96913

Company Overview:

1) PRIOR QC (Qualifying Certificate #232)

- a. QC #232 was issued to Pacificare Health Insurance Company of Micronesia (now TakeCare Insurance Company, Inc.) on January 10, 2001.
- b. QC #232 expired on January 10, 2022. TakeCare was compliant with all QC terms and conditions at the expiration of their QC.
- c. TakeCare has indicated that between 2016-2020, they received the following tax benefits:

<i>Tax Benefit</i>	<i>Amount</i>
Business privilege tax abatement	\$17,190,271
Corporate income tax rebate	\$0
Dividend tax rebate	\$0
GRAND TOTAL	\$17,190,271

- d. TakeCare indicated that between 2016-2020 of their QC, the following payments were made to local healthcare providers:
 - i. Paid local healthcare providers over \$103,000,000; and
 - ii. Paid the Guam Memorial Hospital over \$43,600,000

2) Project Description

- a. TakeCare is one of the largest health insurance companies in Guam All of the underwriting business performed by TakeCare is for health insurance coverage.
- b. Current customer base:
 - i. Health insurance: approximately 45,000 members

3) Employees, Payroll & Benefits:

- a. Employment level: 61.25 full-time equivalent employees
- b. Nationality analysis: 95% are either US Citizens or permanent residents.
 - i. US Citizen or permanent residents: 58.25
 - ii. Alien: 3
- c. Annual gross payroll: \$3,168,000

d. TakeCare’s employee breakdown is as follows:

Classification	Number	Gross Payroll (Annual)
Health Plan Dept.	41.25	\$1,691,000
Corporate Services Dept.	20	\$1,477,000
Total	61.25	\$3,168,000

e. TakeCare employee benefits include, but are not limited to the following:

Paid time off leave & paid holidays	Health/Dental insurance	401K plan
Basic life insurance	Supplemental insurance	Tuition Assistance

4) **Financial Analysis & Potential Tax Impact**

SEE ATTACHMENT I

5) **Maintaining Insurance Affordability (AS REQUIRED BY RESOLUTION 20-05)**

- a. As per GEDA Board Resolution 20-05, all domestic health insurance QC applications must include an analysis that demonstrates how receiving a business privilege tax abatement will result in more affordable health insurance rates to Guam consumers.
- b. TakeCare indicated in their application that healthcare costs are projected to increase by close to 5% per year beginning in 2023.
- c. They also indicate in their application that the impact of COVID-19 on the healthcare system, and the associated increased costs caused by COVID-19 has further highlighted the need to find ways to provide adequate healthcare coverage to the people of Guam. They state that obtaining a BPT abatement will “ensure continued support to TakeCare’s goal to offer its services and products at affordable and competitive cost.”
- d. Based on a review of TakeCare’s application, they plan to reduce the overall cost of health insurance by offsetting any costs that would be passed along to the consumer for the business privilege tax. This in turn will reduce their projected premiums by 5%.

IV. Findings:

1) **Does the project meet the eligibility requirements – Yes**

- a) §58104 Eligibility (k), QC Law: “insurance issuance, either by commercial insurers, reinsurers, or captive insurers which meet the requirements of Title 22, Chapter 15, Article 3”.

2) **QC Application Submitted: - Yes.**

- a) Submitted on August 3, 2022
- b) Certified as Complete” on August 3, 2022
- c) Notice of Application published on August 10, 2022 (Pacific Daily News)

3) **Public Hearing – Yes.**

- a) Hearing Notice: September 2, 2022 (Pacific Daily News)
- b) Hearing Date: September 8, 2022
- c) HEARING REPORT: No members of the public provided comment regarding TakeCare’s application during the hearing. Mr. Arvin Lojo and Mr. Lucio Almira from TakeCare provided a brief statement on behalf of the Applicant.

4) **Creation of Employment (§58105.1) – Yes.**

- a) TakeCare plans to maintain its established employment levels. They also indicated in their application that receiving the BPT abatement will allow them to “offer employment opportunities to Guam residents”.

5) **Replacement of imports (§58105.2) – No.**

- a) TakeCare is an existing local company. Renewing their QC will not replace insurance services that are currently purchased off island.

6) **Price Reduction (§58105.3) – Yes.**

- a) TakeCare indicated in their application that receiving a BPT abatement will result in a savings of 5% over the term of the QC, as they will not have to pass along the BPT tax liability to their health insurance customers.

- 7) **Creation of a vitally needed facility or affordable housing (§58105.4) – N/A**
- 8) **Creation of economic activity (§58105.5) - Yes.**
- a) TakeCare indicated that they anticipate healthcare costs growing at an average rate of 5% per year and that they plan to continue to grow the business to provide quality and affordable healthcare coverage to their members. It is important to note, however, that these economic activities seems to be part and parcel of their normal business goals, and there is no indication of any significant investment in a new product and/or service.
- 9) **Establishment of Guam as a financial/insurance center (§58105.6) – No.**
- a) TakeCare is an existing and long established insurance company. While its continued operation shows evidence of a mature and overall stable insurance industry, they do not plan to make any investments in products or services that will further grow Guam as a insurance center of the pacific.
- 10) **Specific findings on the application (§58109, QC Law):**
- a) *Impact on existing businesses and markets on Guam:*
- i) There is no expected impact on existing businesses and markets in Guam. GEDA anticipates that all domestic health insurance companies will apply for a QC, which will mean that, if approved, they will all be on equal footing with regards to BPT.
- b) *Project Risks and challenges:*
- i) The cost of healthcare in Guam continues to increase. This has led to increased insurance rates for local consumers. In addition, the recent inflationary pressures have the potential to drive further increases in healthcare costs.
- c) *Location of the proposed project:*
- i) TakeCare will operate out of its offices in Tamuning.
- d) *Importance to the economy and the official policy of the government:*
- i) The GEDA Board, through its authority in the QC Law and GEDA Board Resolution 20-05, has indicated that “finding ways to provide more affordable health insurance to Guam residents is important for the continued growth and strength of Guam’s economy.” TakeCare has indicated that receiving a BPT abatement will result in more affordable health insurance for their customers, as they will not have to pass along the BPT liability, which in turn will reduce the overall cost for health insurance for their members.

V. Recommendations:

- 1) The recommendation is to **APPROVE** the Qualifying Certificate Application Case No. 22-08-05 for TakeCare Insurance Company, Inc. with the following benefits and conditions:

Recommended Benefits for a QC to a Domestic Insurance Company for Health Insurance:

Nature of Tax Recommended	Periods Requested	Periods Recommended	Percentages Requested	Percentages Recommended
Business Privilege Tax Abatement	Three (3) Years	Three (3) Years	One Hundred percent (100%)	One Hundred percent (100%)

2) **Basis for Recommended benefits:**

- a) **Business Privilege Tax (BPT) Abatement** - The requested percentage and period meets eligibility of the QC Law (§58127.5) and GEDA Board Resolution 20-05.
- 3) **Minimum Employment Obligations** (§58116): no less than 60 full time equivalent employees through the full term of the QC.
- 4) **Demonstration of Affordability** (Resolution 20-05): The final QC shall require that TakeCare demonstrates to GEDA how receiving a business privilege tax abatement has resulted in reducing or retaining Guam consumer premium costs for health insurance. TakeCare, within forty five (45) days of the effective date of the QC, shall meet with GEDA’s Compliance Division, after which GEDA shall prepare the methodology to be used to demonstrate affordability. Such methodology shall be considered final and binding.
- 5) **Recommended Additional Conditions:** The following are conditions in addition to the standard requirements of the QC law. The basis for the following recommendations is §58110 of the QC Law, which reads: *“Conditions of benefits. In its recommendation of specific tax benefits, the Authority shall consider the following as possible terms and conditions to such benefits.”* The specific conditions below are considered “Public Investments” as provided for in part (d) of §58110, which reads, *“Public investments. Conditioning the tax benefits on the Beneficiary’s investing in or creating public improvements separate from its proposed activities”* Pursuant to GEDA Board Resolution 20-05, TakeCare is subject to the following public investments:
- a) Make contributions in cash for Public Investments at a rate of fifty thousand dollars (\$50,000) for each year of the QC.
 - b) The manner in which TakeCare will pay the Public Investments will be negotiated between GEDA and TakeCare and will be detailed in the final QC.
 - c) GEDA will utilize the contributions in the following manner:
 - i. Seventy percent (70%) annually for activities and organizations involved in healthcare in Guam to be awarded under the GEDA QC Grant Program; and
 - ii. Thirty percent (30%) annually to GEDA for local economic development efforts.
- 6) The final QC will also detail all other conditions of compliance as contained in the QC Law and GEDA Board Resolution 20-05, and GEDA’s Compliance Division will ensure that all necessary conditions contained in the QC Law and the QC Rules and Regulations are adhered to.

*** Signatures on Following Page***

TakeCare Insurance Company, Inc.
QC Application No. 22-08-05 Case Analysis

Prepared By:

Reviewed and Approved to Present to CRC:

Matthew Baza Date: 10/11/22
Matthew Baza, BEDD Supervisor

Matthew Baza Date: 10/11/22
for Ed Camacho, BEDD Manager

CRC Meeting Date: 10/10/22

CRC RECOMMENDED ACTION:

The Credit Review Committee reviewed the QC application and has decided to forward the QC application to the Administrator for further action.

Carlos P. Bordallo APPROVED
Carlos Bordallo DISAPPROVED
Deputy Administrator

Matthew Baza APPROVED
for Ed Camacho DISAPPROVED
BEDD Manager

Claire Cruz APPROVED
Claire Cruz DISAPPROVED
Compliance Manager

Christina Garcia APPROVED
Christina Garcia DISAPPROVED
Public Finance Manager

Diego Mendiola APPROVED
Diego Mendiola DISAPPROVED
Real Property Manager

Ariana Villaverde APPROVED
Ariana Villaverde DISAPPROVED
Administrative Services Manager

CEO/ADMINISTRATOR'S ACTION

Approved Disapproved

Melanie Mendiola Date: 10/14/22
Melanie Mendiola
CEO/Administrator

**GUAM ECONOMIC DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS**

Resolution 23-003

***RELATIVE TO RECOMMENDING APPROVAL OF A QUALIFYING CERTIFICATE TO
CORE TIRE RECYCLING, LLC FOR THE RECYCLING AND REMANUFACTURING OF
TIRES IN GUAM***

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GUAM ECONOMIC DEVELOPMENT AUTHORITY:

RESOLVED, that the Board of Directors of the Guam Economic Development Authority (GEDA) recommends the approval of a Qualifying Certificate (QC) for the recycling and remanufacturing of tires in Guam to Core Tire Recycling, LLC (Core Tire) based upon the findings set forth in Case Analysis No. 22-06-04 presented to the Board during its November 10, 2022 Board of Directors meeting. The tax benefits recommended for approval are as follows:

- 1) A rebate of one hundred percent (100%) of all income tax paid by Core Tire to the government of Guam on income received from the recycling and remanufacturing of tires in Guam for a period of ten (10) years from the effective date of the QC;
- 2) An abatement of one hundred percent (100%) of all Business Privilege Tax paid by Core Tire to the government of Guam on gross receipts derived from the recycling and remanufacturing of tires in Guam for a period of ten (10) years from the effective date of the QC; and
- 3) An exemption of one hundred percent (100%) of all use tax paid by Core Tire with respect to property used by Core Tire for the recycling and remanufacturing of tires in Guam for a period of ten (10) years from the effective date of the QC.

RESOLVED FURTHER, that additional conditions as contained in Case Analysis No. 22-06-04 presented to the Board at the November 10, 2022 Board of Directors meeting are hereby approved, as follows:

- 1) Core Tire shall make an annual Public Investment to GEDA, subject to the following:
 - a) Make contributions for Public Investments in the areas of local economic development, island beautification, cultural preservation, workforce development and education. GEDA is recommending an annual contribution of twenty five thousand dollars (\$25,000) for each year of the QC. The contribution can be in cash, in in-kind products and/or services or a combination thereof, to be detailed in the final QC.
 - b) The manner in which Core Tire Recycling will pay the Public Investments will be negotiated between Core Tire Recycling and GEDA and will be detailed in the final QC.
 - c) GEDA will utilize the contributions in the following manner: (i) twenty five percent (25%) to GEDA for programs, marketing services, collateral and materials to aid in stimulating local economic development and to promote Guam as an investment destination, and (ii) seventy five percent (75%) to be allocated annual to GEDA managed grant programs for local economic development, island beautification, cultural preservation, workforce development and education.

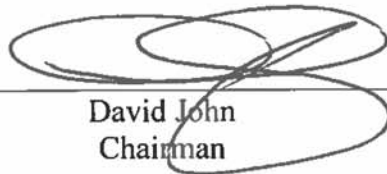
**GUAM ECONOMIC DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS**

Resolution 23-003

***RELATIVE TO RECOMMENDING APPROVAL OF A QUALIFYING CERTIFICATE TO
CORE TIRE RECYCLING, LLC FOR THE RECYCLING AND REMANUFACTURING OF
TIRES IN GUAM***

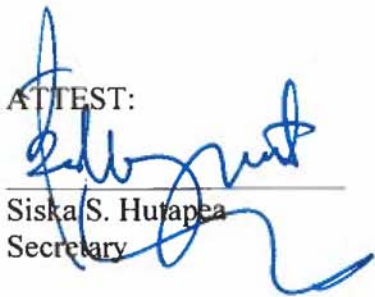
- 2) Core Tire shall commit to the minimum employment amount of no less than ten (10) full time employees;
- 3) Core Tire shall commit to removing no fewer than twenty four thousand (24,000) tires from the waste stream annually upon commencing full operations. Full operations shall be achieved by no later than the second year of Core Tire's QC; and
- 4) Core Tire shall comply with all provisions of the QC Law, rules, regulations and all pertinent laws of Guam.

Dated this day 10th of November 2022.



David John
Chairman

ATTEST:



Siska S. Hufapea
Secretary

Guam Economic Development Authority
Qualifying Certificate Application for the Recycling and Remanufacturing of Discarded Tires
CORE TIRE RECYCLING LLC
CASE ANALYSIS
Case No. 22-06-04

I. Application & Public Hearing Date:

Application submission date: June 24, 2022
Public hearing date: July 19, 2022

II. QC Benefits Requested:

Nature of Tax	Percentages Requested	Periods Requested
Corporate Income Tax Rebate	One Hundred Percent (100%)	Ten (10) Years
Business Privilege Tax Abatement	One Hundred Percent (100%)	Ten (10) Years
Use Tax Exemption	One Hundred Percent (100%)	Ten (10) Years

III. Applicant Description:

- 1) Core Tire Recycling (Core Tire) is a Guam limited liability company engaging in the business of a recycling company and manufacturer. Their current license expires on September 30, 2023. Upon commencement of business operations, Core Tire will receive a license for full operations.
- 2) As a recycling company and a manufacturer that plans to produce rubber tiles from recycled tires, Core Tire is eligible to apply for tax benefits under the QC program.

12 GCA §58104(r): “circular economy commercial activities that promote environmental sustainability, recycling, and remanufacturing and refurbishment of recyclable materials, and that achieve the goal of reducing the creation of waste or facilitating the continual use and reuse of resources on Guam.”

- 3) Shareholder Information:

Name:	Address:	% of Share Ownership
CY Leung	323 Harmon Industrial Park, Dededo GU 96929	100%

IV. Company Overview:

1) Project Description (as described in business plan)

Core Tire plans engage in circular economy commercial activities by processing discarded tires into general construction rubber products. Their recycling facility will include two stages: processing and recycling. In the first stage, discarded tires will be debanded, cut into chunks, shredded into small chips, crushed to make rubber tire chips, and processed into rubber powder. In the recycling stage, the rubber powder is mixed with color pigment and adhesive, poured into molds, and vulcanized with heat and pressure, after which the tiles are cooled and stored. Core Tire will stockpile approximately 3,000 discarded tires, recycling at the rate of 300 tires per day. The ultimate capacity will be 72,000 tires per year. The supply stockpile will be stored in a secure, open 4,000 sq. ft. area of the facility, free of vegetation and other combustible materials. Core Tire plans to commence operations during the first quarter of calendar year 2023. They indicate that, considering all factors, they plan to recycle no less than 24,000 used tires per year.

- a. The sizes, shapes and colors of the tiles and other products can be varied based on market demand. The most typical tile shapes include square, dog bone, brick and hexagon. Typical uses for the end product include, but are not limited to:
 - i. Floor tiles (residential, commercial, industrial)
 - ii. Walkways (interior and exterior)
 - iii. Sports/athletic court surfaces
 - iv. Landscaping; and
 - v. Soundproofing.

- b. Core Tire is leasing a 64,583 sq. ft. parcel of real property that they have determined to be suitable for the recycling and manufacturing of rubber products. According to the lease agreement provided, the monthly lease payment is five thousand dollars (\$5,000). The current lease term expires in May 2024, with one three year extension. The facility is to be located in Barrigada on Lot 2436-7-R2 and will contain the following:
 - i. Primary discarded tire storage area; 4,000 sq. ft.
 - ii. Tire shredding/processing warehouse; 3,000 sq. ft.
 - iii. Tile processing/producing warehouse; 2,000 sq. ft.
 - iv. Rubber clamp mold form storage area; 1,000 sq. ft.
 - v. Adhesive pigment storage area; 600 sq. ft.
 - vi. Tools and storage room; 400 sq. ft.
 - vii. Office and supporting facilities; 1,000 sq. ft.

- c. Core Tire indicates that the business will secure fire, liability, workmen's compensation and environmental liability insurance. They also indicate than the standard licensing and permitting requirements, Core Tire does not anticipate needing to obtain any special permits, as their production process does not produce emissions or hazardous waste byproducts.

- d. Core Tire indicated that all tires will be debanded and cut once received at the facility. The cut pieces will then be stockpiled and stored until they are used to manufacture tiles. This will minimize the amount of whole tires being stored on site, which will mitigate standing water concerns. Any tires that are not immediately debanded and cut will be secured under heavy-duty tarps to minimize standing water. All metal waste will be placed in heavy duty disposal bags to be provided to scrap metal businesses either on or off island.

2) Employees, Payroll and Benefits

- a. Core Tire Recycling anticipates fifteen full-time employees. Below is a breakdown of the citizenship status of proposed total number of employees:
 - i. US Citizen/Permanent Resident: 15
 - ii. Alien: 0

b. The employee breakdown is as follows:

Classification	Number	Gross Payroll (Annual)
Production department	9	\$334,000
Collection department	2	\$74,000
Office department	4	\$163,000
Total	15	\$571,000

- c. Core Tire indicated that a majority of their employees will start out as being paid hourly, with the future potential to be transitioned into salaried positions.
- d. Core Tire Recycling indicated in their notarized QC-2 affidavit that they will provide the following employee benefits, “dependent on employee performance and preference”:
 - i. Health insurance (salaried employees)
 - ii. Paid holidays and sick leave (after probationary period)
 - iii. Bonuses
 - iv. Awards, prizes and employment appreciation events.

3) Project Investment

- a. Forty percent (40%) of the project will be funded by equity participation of Core Tire Recycling shareholders, with the remaining sixty percent (60%) being financed. Below is a breakdown of the investment in the project.

Category	Amount
Construction	\$160,000
Land Acquisition	\$0
Equipment, furniture fixtures	\$339,000
Pre-operating expenses	\$0
Working capital	\$100,000
Other (<i>permit, professional, Financing Costs, Interim Costs, Soft Cost and Developer’s Fee</i>)	\$0
Total	\$599,000
<i>Amount from Shareholders</i>	<i>\$239,700</i>
<i>Amount financed</i>	<i>\$359,300</i>

4) Financials & Potential Tax Impact

SEE ATTACHMENT I

V. Findings:

1) Does the project meet the eligibility requirements – Yes

- a) §58104 Eligibility (r), QC Law: “circular economy commercial activities that promote environmental sustainability, recycling, manufacturing and refurbishment of recyclable materials, and that achieve the goal of reducing the creation of waste or facilitating the continual use and reuse of resources on Guam”.

2) QC Application Submitted - Yes.

- a) Submitted on June 24, 2022
- b) Certified as Complete” on June 24, 2022
- c) Notice of Application published June 30, 2022

3) Public Hearing – Yes.

- a) Hearing Notice: July 12, 2022 (Pacific Daily News)
- b) Hearing Date: July 19, 2022, 9:00 AM, GEDA Conference Room
- c) HEARING SYNOPSIS: No members of the public provided comment regarding Core Tire Recycling’s application during the public hearing. Mr. Dan Swavely from Core

Tire Recycling was present at the public hearing. Mr. Dan Swavely provided a brief statement regarding their application.

- 4) **Creation of Employment (§58105.1) – Yes.**
 - a) Core Tire Recycling plans to employ fifteen new employees in an expanding industry. This presents an opportunity to create a more diverse local workforce.
- 5) **Replacement of imports (§58105.2) – Yes.**
 - a) The production of rubber tiles in Guam will provide local consumers an option for a locally manufactured product. This has the potential to replace imports of similar materials and products used in residential, commercial, and industrial applications.
- 6) **Price Reduction (§58105.3) – No.**
 - (a) There is no indication in Core Tire Recycling’s application that the pricing for their tiles will be at a lower cost than similar products already on the market. They did indicate, however, that the recycling fees they will charge consumers for tires will be competitive in comparison to the fees assessed by existing businesses.
- 7) **Creation of a vitally needed facility or affordable housing (§58105.4) – Yes.**
 - a) According to the U.S. Tire Manufacturers Association, the challenge of finding facilities that will accept tires for reuse or recycling exists worldwide. According to the association, the U.S. generated almost 304 million scrap tires in 2019 in which the 2019 Scrap Tire Management Report revealed that 76% of scrap tires were recycled in 2019. The same report indicates in 2013, tire recycling peaked at 96%. An article by Pacific Daily News revealed that Guam generates 120,000 tires per year. Guåhan Waste Recycling, doing business as Mr. Rubbishman, sends about 100 tons of tires to Korea and Japan monthly, at a cost of \$10,000 per month. However, there is no market or facility that exists for recycled tires to be remanufactured in Guam. Core Tire Recycling’s facility will reduce creation of waste while also remanufacturing tires into a new product.
- 8) **Creation of economic activity (§58105.5) - Yes.**
 - a) Core Tire plans to provide additional tire recycling services as well as plans to engage in manufacturing in Guam. There is an active push to further diversify and strengthen Guam’s economy. One key area for diversification is the expansion of manufacturing in Guam. Core Tire’s anticipated activities, coupled with their planned employee count and up front capital investment will result in significant and desired economic activity in Guam.
- 9) **Establishment of Guam as a financial/insurance center (§58105.6) – No.**
 - a) This is not applicable to Core Tire Recycling’s activities.
- 10) **Specific findings on the application (§58109, QC Law):**
 - a) *Impact on existing businesses and markets on Guam:*
 - i) There is currently one other business in Guam that provides tire recycling services. Core Tire indicates in their business plan that they intend to charge competitive collection fees as well as value-added services such as storage carts and on-demand collection that will differentiate them from the existing competition. Core Tire also indicated in their business plan that the applicant has been in the automotive repair business for over 20 years, which provides

unique insight with regards to operating a business of this nature. Although not fully served by the existing business, Core Tire’s entry into the market could have an impact.

b) Project Risks and challenges:

- i) Core Tire indicated in their business plan that recycling costs will be financed by fees paid by tire consumers. As inflation and cost of living pressures increase for both residents and businesses, it may make it cost prohibitive for some consumers to dispose of tires to a licensed recycling facility. This could have the unfortunate consequence of leading to increased occurrences of illegal dumping in jungles and roadsides. Although Core Tire indicated that they plan to charge more competitive rates, inflationary pressures may force increases in fees in the future.

c) Location of the proposed project:

- i) There are no foreseen issues or concerns with the project’s location for the the development of a tire recycling and remanufacturing facility. GEDA shall review each project location as Core Tire Recycling’s facility recycles tires through the life of the QC.

d) Importance to the economy and the official policy of the government:

- i) The government of Guam continues to place significant importance on projects and initiatives that will promote a circular economy. Core Tire Recycling’s recycled rubber tile and products will decrease imports of construction materials through a direct investment in a manufacturing facility. Moreover, this investment will result in the creation of new, skilled manufacturing jobs that will lead to a more diverse workforce that will create a product that is “Made in Guam”. Core Tire’s recycling and manufacturing facility will reduce creation of waste while also recycling discarded tires and turning them into a sellable and accessible rubber product that, if and when sold, will lead to more monies staying in Guam and recirculating through our economy.

VI. Recommendations:

- 1) The recommendation is to **APPROVE** the Qualifying Certificate Application 22-06-04 for Core Tire Recycling with the following benefits and additional conditions:

Recommended Benefits for an Affordable Housing Company QC:

Nature of Tax Recommended	Periods Requested	Periods Recommended	Percentages Requested	Percentages Recommended
Corporate Income Tax Rebate	Ten (10) Years	Ten (10) Years	One Hundred percent (100%)	One Hundred percent (100%)
Business Privilege Tax Abatement	Ten (10) Years	Ten (10) Years	One Hundred percent (100%)	One Hundred percent (100%)
Use Tax Exemption	Ten (10) Years	Ten (10) Years	One Hundred percent (100%)	One Hundred percent (100%)

- 2) **Basis for Recommended benefits:**
 - a) **Corporate Income Tax Rebate** – The requested percentage and period meets the authorization of the QC Law (§58147.1).
 - b) **Business Privilege Tax (BPT) Abatement** – The requested percentage and period meets the authorization of the QC Law (§58147.1).
 - c) **Use Tax Exemption** – The requested percentage and period meets the authorization of the QC Law (§58147.1).
- 3) **Minimum Employment Obligations** (§58116): No less than ten (10) full time employees through the full term of the QC. As previously stated, Core Tire Recycling indicated in their application that they plan to have fifteen (15) employees.
- 4) **Minimum removed from waste stream (§58147.1):** As per QC Law, “In order to qualify for the tax rebate, abatement, and exemption, a beneficiary shall commit to divert from the waste stream a minimum amount of recyclable materials per year, as determined reasonable and achievable according to the business activity and the requirements of the Authority.” Core Tire indicated in their application that at full operation, the facility can handle 72,000 tires a year. Based on their projected rate of operations, the applicant has indicated that they can commit to diverting no less than 24,000 tires from the waste stream by the time the facility is in full operation in year two of the QC.
- 5) **Recommended Additional Conditions:** The following are conditions in addition to the standard requirements of the QC law. The basis for the following recommendations is §58110 of the QC Law which reads: “**Conditions of benefits.** *In its recommendation of specific tax benefits, the Authority shall consider the following as possible terms and conditions to such benefits.*” The specific conditions below are considered “Public Investments” as provided for in part (d) of §58110 which reads, “**Public investments.** *Conditioning the tax benefits on the Beneficiary's investing in or creating public improvements separate from its proposed activities*”. As such, the following schedule of public investments is recommended:
 - a) Make cash contributions for Public Investments in the areas of local economic development, island beautification, cultural preservation, workforce development and education. GEDA is recommending an annual contribution of twenty five thousand dollars (\$25,000) for each year of the QC. The contribution can be in cash, in in-kind products and/or services or a combination thereof, to be detailed in the final QC.
 - b) The manner in which Core Tire Recycling will pay the Public Investments will be negotiated between Core Tire Recycling and GEDA and will be detailed in the final QC.
 - c) GEDA will utilize the contributions in the following manner: (i) twenty five percent (25%) to GEDA for programs, marketing services, collateral and materials to aid in stimulating local economic development and to promote Guam as an investment destination, and (ii) seventy five percent (75%) to be allocated annual to GEDA managed grant programs for local economic development, island beautification, cultural preservation, workforce development and education.
- 6) The final QC will also detail all conditions of compliance as contained in the QC Law, and GEDA’s Compliance Division will ensure that all necessary conditions contained in the QC Law and the QC Rules and Regulations are adhered to.

*** Signatures below***

Prepared By:

Reviewed and Approved to Present to CRC:

MBaza Date: 11/9/22
Matthew Baza, BEDD Supervisor

MBaza Date: 11/9/22
for Ed Camacho, BEDD Manager

CREDIT REVIEW COMMITTEE (CRC) RECOMMENDED ACTION:
The CRC reviewed the QC application and has decided to forward the QC application to the Administrator for further action.

Carlos P. Bordallo APPROVED
[] DISAPPROVED
Deputy Administrator

MBaza APPROVED
for Ed Camacho [] DISAPPROVED
BEDD Manager

for John A. Nelson APPROVED
Claire Cruz [] DISAPPROVED
Compliance Manager

Christina Garcia APPROVED
[] DISAPPROVED
Public Finance Manager

Diego Mendiola APPROVED
[] DISAPPROVED
Real Property Manager

Ariana Villaverde APPROVED
[] DISAPPROVED
Administrative Services Manager

CEO/ADMINISTRATOR'S ACTION

Approved [] Disapproved

Melanie Mendiola Date: 11/9/22
Melanie Mendiola
CEO/Administrator



PUBLIC COMMENTS ADJOURNMENT

END