The Guam Economic Development Authority’s mission is to develop a sound and sustainable economy through innovative programs that preserve and promote economic opportunities, local culture, and quality of life.

As a public not for profit corporation (12GCA Chapter 50) GEDA has broad responsibility for the centralized direction, control and supervision of an integrated plan for the economic development of Guam through its programs and offerings, which include public finance services, business and investments assistance, incentive programs, and real property management.
BUSINESS DEVELOPMENT

IMAGINE GUAM PROGRAM

3 Conferences to be held in 2016 to refine values that will drive Guam’s economy till 2065.
A comprehensive Master Plan will be developed & presented to the Governor in 2016.

PUBLIC FINANCE

BOND RATINGS

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>S&amp;P</th>
<th>FITCH</th>
<th>MOODY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gov Guam General Obligation Bonds</td>
<td>BB-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited Obligation (Section 30 Bonds)</td>
<td>BBB+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel Occupancy Tax Revenue Bonds</td>
<td>A-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Privilege Bonds Series A, B, C, &amp; D</td>
<td>A</td>
<td>A-</td>
<td></td>
</tr>
<tr>
<td>Guam Power Authority Bonds</td>
<td>BBB</td>
<td>BBB-</td>
<td>BAA2</td>
</tr>
<tr>
<td>Guam Waterworks Authority (GWA)</td>
<td>A-</td>
<td>BBB-</td>
<td>BAA2</td>
</tr>
<tr>
<td>Fitch conducted a Guam site visit in August 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

GUAM PRODUCT SEAL (GPS) PROGRAM

73 Guam Product Seal Certificates were issued in 2015.
"Made in Guam" Product Fair
11/28/15 at GPO Food court
30+ GPS Vendors
1,000+ Participants
30 second television commercial on local stations & social media networks

ECONOMIC DEVELOPMENT

INVESTMENT MISSIONS

Attended 5 in 2015 resulting in:
- Airline company entering the Guam market
- New housing & hotel developments
- Interest & bids for renewable energy projects with GPA
- Interest in agriculture & farming interests
- Interest in tourism related services

FILM COMMISSION

PL. 31-159 Established the Guam Film Office within GEDA.
GEDA has been mandated to develop & organize Guam’s Film Industry overseeing all film, video, & photographic projects & activities on Guam.
GEDA is in the process of establishing Guam Film Office Rules & Regulations.

QUALIFYING CERTIFICATES (QC) PROGRAM

Revisited in December 2014 to make it more relevant to new investors.
Special Hotel QC introduced to address the need for 1600 additional hotel rooms.

GUAM DEVELOPMENT FUND ACT

This loan program is targeted at businesses that are engaged or about to engage in activities in the areas of agriculture, fishing, manufacturing, tourism, and their support industries. GDSA enables start-ups and existing businesses to secure long-term financing for the acquisition of long-term fixed assets, working capital needs and to provide funding for the purchase of supplies and inventory.

AGRICULTURE DEVELOPMENT FUND

This loan program is limited to individuals, corporations and partnerships that engage in commercial agriculture businesses. Activities include the areas of agriculture, aqua-culture, horticulture, mari-culture, commercial fishing and other related areas. The program enables bona fide farmers and commercial farming enterprises to obtain a line of credit financing for working capital needs and to provide funding for the purchase of supplies and inventory.

ANALYTICS

DEVELOPMENT PLANNING INITIATIVE (2016)

Coordinate the strategic planning process to develop mid-range and long-range economic development for Guam. GEDA’s role is to ensure that sustainable job creating and income-generating programs are in place to support the eco-rational growth and development of the island.

INFRASTRUCTURE ASSESSMENT

As Guam enters its most dynamic and diverse stage of development, GEDA will ensure that the capital and infrastructure investment occurring today will be able to sustain the level of growth anticipated for all industry sectors without adverse impact to the resources needed by the communities throughout the island.

This program involves assessment of resource and infrastructure capacities for all development needs such as water, power generation, port and airport related facilities, schools, hospitals, transportation logistics and other required infrastructure.

GOVERNMENT OF GUAM BPT BONDS SERIES 2015 D, SEP 2015

$412.5M BOND ISSUE

LARGEST EVER sold by Guam
FINAL PRICING ACHIEVED AN ALL-TIME LOW INTEREST RATE for long-term Guam bonds of 4.02%
INVESTOR DEMAND for the issue was strong, with ORDERS EXCEEDING THE AMOUNT OFFERED BY OVER 2X
Over 50 DIFFERENT INVESTORS PARTICIPATED in the sale

STATE SMALL BUSINESS CREDIT INITIATIVE

On October 4, 2011, Governor Calvo received approval of the $13,168,350 U.S. TREASURY FUNDING for the GUAM SMALL BUSINESS CREDIT INITIATIVE PROGRAM. The Guam SSBCI Programs PROVIDE CREDIT ENHANCEMENT to lenders and borrowers WHO CANNOT OTHERWISE OBTAIN LOANS OR CREDIT LINES through standard commercial underwriting guidelines.

GOVERNMENT OF GUAM LONG-TERM DEBT ABSTRACT LINK
REAL PROPERTY MANAGEMENT
Lease revenues from Industrial Park Management, the Guam Ancestral Lands Commission MOU & the Chamorro Land Trust Commission MOU generated $1.3M operating revenues.

GUAM ANCESTRAL LANDS COMMISSION MOU LEASES
2007-PRESENT
$3.9M COLLECTED IN RENT $560K REMITTED TO GEDA
$41M PAYROLL $130M GROSS SALES $6M+ GRT

INDUSTRIAL PARK MANAGEMENT
E.T. Calvo Memorial Park, Harmon Industrial Park, and the Port Authority of Guam

HOT BOND
PUBLIC LAW 30-228 authorizes $55M+ of the 2011 HOTEL OCCUPANCY TAX BOND proceeds to be used for the construction of various CAPITAL IMPROVEMENT PROJECTS throughout the island.

GEDA through a MOA with the Office of the Governor of Guam (OOGG) has established a PROGRAM MANAGEMENT OFFICE (PMO) to oversee, coordinate, and manage capital improvement projects as assigned by the OOGG.

MILITARY RELOCATION IMPACT
In 2014, a MOA was executed between GEDA and Office of the Governor of Guam in which GEDA procured the services of a consultant, Matrix Design Group, to conduct various studies associated with the military relocation to Guam.

These studies included:
- An assessment of GovGuam assistance with regard to the relocation of US Marine Corps elements from Okinawa to Guam
- Development of a conceptual programmatic design of a Guam Cultural Repository Plan
- A mitigation plan for GovGuam Public Services in response to the US Marine Corps relocation to Guam
- Analyzing investments needed in Guam’s water & wastewater infrastructure to support the realignment of US military forces to Guam

These studies are REQUIRED BY OFFICE OF THE GOVERNOR OF GUAM & DEPARTMENT OF DEFENSE. The preparation of these reports allowed the OOGG & DOD to SATISFY THE REQUIREMENTS OF SECTION 2822(D) OF THE 2014 National Defense Authorization Act (NDAA) which directs the convening of the Economic Adjustment Committee (EAC) to consider ALL ASSISTANCE NECESSARY TO SUPPORT the preferred alternative for the relocation of Marine Corps forces to Guam.

With the REPORTS COMPLETE AND SUBMITTED, the EAC was able to submit its report to Congress RESULTING IN SUBSEQUENT RELEASE OF JAPANESE GOVERNMENT & FEDERAL MONIES to support the relocation os US Marine Corps elements to Guam. This in turn meant further economic & expansion for Guam.

At the end of calender year 2015, nearly all HOT BOND projects assigned to the PMO have been completed:
- INARAJAN COMMUNITY CENTER
- FARMERS’ CO-OP & DEDEDO FLEA MARKET FACILITY
- PUBLIC PARK RESTORATIONS
- SCENIC & INFORMATIONAL SIGNS
- VILLAGE MONUMENTS
- MANGILAO PUBLIC MARKET RENOVATION
- HAGATNA SWIMMING POOL & TENNIS FACILITY RENOVATION

Other ongoing & remaining projects include:
- Pedestrian Safety features in Tumon & Hagatna, Malesso Bell Tower & Magellan monument restoration,
- Hagatna Master Plan completion, Guam and Chamorro Educational Facility, Ypao Beach Park lighting improvements, & mitigation of flooding in Tumon.

FY2015 OPERATING REVENUES OF $2,265,123 compared to $2,216,756 in FY2014. The year-to-year change of $48,367 represents an INCREASE OF 2.19%. GEDA GENERATES ITS OWN REVENUE to sustain annual operations FROM THREE PRIMARY SOURCES; (1) Industrial Park Rental Income, (2) Application & Surveillance fees from QC beneficiaries, and (3) Management of GALC & CLTC Lease properties under the current MOU. Bond fees & other federal & local grants additional sources of revenues, but may not represent recurring annual income.

FY14/FY15 REVENUE COMPARISON

<table>
<thead>
<tr>
<th>REVENUE BY SOURCE</th>
<th>FY15</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Parks</td>
<td>$1,106,981</td>
<td>$1,080,091</td>
</tr>
<tr>
<td>Tobacco Settlement</td>
<td>$2,968,356</td>
<td>$2,524,077</td>
</tr>
<tr>
<td>Qualifying Certificate</td>
<td>$342,187</td>
<td>$448,415</td>
</tr>
<tr>
<td>Bond Fees</td>
<td>$722,744</td>
<td>$576,460</td>
</tr>
<tr>
<td>Other</td>
<td>$153,614</td>
<td>$222,067</td>
</tr>
</tbody>
</table>

FINANCIAL DATA
### Operating Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$2,233,500</td>
<td>$2,222,998</td>
</tr>
<tr>
<td>Legal &amp; Professional</td>
<td>$365,254</td>
<td>$505,910</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>$373,977</td>
<td>$43,096</td>
</tr>
<tr>
<td>Office Space &amp; Equip Rental</td>
<td>$208,016</td>
<td>$201,503</td>
</tr>
<tr>
<td>Travel</td>
<td>$114,406</td>
<td>$88,709</td>
</tr>
<tr>
<td>Advertising &amp; Promotions</td>
<td>$222,399</td>
<td>$162,123</td>
</tr>
<tr>
<td>Utilities, Telephone &amp; Comm.</td>
<td>$4,588</td>
<td>$7,540</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1,877</td>
<td>$4,103</td>
</tr>
<tr>
<td>Supplies</td>
<td>$6,147</td>
<td>$11,139</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$1,381</td>
<td>$4,103</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$100,566</td>
<td>$61,707</td>
</tr>
</tbody>
</table>

An independent audit was conducted, resulting in a clean audit opinion. Complete financial information is available at our website: www.investguam.com

### Economic Outlook

The continued strengthening of Guam’s economy, improvement of GovGuam’s financials and extensive investor outreach have helped attract investors to Guam’s municipal debt. Guam enjoys a unique benefit in that most of its debt is “TRIPLE TAX-EXEMPT” for most US based investors, broadens the appeal to invest in Guam. With a strong demand for Guam’s municipal financings has resulted in more than $1 BILLION OF INVESTOR ORDERS ON RECENT SALES.

### 2016 Initiatives

- **The Permit Center**
  - Business Development Department has drafted a preliminary report highlighting the operations & some of the action items that would be required should GEDA assume management & operations of the Permit Center currently under DPW.
  - The Governor has expressed intent to move the Permit Center to GEDA.
  - GEDA would create a true One Stop Center for the issuance of Business Licenses.

- **2016 Development Investment Missions**
  - GEDA will be coordinating trade missions to US and Asia with an aggressive goal to bring new investments in the fields of Tourism, Agriculture, Manufacturing, Technology, Medical and Financial Services.
  - The Guam Investment Portfolio will include new & improved tax incentive programs via the Qualifying Certificates Program, the development of database of investment ready public & private projects & properties, Public-Private-Partnership initiatives, EB-5 Investor Visa program updates, and an updated Guam Economic Indicators handbook. Planned trade missions include:
    - Taipei, Taiwan: April 18-22
    - US Mainland: July or August
    - Jakarta, Indonesia: September
    - Beijing/Shanghai, China: October

- **Future Public Finance Projects**
  - Guam Waterworks Authority: Authorized pursuant to Chapter 14 of Title 12 of the Guam Code Annotated, GWA authorized the issue of the Series 2016 bonds to fund Phase II of their new capital improvements projects. In February 2016, GWA borrowed $143.3M & achieved an all-in-Treasury Interest Cost (TIC) of 4.26% with demand exceeding available bonds by over 10x. Guam investors were given the first priority in submitting orders of which over $900,000 was placed for the GWA bonds.
  - Department of Land Management: PL 29-135 authorized the DLM to borrow an amount not to exceed $15.75M for the construction for a new Land Resources Public Facility and the purchase of collateral equipment.
  - Department of Public Works GARVEE BOND: PL 31-233 authorizes the issuance of GARVEE bonds not to exceed $75 million for the purpose of implementing the capitol improvement highway projects identified in the 2030 Guam Transportation Plan.
  - Guam Department of Education Public School Financing: PL 31-229, 32-120, 32-121 authorizes approximately $100M to provide a comprehensive capital improvement plan, financing for the rehabilitation, constructions, expansion of Simon Sanchez High School & other GDOE facilities and to provide collateral equipment, buses, bus shelters, maintenance & insurance.
  - University of Guam and Guam Community College: PL 30-201, 31-229, 31-277 & 32-063 authorizes funding for the construction of the UOG Student Services Center & the Annex Building for the School of Engineering, & the extension of the GCC Gregorio Perez Crime Lab Building & for the renovation & hardening of GCC Buildings 100 & 200.

- **Government of Guam Financing**
  - Guam Education Financing Foundation (Guam Public Schools Facilities Project) Certificates of Participation, Series 2006 A can be refinanced with significant savings for the General Funds, & ensures that any bond issued would not be public indebtedness.
  - Guam Memorial Hospital Labor & Delivery Room: PL 33-151 authorized a $9.2M financing for renovation of the GMH Labor & Delivery Ward. The law states the financing may be secured by the unpledged portion of the Business Privilege Tax in an amount up to $600k per year, for no more than 25 years.
  - Harmon Industrial Park Association: HIPA has approached GEDA in efforts to finance the rehabilitation of the Harmon Industrial Park main road through a Public Private Partnership. The project cost is estimated at $7M with a life of 3-5 years. GEDA is exploring EDA grant options to assist.

### Challenges Affecting GEDA

1. **Unfunded Legislative Mandates**
   GEDA over the years has been mandated by the Liheslaturan Guahan to perform duties that are not financially supported. Unlike the line agencies, GEDA is not supported by GovGuam appropriations. All expenses incurred by GEDA must come out of our finite operating revenues.

2. **Public Law 32-040 Lease Limitations**
   Public Law 32-040 imposes a five (5) year duration limit on commercial leases. The law has unintended consequences for GEDA. This short time period makes GEDA’s commercial leases less attractive to private investors.