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Guam Economic
Development Authority

2009
Citizen's Centric Report

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About GEDA

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

As a public corporation (12 GCA 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 investment assistance and incentive programs, and real property management.

GEDA Team

As a non-profit public corporation under the Government of Guam to assist in the implementation of an integrated program for the economic development of Guam, GEDA policies are guided by its appointed Board Directors, Ricardo Duenas (Chairman), Francis Camacho (Secretary), along with Rufo Lujan, Arnold Jose, Angel Mendoza, and Joyce Miyashita. Since 2007, GEDA's programs and services have been under the direction of its Administrator, Anthony C. Blaz, and Acting Deputy Administrator, Tina Garcia, with the support of 26 full-time employees.



Agency Performance

- (1) **Central Financial Manager for the Government of Guam:** Assists with, coordinates and monitors Financial Advisory Services, Capital Financing, Debt Management and the Capital Markets.
 - June 2009: GovGuam \$271MM General Obligation Bonds 2009A, to pay General Fund expenses including a court-settlement of Cost of Living Allowance to retirees, past due income tax refunds, other critical operating and capital expenditures. Secured by the pledge of the full faith and credit of the Government of Guam and were rated "B+" by Standard & Poor's. The GO financing revived the high yield market after almost a year of little to no activity.
 - June 2009: GovGuam \$202M Limited Obligation (Section 30) Bonds, Series 2009A, to provide funding for the construction of a new landfill and closure of the Ordot landfill per the Federal Court Order and strict deadline following a United States Environmental Protection Agency Consent Decree. These Bonds are secured by a lock-box pledge of federal reimbursement of revenues per Section 30 of the Guam Organic Act and were rated "BBB-" by Standard & Poor's.
 - Bond Market Update: 2009 continues to be a tumultuous period for issuers in the municipal market. For GovGuam, the rise in absolute rates as well as the increase in credit spreads was a challenging feat, as the Government and GEDA were mandated to issue over \$500 million of low-to-non-investment graded bonds in June 2009. At the time, there was no market for large issues in Guam's rating category, as it was difficult for all but the highest quality credits to access the market. After weeks of preparation, aggressive marketing and investor meetings, Guam was able to secure rates and spreads approximately 100 basis points below the expected range. These bond issues opened the door for low-to-non-investment grade and high yield bonds, the market for which was essentially nonexistent for over a year.

Agency Performance

(2) Assisting Local Enterprise

- **Procurement Technical Assistance Center** – Established by the UOG’s Pacific Center for Economic Initiatives, as a partner, GEDA hosts one of two PTAC satellite offices, developed to support local small businesses engaging in federal contracting opportunities.
- **Local Small Business Outreach Program** – To inform the community of GEDA’s financial assistance programs and other local resources, GEDA, in conjunction with the Small Business Development Center, the Procurement Technical Center and NavFac Marianas Small Business Advocate, outreach meetings were held over a three month period, hosting groups such as the Chamorro Village Vendors, Guam Contractors Association, and the Chamorro Artists Association. In FY2009, GEDA approved approximately \$100,000 in small business start-up and expansion loans.
- **Federal Transactions on Guam 2000-2008** – Available on the Agency’s website, investguam.com, GEDA produced a comprehensive report on federal transactions on Guam spanning over the past eight years. The report noted that only seven percent of Guam’s licensed local businesses have been participating in federal transactions.

(3) **Promoting Guam Investment Opportunities** - In the early part of fiscal year 2009, GEDA received the Promotional Award in recognition of its “Guam – Your Business Smart Destination” CD brochure, by the International Economic Development Council.

(4) **Industrial Parks/Real Property Management** - GEDA manages three industrial parks, the E.T. Calvo Memorial park, the Harmon Industrial Park, and the Guam Shipyard. Annual contributions to the island’s economy include an average of about 700 to 1000 jobs, \$41 million in payroll, over \$130 million in gross sales and \$6.7 million in GRT.

Leveraging GEDA’s real property management program, GEDA engaged in a management Memorandum of Understanding with the Guam Ancestral lands Commission, to lease Spanish Crown properties.

(5) **Process Improvement/ Program Compliance** - GEDA administers the government’s Tax Incentive Programs to include Qualifying Certificates, the Guam Raceway Tax Credit, and the Guam Football Association Tax Credit.

- To improve upon the QC program, incepted in 1965, GEDA successfully promulgated legislation P.L. 29-002 that includes a provision amending the section dealing with “Noncompliance with Certificate,” setting out clear timelines to initiate suspension of tax benefits and the revocation process and strengthens GEDA enforcement of the Program.
- GEDA’s Board of Directors authorized the Authority to charge-off \$4.3 million in uncollectible loan balances. These are loans dating back more than 20-years where no additional recourse is left to GEDA as all collateral had been seized and foreclosed on and GEDA successfully sued guarantors who have either settled their liability or filed for bankruptcy.

GEDA also finalized its internal audit of the tax credit programs for the Guam Raceway Park and the Guam Soccer Stadium. In collaboration with the Dept. of Revenue & Taxation, GEDA was able to reconcile tax credits for both programs, and as a result, Guam Soccer Stadium is in full compliance and the Guam Raceway is actively working toward resolving its non-compliance issues.

(6) Small Business Desk

A. **BD&M Client/Investor Contact:**The following table outlines client/investor contacts that were made by the BDM division for the months of January – December 2009. The contacts were established through walk-ins, referrals, or direct communication. Total Loan 32; Total Investor/QC 91 for a Grand Total of 123.

- **Small Business Community Outreach Program:** BD&M has to date conducted three (3) successful “Small Business Community Outreach” seminars in partnership with the SBDC, PTAC and, as of April, new partner NAVFAC Small Business Advisory Office. The seminar has hosted a total of 66 attendees of which 9 have signed up for services and have been interviewed by GEDA’s Small Business Desk and Loan Department.
- **Island Business Opportunities Conference (DOI Hawaii):** The Guam Economic Development Authority coordinated a delegation led by our Governor to attend the 2009 Island Business Opportunities Conference in Honolulu, Hawaii from April 6 thru April 8, 2009. GEDA sent a delegation to attend and to exhibit at the conference. The delegation introduced our island of Guam to a contingent comprised of other insular areas and investors from all over CONUS. The conference led to discussions on the opportunities that exist on Guam in areas ranging from tourism to the military build-up. During the conference, GEDA had a Guam Exhibit area and also hosted a Hospitality Suite. This opportunity was used to promote Guam and to distribute various marketing and promotional materials.
- **International Economic Development Council – Real Estate Development and Reuse Seminar** GEDA is a member of the International Economic Development Council (IEDC). As part of the process for ID Specialist Greg Sablan to become one of GEDA’s Certified Economic Developers, he attended the Real Estate Development and Reuse seminar in New Orleans from April 9-10, 2009. The seminar covered topics from Brownfields to downtown revitalization efforts and how to approach these projects utilizing developer firms and various investment and capitalization tools to include bonds, grants, and investors.
- **Small Business Development: PTAC - Federal Contracting Forum** As part of our local small business development initiatives, GEDA co-sponsored the "Federal Contracting Forum" held on April 27, 2009 at the Guam Hilton Resort & Spa. More than 200 attendees participated in the event, comprised of both local and off-island businesses. BD&M representatives at the event were Industry Development Specialist’s Greg Sablan, Mike Willess, Henry Taitano and Loan Services Specialist Gloria Molo. GEDA developed and designed the event flyer, provided conference packets, inclusive of military build up information compiled, assisted in conference registration, and set up the Guam Industries booth display.
- **Guam Industry Forum III and Guam Contractor’s Association Industry Fair:** GIF III discussed Guam’s infrastructure and the premise that all infrastructure systems will be holistically integrated and upgraded in order to insure the most reliable and affordable systems for all of Guam, civilian and military. Takeaways from the forum are:
 - This is a Guam and Marianas buildup, not just a military buildup.
 - An integrated and well developed island-wide infrastructure system to support Guam’s growth
 - Tremendous opportunities for global businesses to partner with Guam
 - We must leverage United States, Japan, Federal, Guam, DOD, and private sector resources wisely to succeed to our fullest potential.

ID Specialists, Henry Taitano and Greg Sablan attended the Forum. Greg Sablan also attended the Guam Contractor’s Association Industry Fair held April 30th.

B. International Economic Development Council (IEDC) Training and Annual Conference

***Training - IEDC’s Neighborhood Development Strategies:** The seminar focuses on how neighborhood groups and economic development organizations can use economic development facing these neighborhoods and suggests problem-solving approaches to address local needs. It defines the major neighborhood actors, their objectives and strategies for development and establishes a process for creating a strategic development plan to meet the established goals

* **The 2009 IEDC Annual Conference** focused on the following topics:

- i. Renewability
- ii. Resiliency
- iii. Revitalization
- iv. Resourcefulness

(7) Trade Missions

- **Philippine Association of Service Exporters (PASEI) Guam Visit** - GEDA Administrator and Programs & Compliance Manager briefed members of the PASEI delegation during their visit to Guam during the week of April 27th. Investment packets were distributed to all delegates.
- **Philippine Trade Mission - The “Guam Trade Mission” in Manila:** GEDA Board Directors Ricardo Duenas and Arnold Jose, along with Acting Deputy Administrator Christina Garcia and ID Specialist Henry Taitano participated in the seminar that took place on June 30th at the Renaissance Hotel in Manila. The Private Sector led mission successfully made contact with approximately 160 potential investors and made presentations on Guam’s business environment and investment incentives. Key Industries were targeted for one-to-one meetings to further define industry opportunities Medical & Health, Captive Insurance & Financial Services, Film and TV Production, Real Estate, Alternative Energy, Recycling, and Palangenis.
- **Taiwan Trade Mission Taiwan Trade Mission – May 2009:** Governor Felix Camacho was invited by Francisco Ou, Minister of Foreign Affairs for the Republic of China (Taiwan), to lead a delegation to visit Taiwan. The Governor’s office has requested that GEDA representatives join the delegation to support the mission. The purpose of the trip would be to identify more opportunities for trade between Taiwan and Guam. The Guam delegation will be meeting with government officials and business leaders during the mission. The Governor’s office has also requested that GEDA take the lead contacting and coordinating with individuals in the local private sector with interest in Taiwan, prepare a presentation, and provide informational materials about relevant GEDA programs and doing business on Guam. Prepared 100 investor packets that included updated military information provided by Real Property Development, compiled contractors licensing requirements, H2 Visa Program overview, and “Guam Opportunities” presentation.
- **BD Division hosting Townsville Enterprise - Austrade Delegation May 2009:** Townsville Enterprise, the private EDA of Townsville, Australia met with GEDA as part of the Austrade Mission. They will return for an official visit with Mayor of Townsville in October.
- **BD Division hosting Townsville Enterprise and Mayor – AUSTRADE Oct 14, 2009:**
 - ❖ The primary purpose of the visit was an exchange of information as Townsville is very similar to Guam with a population of 180K, largest Australian military presence, in a subtropical climate.
 - ❖ There was an interest expressed in further developing the Guam / Australia business relationship in and out of the fence.
 - ❖ ID Specialist Greg Sablan coordinated with Lisa McDonald, General Manager of Townsville Enterprise Ltd. / Austrade Mission a meeting with the Honorable Les Tyrell, Mayor of Townsville Australia, his entourage of 16 business associates and key Government of Guam officials to include:
 - i. Larry Perez – DPW
 - ii. Brad Dunigan – EPA
 - iii. Andy Balajadia – GPA
 - iv. Dave Dela Sola – DOL
 - v. Tony Blaz and Tina Garcia – GEDA
- **BD Division hosting Taiwan Delegation** - As a result of the trade mission to Taiwan earlier this year, a delegation of construction supply business visited Guam seeking information and to put on a business expo. The BD Division assisted the Taiwan Delegation of Investors in partnership with the TECO Office. The delegation visited Guam from November 22 – 25, 2009. GEDA’s role has been to coordinate meetings with the TECO Office and the Office of the Governor as well as assist in the planning of the Delegation schedule and events.
- **Korea Trade Mission** - GEDA assisted GVB and the Office of the Governor in planning and promoting the Guam Symposium to Korea, which was held on October 20, 2009. GEDA’s role focused on facilitating planning meetings and preparing the Investor Packets that were handed out to Attendees.

(8) Qualifying Certificates

- **Marianas Captive Insurance QC No. 249** - The QC has been signed and is in process. The summary invoice for legal billings related to the process of the application has been submitted to the Beneficiary and the application file will be transmitted to the Programs and Compliance Division.
- **Century Insurance QC** - Domestic Insurance QC application. The packet is pending CRC recommendation.
- **UOG Sports Complex Tax Credit Program** - Pending action from the Office of the Governor on the rules submitted. The Office of the Governor has informed BD that they have asked the OPA and DRT to review the rules for comment before they will take official action.

(9) Marketing and Promotions

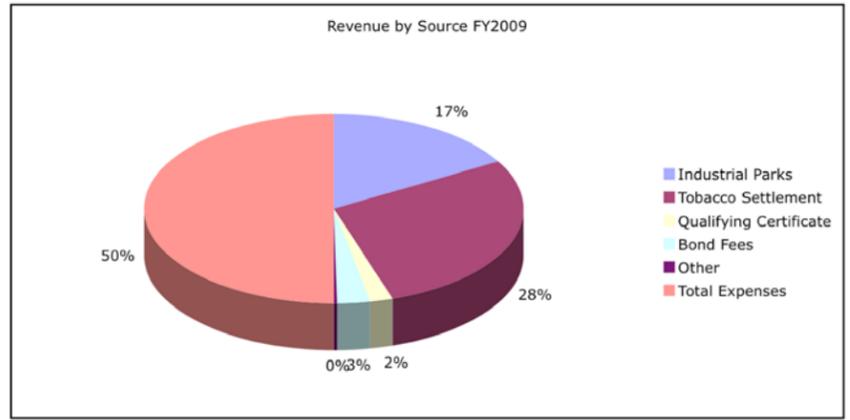
- GEDA web site statistics for investguam.com as of Dec. 31, 2009:

Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
Total	34282	50601	226192	1440760	40.80 GB

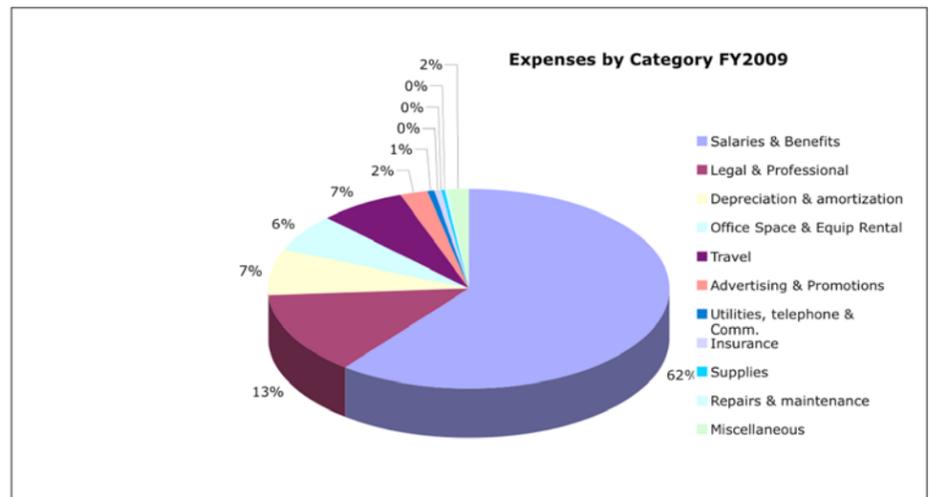
- BD&M Manager attended the Guam Registered Apprenticeship Program (GRAP) Action Planning Meeting as part of the Guam Workforce Investment Board representative on May 5, 2009, held at the Marriott hotel.
- As GEDA’s representative to the Guam Workforce Investment Board, BD&M Manager attended the bi-annual Regional Workforce Development Council Meeting held from 9 am to 4 pm on May 6, 2009, at the Dept. of Labor.
- **UOG Pacific Center for Economic Initiatives** As partners in economic development initiatives, including the compilation of current local economic data, UOG Pacific Center for Economic Initiatives recently released three technical reports on Confidence Surveys done on Consumers and Businesses. UOG has authorized GEDA to utilize and disseminate the information.

(10) Revenue & Expenditures

Revenue by Source	FY2009	FY2008
Industrial Parks	\$1,730,098	\$1,648,994
Tobacco Settlement	\$2,962,973	\$2,788,041
Qualifying Certificate	\$202,782	\$221,766
Bond Fees	\$304,566	\$
Other	\$16,609	\$7,660
Total Expenses	\$5,217,028	\$4,666,461



Expenses by Category	FY2009	FY2008
Salaries & Benefits	\$1,291,962	\$1,237,986
Legal & Professional	\$284,303	\$221,343
Depreciation & amortization	\$156,911	\$207,871
Office Space & Equip Rental	\$130,431	\$137,062
Travel	\$150,111	\$35,883
Advertising & Promotions	\$46,463	\$48,184
Utilities, telephone & Comm.	\$14,384	\$15,650
Insurance	\$10,149	\$8,408
Supplies	\$8,832	\$8,020
Repairs & maintenance	\$1,296	\$1,652
Miscellaneous	\$37,910	\$36,935
Total Expenses	\$2,132,752	\$1,958,994



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

Future Outlook

FY2010 INITIATIVES:

- With Guam’s growth potential expected to reach unprecedented levels over the next several years, in GEDA’s role as central financial manager, GEDA will continue to work with both the Executive and Legislative Branches on implementing deficit reduction and economic development plans to bring GovGuam back to credit positive and provide better quality of life for the people of Guam, as well as maintain support of professional financial services to maintain Guam’s image and participation in the municipal market. (Financings: JFK High School, Land Resources Building Public Facility, GWA Master Plan, GPA Alternative Energy Efficient Programs, Guam Museum)
- GEDA will continue to actively attract new investors, both foreign and domestic to Guam, targeting new and emerging industries. (*Guam Business Opportunities* Investment Forums)
- Continue to work with the military, the U.S. Small Business Administration, the Procurement Technical Assistance Center, and other small business advocates to ensure that local businesses obtain maximum opportunity to participate in military buildup contracts as both prime contractors and subcontractors.
- Through the Economic Development Subcommittee, shift focus to research and promotional activities to help ensure local service companies prepare for service contract opportunities during the post-construction period.
- GEDA will continue its approach of leveraging resources to build local capacity in the form of job creation and fostering entrepreneurial growth, through continued collaboration with the University of Guam, Pacific Center for Economic Initiatives, the Guam Workforce Investment Board, the Chamber of Commerce, and other community development entities.