



The Economic Journal

Citizen Centric Report

Trade Missions Showcase Guam

Regional interest in Guam continues to grow.



Manila (April 2010) Guam delegation meets with key members of the Filipino business community to discuss investments and Guam's expected economic potential and growth.

On April 29, 2010, the Guam delegation met with members of the Rotary Club of Forbes Park at the famous Manila Polo Club. First Lad Joann Camacho was the guest speaker at the event in which she highlighted

business opportunities on Guam and the long-standing relationship amongst Guam and the Philippines (See more inside).



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Guam is "America in Asia"

GEDA FY2010 HIGHLIGHTS

This past year has been filled with great challenges for GEDA and the island as a whole. Although GEDA has a series of broad mandates, GEDA focused on key areas, serving as central financial manager for the Government of Guam, assisting local enterprise while promoting investments of entrepreneurial capital in Guam, along with an internal focus on program compliance, process improvement measures

and leveraging limited resources. With that, the accomplishments and strides achieved have been milestones for both GEDA and Guam overall. In this issue we look at the 2010 highlights of those milestones, overcoming great challenges and a vision to realize great opportunities for the sustainable growth of the island's economy.

**BUSINESS DEVELOPMENT
AND MARKETING DIVISION**

Developing Guam's economy by supporting local enterprise and attracting new investments through incentive programs and industry diversification efforts has been a top priority for GEDA. The following are highlights of projects and promotions overseen by the BD&M Division.

Trade Missions and Events

- **PFA, PASEI and Rotary Club of Forbes Park**
While in Manila GEDA met with representatives of the Philippine Franchise Association (PFA), the Philippine Association of Service Exporters, Inc. (PASEI) and the Rotary Club of Forbes Park. The delegation also represented the People of Guam at the Guam-Typhoon Ondoy Medical Relief Mission Transfer Ceremony. At the meeting with PASEI, the Administrator presented the "Guam Update 2010" to an audience of 125 attendees.
- **Hita Marianas Conference in San Diego**
A GEDA delegation attended the conference to provide information on the Guam Build-up and the programs within GEDA available to investors. At GEDA's request, the Government of Guam's Financial Advisor, Ms. Aulii Limtiaco, also served as a panelist at the conference. GEDA also was an Exhibitor at the conference.
- **OCAJI – The Overseas Construction Association of Japan, Inc.**
A GEDA delegation welcomed the Overseas Construction Association of Japan, Inc. at the Governor's conference room on Monday, July 12th to give a brief overview of Guam's general and financial information, business opportunities and information on the military build. The group consisted of 24 representatives from the construction industry and law firms from Japan looking at the opportunities that are available on Guam.
- **1st Annual TropLinks Symposium**
A GEDA delegation represented the Government of Guam at the 1st Annual TropLinks Symposium in Cairns, Australia from August 22nd - 25th in which a presentation on Guam's economic development and current and future opportunities was given to a group of about 100 participants.
- **Makati Business Meetings**
GEDA set up 2 follow up meetings in Makati for on-going investment concerns to include a meeting with a conglomerate of franchises looking to expand to Guam and with the Philippine Franchise Assoc. (PFA) who has also expressed interest in expanding their territory to Guam.

Other Business and Promotions

- **"Buy Local" Campaign**
GEDA is a member of the Guam Chamber of Commerce Small Business Committee (SBC), partnering to develop a

"Buy Local" initiative. The Buy Local Campaign was launched at the Guam Chamber of Commerce Business Expo I June 1010. In collaboration with UOG, SBDC, VBOC and the Guam Chamber, GEDA will assist with the development of the entire campaign to include an educational component and a marketing component.

- **UOG Outdoor Multi-purpose Sports Complex Tax Credit Program**
GEDA has updated the Rules for the UOG Outdoor Multi-purpose Sports Complex Tax Credit Program based on recommendations from the OPA and the Office of the Governor. Final documents were transferred to the Governor's office on December 17, 2010 for signature.
- **Patchwork Industries**
GEDA has participated in a groundbreaking project for Guam entitled "Estorian Kantan Chamorro". A few years back, the GEDA Board approved "KOTTURA" a movement for the revitalization of Hagatna. Part of the plan was the creation of the "Creative Industries" sector, which consisted of creating a downtown art district. Although the KOTTURA project is on hold, the continued development of society, art and technology have led to the evolution of companies such as Patchwork Industries.
- **Investor Flash Drives**
In the latter part of 2008 GEDA received the Promotional Award in recognition of "Guam – Your Business Smart Destination" CD brochure, by the International Economic Development Council. To continue with the trends in technology, GEDA has introduced "The Investor Drives" that are flash drives that have replaced the CD brochure. The drives are in the shape of the famous Guam Latte Stones that contain a wealth of information to for investors.
- **GEDA Web Site - Statistics as of 12/23/2010**

Number of visits	Hits
40,562	1,363,939

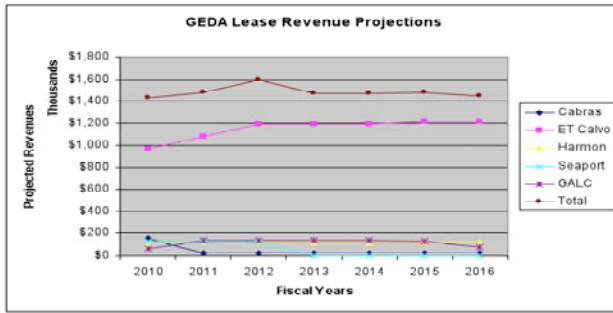
REAL PROPERTY DIVISION

GEDA manages three (3) industrial parks,

- E.T. Calvo Memorial Park,
- Harmon Industrial Park, and
- Seaport Industrial Park (Guam Shipyard and Guam United Warehouse)

These parks generate an average of about 700 to 1000 jobs annually, \$20 million in payroll, over \$70 million in gross sales and \$2 million in GRT. As the main source of GEDA's operating revenues, the industrial parks generated approximately \$1.4 million in lease revenues for FY2010.

Leveraging GEDA's real property management program, GEDA engaged in a management Memorandum of Understanding with the Guam Ancestral Lands Commission, to manage leases on Spanish Crown properties. GEDA is



currently looking into similar management agreements with other GovGuam agencies with land inventory that could generate lease revenues at fair market value rates.

- On November 23, 2010, GEDA and the GWA secured a \$156.3MM bond financing to fund GWA’s Moratorium Projects and other Master Plan Projects.

Guam Power Authority (GPA). In June 2010, GEDA worked with GPA in the issuance of the GPA \$206MM Revenue Bonds.

John F. Kennedy High School (JFK). In August 2010, GEDA and GovGuam issued a \$66.7MM Certificate of Participation Series 2010 (JFK High School) for the demolition and construction of a new high school at the Tumon site.

Feb 12, 2011 Precast Erection Phases 2, 3 & 4; Gym Walls erected, Precast Production Ongoing, U/G Utilities Ongoing



△ **Matson** development on property managed by GEDA’s RPD Division

In support of small business initiatives, the following were accomplished:

- GEDA obtained a commitment by the Navy to secure up to \$1 billion in small business contracts over the next 5 years.
- GEDA produced and released in FY 2010 a comprehensive report on federal transactions on Guam spanning the past eight years which can be found on GEDA’s website.

FINANCIAL HIGHLIGHTS

FINANCIAL SERVICES

Mandated to serve as the Central Financial Manager for the Government of Guam, accomplishments in the last year include the following:

Guam Waterworks Authority (GWA)

- On October 07, 2009, Fitch Ratings affirmed the *GWA BB rating on with a stable outlook.*
- On December 07, 2009, Moody’s Investment Services affirmed *GWA’s Ba2 rating with a stable outlook.*
- In June 2010, GEDA secured a \$30MM loan for the GWA with the Bank of Guam.

PROCESS IMPROVEMENT & PROGRAM COMPLIANCE

QC Revocation. In FY 2010 GEDA identified six (6) non-compliant QC Beneficiaries and was able to successfully revoke two (2), and prompted two (2) to come into full compliance with their QC. GEDA will continue to pursue revocation of the remaining two (2) QC’s for FY 2011.

Cash Contributions Due Diligence. Recognizing that there were long standing due diligence and accountability issues regarding the expenditures of cash contributions remitted by QC Beneficiaries to third party benefactors, GEDA developed a procedure for monitoring cash contributions.

Reconciliation of Tax Credits Program. To ensure that the tax credits granted under P. L. 30-37 were used as intended for as lease payments for the temporary JFK campus, GEDA worked closely with the Department of Revenue and Taxation to monitor draw downs of Tax Credits under this program and were reconciled to the exact amounts authorized by the public laws.

LOANS

The loan department is focusing in assisting our small business through a number of program updates as follows:

- Continue the focus on outreach programs and work hand in hand with Small Business Development Center;
- Continue work on streamlining the processing time;
- Minimize fees for applicants;

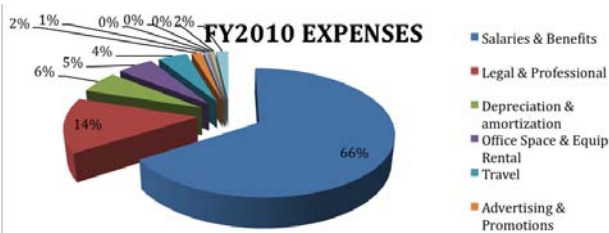
- Amend existing loan eligibility criteria to be more customer friendly; and
- Work towards fully automating the Loan Accounting System.

- **Healthcare**
- **Housing**
- **Military Buildup**
- **Environmental & Natural Resources**
- **Comprehensive Economic Development Strategy (CEDS)**

GEDA FINANCIALS
Revenue and Expenditures

Revenue by Source	FY2010	FY2009
Industrial Parks	\$ 1,327,092	\$ 1,730,098
Tobacco Settlement	\$ 2,518,458	\$ 2,962,973
Qualifying Certificate	\$ 432,291	\$ 202,782
Bond Fees	\$ 559,594	\$ 304,566
Other	\$ 78,000	\$ 16,609
Total Revenue	\$ 4,915,435	\$ 5,217,028

Expenses by Category	FY2010	FY2009
Salaries & Benefits	\$ 1,597,571	\$ 1,291,962
Legal & Professional	\$ 341,802	\$ 284,303
Depreciation & amortization	\$ 140,766	\$ 156,911
Office Space & Equip Rental	\$ 128,351	\$ 130,431
Travel	\$ 104,412	\$ 150,111
Advertising & Promotions	\$ 35,766	\$ 46,463
Utilities, telephone & Comm.	\$ 14,013	\$ 14,384
Insurance	\$ 5,983	\$ 10,149
Supplies	\$ 10,325	\$ 8,832
Repairs & maintenance	\$ 1,822	\$ 1,296
Miscellaneous	\$ 44,233	\$ 37,910
Total Expenses	\$ 2,425,044	\$ 2,132,752



FY2011 INITIATIVES AND ECONOMIC OUTLOOK

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 Branch 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.

Top initiatives for business and economic development include the following:

Public Finance projects going forward include:

- **Department of Public Works.** DPW seeking the issuance of Grant Anticipation Revenue Vehicles (GARVEE) bonds to assist in financing the needs identified in the 2030 Guam Transportation Plan.
- **Department of Land Management.** DLM to finance up to \$15.8MM for the construction for a new Land Resources Public Facility.
- **Government of Guam Hotel Occupancy Tax Bonds.** As mandated by Public Law 30-228 to refinance the 1997 Tourist Attraction Fund Bonds for the construction of a Guam Museum (\$27MM) and for the improvement of sites that benefit the Guam Tourism Industry (\$41.5MM). Bond Closing slated for April 2011.
- **Guam Power Authority.** GEDA will work with the GPA in identifying financing options that will provide for new alternative energy efficient power plants.

With the anticipated growth that may occur over the next several years, GEDA will continue its efforts to meet its mission of fostering sustainable economic growth through its programs, services and key initiatives, GEDA will also continue improving upon internal processes and procedures, monitoring and compliance, and customer service.

GEDA MISSION

“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 (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 financial services, business and investment assistance and incentive programs, and real property management.



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