



Citizen Centric Report Fiscal Year 2011

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## What's Hot



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Guam is the place for your future investments. We invite you to partner and team with our strong business community to grow

Guam into a sustainable island community and to work with us to achieve the "Guamanian Dream!"

Si Yu'os Ma'ase!  
Karl A. Pangelinan

## The Year in Review

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. This reports showcases highlights of those milestones, overcoming great challenges and a vision to realize great opportunities for the sustainable growth of the island's economy.

## GEDA – What We Do

The mission of the Guam Economic Development Authority, *Aturidat Inadilanton Ikunumihan Guahan* (GEDA), 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 (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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# INITIATIVES IN PROGRESS

## Business Development

**Trade Missions/Seminars:** GEDA assisted in the promotion of the Administration's Economic Development Initiatives by coordinating and attending Trade Missions and Local Seminars. *(Please see table for info).*

**Qualifying Certificates (QC):** The QC was conceived in 1965 as an economic tool to strengthen the island economy. It provides tax incentives to investors to assist with mitigating risks. *(Please see table for inquiries).*

**National Export Initiative (NEI) - \$135,927 U.S. SBA State Trade and Export Program (STEP) Grant:** In pursuit of President Obama's NEI, GEDA applied and was awarded a STEP grant in the amount of \$135, 927 to assist in the promotion of local companies in becoming engaged in exporting.

**Agriculture Industry:** To further develop Guam's Agriculture Industry through organization and expansion of current resources and the introduction of new technology, GEDA has been working with the Guam Farmer's Cooperative on their plans for a new facility in Dededo. Additionally, GEDA has been working to find a permanent location for the USDA Heat Treatment facility, which will allow for agricultural products to be inspected and treated prior to exporting.

**Sports Tourism - UOG Sports Complex Tax Credit January 26, 2011:** P.L. 27-130 provides for the issuance of \$1 million in tax credits for A&E design and construction of the first phase of the University of Guam's Sports Complex project. GEDA is the administer of this Tax Credit program.

**Film Industry – The Development of a Film Commission:** GEDA assisted Senator Tina Muna-Barnes and film industry representatives in securing the passage of PL 31-159, which establishes the Guam Film Office within GEDA. GEDA was also a sponsor of the Guam International Film Festival.



Taiwan Trade Mission



Grow Guam (hydroponic farm)

## Financial Services

Accomplishments in FY2011 include the following:

- **Guam Waterworks Authority (GWA) \$156.4 M bond financing (November 2010)** - On November 23, 2010, GEDA and the GWA closed on a \$156.3 million bond financing to assist in GWA's Moratorium Project list and other GWA Master Plan Projects.
- **Guam Memorial Hospital Authority Loan (February 2011)** - Pursuant to Public Laws 30-200 and 30-235, GEDA and Guam Memorial Hospital Authority secured a \$12M loan to finance past due vendor payments.
- **Government of Guam Hotel Occupancy Tax (HOT) Revenue Bonds (April 2011)** - Successfully closed the \$90 million Hotel Occupancy Tax Revenue Bonds in April 2011, issued to construct a new Guam Museum and for other projects that benefit Guam's tourism industry.
- **Standard & Poor's (S&P) Review of GovGuam's General Obligation (April 2011)** - S&P conducted its annual review of the General Obligation bonds (GO bonds) and the 2010 A Certificate of Participation (John F. Kennedy High School Project); S&P affirmed the GO rating at "B+/Stable Outlook" and the COP's rating at "B/Stable."
- **Introduction to Municipal Bonds Seminar (May 2011)** - GEDA conducted its 3<sup>rd</sup> annual *Introduction to Municipal Bonds Seminar* (May 2, 2011).

**LOANS:** GEDA issued a total of \$308,500 in GDFA Direct/Micro Loans for small businesses throughout the island.

## Real Property

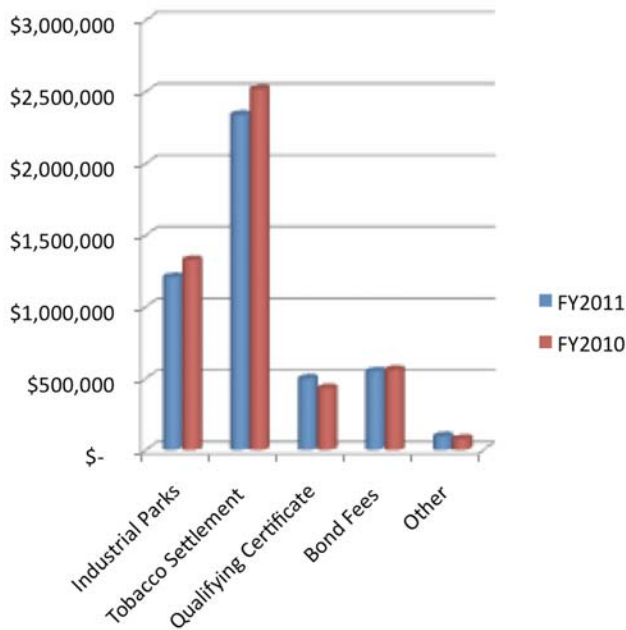
GEDA manages three industrial parks, the E.T. Calvo Memorial Park, the Harmon Industrial Park, and the Guam Shipyard generating an average of about 700 to 1000 jobs annually, \$41.0 million in payroll, over \$130.0 million in gross sales and \$6.7 million in GRT. As the main source of GEDA's operating budget, the industrial parks generated approximately \$1.4 million in lease revenues for FY2010 and FY2011. In an effort to generate additional revenues for the Authority as a result of losing the Cabras Island Leases to the Port Authority of Guam in 2009, GEDA purchased certain improvements in FY2010, which are situated within the E.T. Calvo Memorial Park at a combined cost of \$500K. As a result of this purchase, the Authority anticipates a substantial increase in annual lease rents collected by some \$180,000, well above the previous lease arrangements whereby the Authority collected only \$68,000 per annum from these two subleases.

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. For the period October 2007 to September 23, 2011, GEDA collected over \$1.2 million in ground lease rents and participation rents of which \$1,064,464.95 was remitted to GALC while \$180,199.68 was retained by GEDA as provided for in the MOU. 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.

| Trade Missions & Seminars                   |                |              |
|---|----------------|--------------|
| Event                                       | Industry       | Location     |
| Guam Investment Conference                  | Construction   | Honolulu, HI |
| Austrade                                    | Multi-Industry | Guam         |
| Taiwan Construction Mission II              | Construction   | Guam         |
| National Governor's Association Conference  | Energy         | Phoenix, AZ  |
| American Health Insurance Policy Conference | Medical        | San Fran, CA |
| Pacific Island Private Sector Organization  | Multi-Industry | Fiji         |
| Japan Trade Mission                         | Multi-Industry | Japan        |
| Franchise Asia                              | Multi-Industry | Manila, PI   |

| FISCAL YEAR 2011 |          |            |            |
|------------------|----------|------------|------------|
| Month            | Loans    | QC         | Total      |
| Oct. 2010        | 0        | 11         | 11         |
| Nov. 2010        | 0        | 10         | 10         |
| Dec. 2010        | 0        | 8          | 8          |
| Jan. 2011        | 0        | 7          | 7          |
| Feb. 2011        | 0        | 10         | 10         |
| Mar. 2011        | 1        | 20         | 21         |
| Apr. 2011        | 0        | 10         | 10         |
| May-11           | 0        | 5          | 5          |
| Jun. 2011        | 1        | 11         | 12         |
| Jul. 2011        | 0        | 9          | 9          |
| Aug. 2011        | 1        | 12         | 13         |
| Sept. 2011       | 1        | 9          | 10         |
| <b>Total</b>     | <b>4</b> | <b>122</b> | <b>126</b> |

# FINANCES

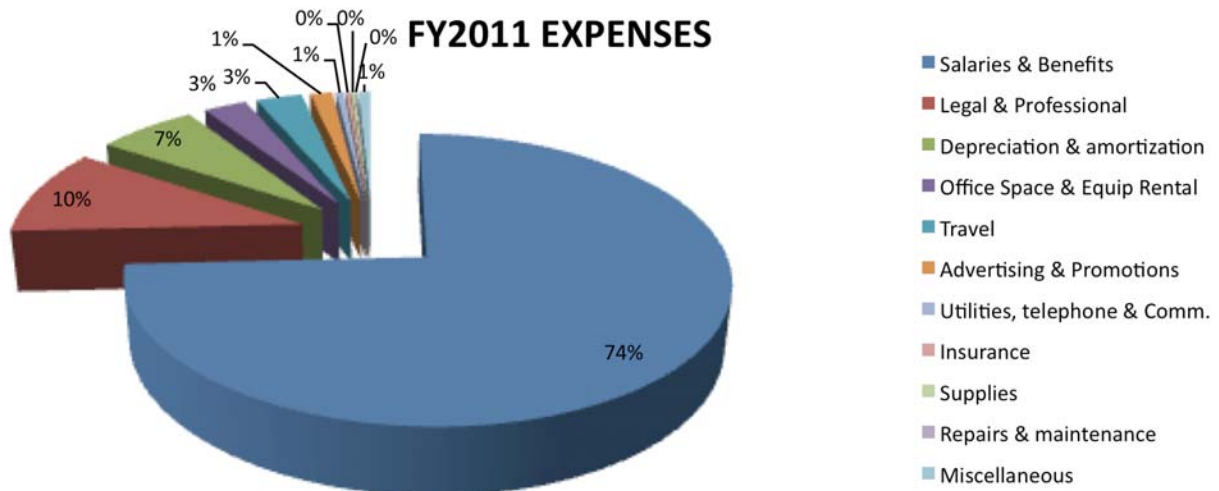


| <u>Revenue by Source</u> | <u>FY2011</u>       | <u>FY2010</u>       |
|--------------------------|---------------------|---------------------|
| Industrial Parks         | \$ 1,207,979        | \$ 1,327,092        |
| Tobacco Settlement       | \$ 2,341,023        | \$ 2,518,458        |
| Qualifying Certificate   | \$ 499,181          | \$ 432,291          |
| Bond Fees                | \$ 549,064          | \$ 559,594          |
| Other                    | \$ 96,888           | \$ 78,000           |
| <b>Total Revenue</b>     | <b>\$ 4,694,135</b> | <b>\$ 4,915,435</b> |

\*\*Total reflects G.E.D.A. General Fund

| <u>Expenses by Category</u>  | <u>FY2011</u>       | <u>FY2010</u>       |
|------------------------------|---------------------|---------------------|
| Salaries & Benefits          | \$ 2,014,232        | \$ 1,597,571        |
| Legal & Professional         | \$ 273,534          | \$ 341,802          |
| Depreciation & amortization  | \$ 176,228          | \$ 140,766          |
| Office Space & Equip Rental  | \$ 76,677           | \$ 128,351          |
| Travel                       | \$ 81,758           | \$ 104,412          |
| Advertising & Promotions     | \$ 39,193           | \$ 35,766           |
| Utilities, telephone & Comm. | \$ 14,277           | \$ 14,013           |
| Insurance                    | \$ 7,962            | \$ 5,983            |
| Supplies                     | \$ 6,653            | \$ 10,325           |
| Repairs & maintenance        | \$ 2,110            | \$ 1,822            |
| Miscellaneous                | \$ 21,654           | \$ 44,233           |
| <b>Total Expenses</b>        | <b>\$ 2,714,278</b> | <b>\$ 2,425,044</b> |

\*\*Total reflects G.E.D.A. General Fund



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



# MOVING FORWARD

## FY2012 Initiatives and Economic

### BUSINESS DEVELOPMENT AND MARKETING

**U.S. SBA STEP Grant Awarded to GEDA:** The Guam Economic Development Authority recently was awarded a federal grant in the amount of \$135,927 from the U.S. Small Business Administration (SBA). Grant No. SBAHQ-11-IT-0035. The Program, authorized by the Small Business Jobs Act of 2010, is a 3-year trade and export promotion pilot initiative to make matching-fund grants for states to assist eligible small business concerns.

**EB-5:** GEDA has entered into an MOU with the Guam Strategic Development Regional Distribution (GSDRC). The entities agree to work together to assist and promote the immigrant investor visa program (EB-5).

**GEDA Building:** GEDA has currently submitted an application to USDA for financing of its own office building. The vision is to have a state of the art structure that is lead certified and will create equity for the Government of Guam. Current rents for GEDA offices monthly is equivalent to a loan of \$4.5 million dollars.

#### Others:

- GEDA will organize the Guam Film Advisory Council to create the Rules, Regulations and Fees
- GEDA is currently developing Phase II of its Buy Local Campaign.
- Support the Administration's effort to embark upon Economic Trade Missions in Okinawa, Taiwan and Korea.
- Provide assistance to the Governor's Affordable Housing Coordinating Council.
- Work intently with GVB to pursue economic opportunities in the Russian Market
- Work with GVB in developing a strategy to establish a business development presence in China.

### PUBLIC FINANCE

#### Government of Guam – \$343M Business Privilege Tax Bonds (BPT) bonds

Pursuant to Public Law 31-76 GEDA assisted the Government in closing the \$235M BPT Bonds, Series 2011A to pay tax refunds and for the COLA settlement. A second bond of \$108M will be issued mid year 2012 to cover Retirement payments and to pay outstanding tax refunds.

**Public School Financing – Guam Department of Education:** As part of the Governor's Educational Learning Task Force, GEDA will be researching creative financing options to fund improvements in light of GovGuam's limited debt borrowing capacity.

**Affordable Housing:** GEDA will actively promote affordable housing through its Private Activity Bond program in which developers will be able to access tax exempt financing when developing affordable housing projects.

**Department of Land Management (DLM) Land Resources Building Financing:** GEDA is working with DLM to secure \$15.8M for a new Land Resources Building as authorized by PL 29-135.

**Guam Anticipated Revenue Vehicle (GARVEE) Bond Financing:** GEDA is working closely with DPW to secure a GARVEE Bond to be securitized with annual Federal Highway Grant funds.

**University of Guam (UOG) and Guam Community College (GCC):** GEDA working with UOG and GCC to secure funds under Public Law 30-201 for campus CIP projects.

**Guam International Airport Authority (GIAA) Energy Efficiency Financing:** GEDA is working with GIAA to secure up to \$11.9 M to fund vitally needed upgrades to its facilities to realize energy efficiency in its facilities.

## SOME OF OUR ECONOMIC PARTNERS

