Governor
Eddie Baza Calvo

Business Opportunities on Guam
March 17th - 21st, 2013
Vietnam
Introduction
Guam – “America in Asia”

- 212 square miles (30 miles long by 4 to 9 miles wide)
- Largest island in Micronesia
- Westernmost territory of the United States in close proximity to major Asian cities
- Strategic U.S. military post in the Western Pacific

- Guam citizens are U.S. citizens
- Population of 159,358 as of 2010 Census
- Sovereign entity generally subject to U.S. law (sovereign immunity waived for bonds)
- All bond issuance is centralized through the Guam Economic Development Authority (GEDA)
Guam is an unincorporated, organized territory of the United States. It is "unincorporated" because not all provisions of the U.S. Constitution apply to the territory.

Like Puerto Rico and the USVI, Guam is an "organized" territory because Congress provided it with the Organic Act of 1950, which serves as Guam’s constitution.

Local governance provided by an elected Governor and Lieutenant Governor and 15 Senators and an appointed judicial branch. Guam also has an elected, non-voting representative to Congress (currently the Honorable Madeleine Z. Bordallo).

Guam is within the jurisdiction of the U.S. 9th Circuit Court of Appeals and the U.S. Supreme Court.

Guam’s Tax Code mirrors the Internal Revenue Code, but is paid to Guam instead of the U.S. Treasury.

The Government of Guam is the only taxing authority on Guam. There are no overlapping taxing districts or authorities.

Guam’s bonds are triple-tax exempt in all U.S. states and territories.
Guam’s Economy
Overview of Guam’s Economy

Guam’s GDP grew during the recent U.S. recession

Guam’s median household income compares favorably with other U.S. jurisdictions

Tourism, retail and construction businesses are the largest private employers

Source: Moody’s Analytics, April 2011

Source: U.S. Department of Commerce, Bureau of Economic Analysis, September 2011


Source: Guam Department of Labor, December 2011
Guam Business Opportunities

Tourism

U.S. Government & Military

Economic Development
Guam is an attractive tourist destination, particularly for Asian tourists due to its proximity and low cost

- Beaches and Resorts
- Golf
- Shopping
- Rich Cultural History

More than 1 million tourists annually

Existing hotel inventory of almost 8,000 rooms and includes notable hotel operators

2011 Highlights

- Visitor arrivals increased by 10% from 2009
- Hotel occupancy rates have steadily increased, 72% in 2011
- Average room rates rose 11% from 2010
- Minimal effects of Japan disasters
- Increase in visitors from Korea, Taiwan, and China

*Visa Waiver for Russian visitors* granted by Dept. of Homeland Security on *January 15, 2012*
Tourism

- Over 70% of Guam’s visitors originate from Japan
- Growth markets include Korea, China, Taiwan, Hong Kong and Russia
- Seeking China visa waiver – expect decision this year (could increase visitors by hundreds of thousands annually)
- Visitor industry diversification efforts – marketing focused on:
  - Longer length of stay, more family oriented travel, and shorter distance of travel for elderly and retired
  - Returning visitors (greater spending due to more independence and less likelihood of buying “package deals”)
  - Meeting, Incentive and Conference markets (MICE) - more disposable income and helps occupancy during slow periods
  - New visitors from Russian markets

2011 Visitor Arrivals by Market

![Pie chart showing visitor arrivals by market]

- Japan: 72%
- Korea: 13%
- USA: 5%
- Other: 6%
- Taiwan: 4%
Guam is strategically positioned to serve as a staging base and operating location for mobilizing U.S. military forces and equipment within Asia and the Western Pacific.

“Those are the areas where we see the greatest challenges for the future. The U.S. military will increase its institutional weight and focus on enhanced presence, power projection, and deterrence in Asia-Pacific. This region is growing in importance to the future of the United States in terms of our economy and our national security. This means, for instance, improving capabilities that maintain our military's technological edge and freedom of action.”

– Leon Panetta, Secretary of Defense, January 5, 2012
U.S. Military Activity

- U.S. Navy and Air Force bases occupy nearly 29% of the island’s land mass
- Federal property available for additional military forces, missions, and personnel
- Nearly 17,000 direct and indirect military personnel living on Guam
  - 6,400 active duty personnel and approximately 7,000 dependents
- In addition, 3,600 Federal civilian employees also live on the Island
Business Opportunities

Economic Development Plan will Create Foundations for Economic Diversity and Stability

- Objectives
  - Increasing revenue base
  - Strengthening primary pillars of Guam’s economy
    - Tourism and the Military
      - Invigorate Tourism
      - Promote Military Buildup
    - Further development of a third pillar uncorrelated to tourism or the military
      - Take advantage of Guam’s regional geographic advantages
      - New and emerging industry opportunities
      - Diversification of the economy
Business Opportunities

- **Regional Distribution Center**
  Utilizing bonded warehousing on Guam as a consolidation and customs clearance center

- **Regional Recycling Center**
  A hub for collection and transshipment of recyclable materials in the region

- **Healthcare & Medical Education Tourism**
  To further develop and expand medical initiatives to include increased service and capacities

- **Hagatna Revitalization**
  Committed to reinvesting and revitalizing Hagatna for commerce, culture and government

- **Light Manufacturing**
  Domestic manufacturing of construction materials

- **Construction and Support Services**
  MilCon projects - Demand for construction professionals, specialist and manpower

- **Eco and Sports Tourism**
  Enhance the tourism market by providing expansion into other activities

- **Film, Video, Commercials**
  Regional venue for television and commercial film production for Asian producers
Affordable Housing Opportunities

- Effectuate the development of affordable housing.

- Encourage Mixed Income Sustainable Communities with Transportation Hubs

- Address both the Demand Side and the Supply Side

- Collaborate or partner with developers to effectuate our goal

GUMA’ TRANKILIDAT, TUMON GUAM

- Elderly and Persons with Disabilities
- 50-units, 1-bedroom, rental housing development
- Constructed in the late 1960s
### PARTNERSHIP POTENTIAL, PUBLIC LANDS

<table>
<thead>
<tr>
<th>Source</th>
<th>Size</th>
<th>Development Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Agencies</td>
<td>599.5+ acres</td>
<td>2,750 units</td>
</tr>
<tr>
<td>Housing Agencies</td>
<td>166.5 acres</td>
<td>981 units</td>
</tr>
</tbody>
</table>

Land Agencies – Department of Land Management (DLM), Chamorro Land Trust Commission (CLTC), and Guam Ancestral Lands Commission (GALC)

Housing Agencies – Guam Housing and Urban Renewal Authority (GHURA) and the Guam Housing Corporation (GHC)
## Affordable Housing Opportunities

### Financing leveraging resources

<table>
<thead>
<tr>
<th>Source</th>
<th>Annual Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Funds Source: U.S. Dept. of Housing and Urban Development</strong></td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant (CDBG) Program</td>
<td>$3M</td>
</tr>
<tr>
<td>HOME Investment Partnership Grant (HOME) Program</td>
<td>$700,000</td>
</tr>
<tr>
<td><strong>Federal Funds Source: U.S. Internal Revenue Service</strong></td>
<td></td>
</tr>
<tr>
<td>Low Income Housing Tax Credit Program (LIHTC)</td>
<td>$2.4M in credits to generate $20.5M in development financing.</td>
</tr>
</tbody>
</table>

Source: Guam Housing and Urban Renewal Authority
Guam International Airport Authority
Guam International Airport Authority

Quick Overview

• Largest airport in Micronesia

  • Over 2.5 Million passenger movements annually

  • Over 1.7 million in direct, indirect or induced revenue

  • $326 million in revenue from supply industries

  • Provides services to 22 destinations including Japan, Korea, Taiwan, China, Australia, Fiji, Philippines, Palau, Indonesia, FSM, & CNMI

  • 20,440 jobs due to Airport and Tourism-related activities

  • 628 million to public and private payrolls annually
Guam International Airport Authority
CIPs & Opportunities

• $500 Million investment in Airport facility
• Aggressive CIP Program
  • Runway Extension & Rehabilitation
  • Terminal Systems and Amenities
  • Roadway System
  • Utility Infrastructure
  • Security Enhancements
Guam International Airport Authority
Investments, Improvements, Incentives

- Development of Airport properties for new support facilities
- Efforts to expand Air Services

Key Projects
- Update Master Plan
- GIS Survey
- Facility Upgrades
- Site Development
- ARFF Facility
- Demolition
Guam International Airport Authority
Air Services

- Passenger Airlines
  - United Airlines
  - Delta Air Lines
  - Philippine Airlines
  - Korean Air
  - Japan Airlines
  - Jin Air
  - China Airlines
  - EVA Air

- Cargo Airlines
  - UPS
  - FedEx
Guam International Airport Authority
A Strong Present & Promising Future

- Guam is a World-class destination
- Won Pat International is a World-class Airport
- Guam is the gateway to Micronesia, Asia and the U.S.
- Our Airport is the largest and most modern facility in the Western Pacific with State-of-the-Art navigational instruments and excellent airfield maintenance
- We’re constantly working to improve the safety and security for the traveling public
- Guam’s at the doorstep of a prosperous economic period, fueled by a re-surfing tourism industry and long-term military expansion
Guam Power Authority

- **Sole provider of power** to the island’s residents
- Vertically integrated electric utility that provides service to 47,826 customers
- **Experienced management and staff**
- Governed by the elected, five-member Consolidated Commission on Utilities (CCU) & regulated by the Guam Public Utilities Commission (PUC), which sets electric rates
- Issuance Plans - $60 million refunding in process and various CIP needs to be funded within next two years
<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart Grid Technology (50% Bond, 50% Grant)</td>
<td>$34 million</td>
</tr>
<tr>
<td>Generation Improvements</td>
<td>$26 million</td>
</tr>
<tr>
<td>T&amp;D Improvements</td>
<td>$43 million</td>
</tr>
<tr>
<td>GPA/GWA Consolidated Facility</td>
<td>$35 million</td>
</tr>
<tr>
<td>Renewables</td>
<td>$200 million</td>
</tr>
</tbody>
</table>

**Projects will be completed by 2015**
Guam Waterworks Authority

- **Sole provider of water and sewer** to the island’s residents
- Provides service to 40,800 customers
- **Experienced management and staff**
- Governed by the elected, five-member Consolidated Commission on Utilities (CCU) & regulated by the Guam Public Utilities Commission (PUC), which sets water rates
- $70 million in fully funded approved projects
The U.S. Department of Transportation allocates $18.4 million annually to the Government of Guam to plan, design, construct and maintain improvements to Guam’s designated Territorial Highway System.

2030 Transportation Plan

Guam’s long-term multi-modal transportation improvement strategy

Includes evaluation of existing conditions, community outreach, travel demand modeling, effects of the military expansion, identification of improvement projects and strategies for implementation.

Guam is seeking to issue one or more series of GARVEEs in an aggregate principal amount not exceed $75 Million for the purpose of implementing Capital Improvement Highway Projects described in the 2030 Plan.
The Oka Point Property is located in the Municipality of Tamuning, containing an area of approximately 47 acres, fronting secondary road with water, sewer and power on subject property and directly across one of the elite subdivision on Guam (Perezville). It is one minute from the only Government Memorial Hospital (GMH). As you can see this property is surrounded by the Philippine Sea with the most majestic views; rolling hills, pristine coastline views; two (2) minutes from the hotels known as the “Waikiki of Guam.”
Tract No. 9210, located in the Municipality of Yigo (the fastest growing municipality in Guam), this is an approved government subdivision containing 450 quarter acre lots; with an area of approximately 929+/-square meters or 10,000 square feet per lot. The subdivision is adjacent, abutting U. S. Air Force Base; access is fronting Marine Corps Drive, the busiest route on Guam. Infrastructure is anywhere from 100’ (water @ six inch line) to 1,000 feet (eight inch sewer line) away but power lines are on most of the subject property. This subdivision is unique because the basic lot is zoned agriculture (will need two lots with an area of 1,858 square meters+/-) but the approved subdivision survey is for residential (provided sewer lines are installed or imbedded.)
Lot No. 5376-NEW-7, located in the Municipality of Mangilao, containing an area of approximately 5,995+/- square meters or 64,529 square feet or 1.5 acres, fronting secondary road (George Washington High School Road) with water, sewer and power on subject property and directly across George Washington High School’s track and field. The subject property is zoned R2, multi-family dwelling and if you build vertically you can build fifty (50) condominium units; as allowed by the zoning law.

The property is one (1) minute from Guam Community College and about three (3) minutes from University of Guam. Also, other government departments within fifteen minutes include Department of Agriculture, Department of Public Health and Social Services, Department of Youth Affairs, Department of Correction, major grocer, restaurants, many small retail stores, laundromats, and apartment and condominium units. Other schools accessible in less than ten (10) minutes include Price Elementary School, Father Duenas High School and Infant of Prague and many nurseries. Obviously, this area is the educational center/area of Guam, starting from nursery, elementary, high school to community college and then up to the university.
Lot No. 7054-R4, located in the Municipality of Yigo (the fastest growing municipality in Guam), containing an area of approximately 60,449+/- square meters or 650,550+/- square feet or about 15 acres. This lot is complete with water, sewer and power on site and fronts “Marine Corps Drive,” again the most traveled route on Guam. The uniqueness of this lot is endless possibility to master plan the highest and best use. It can be vertical, cluster development or a village/community concept with mixed uses. It is currently zoned agriculture but can be rezoned for single family, multi-family, commercial or industrial.
Lot A-1-1-1, located in the Municipality of Piti

This 95,000 square foot property is available for development. The owners of the property are seeking investors who are interested in developing the property for optional tour operation, real estate or agricultural development. This property overlooks Hagatna, Guam’s capital. The current zoning for this property is agricultural and designated "A" Rural Zone which permits single family dwellings, duplexes, farming, and allows for the permitting of a swimming pool. The owners of the property are looking at leasing the property at its highest and best use. Price determination will be dependent on this criterion.
Conclusion
Useful Guam Websites

Economic Information
- GEDA: www.investguam.com
- Guam Chamber of Commerce: www.guamchamber.com.gu

Visitor Industry
- Guam Visitor’s Bureau: www.visitguam.org
- Guam Hotel & Restaurant Association: www.ghra.com

Financial Information
- Government of Guam: www.admin.gov.gu
- Office of the Public Auditor: www.guamopa.com

Guam Autonomous Agency Issuers
- Guam Power Authority: www.guampowerauthority.com
- Guam International Airport Authority: www.guamairport.com
- Guam Waterworks Authority: www.guamwaterworks.org
- GARVEE’s www.guamtransportationprogram.com
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