



REGULAR BOARD OF DIRECTORS MEETING MINUTES

Thursday, July 23, 2020, at 1:30 p.m.

TELECONFERENCE - GoToMeeting

(<https://global.gotomeeting.com/join/269152341>)

I. CALL TO ORDER

- A quorum being present, the meeting was called to order at 1:30 p.m. by Chairman Ada.

II. ROLL CALL

III. MINUTES OF THE PREVIOUS MEETING

EXHIBIT A

Director Shimizu made a motion, seconded by Director Kloppenburg, to approve the minutes of the previous Board of Directors meeting July 9, 2020, subject to minor corrections. **Motion Approved.**

IV. CHAIRMAN'S REPORT

- Commended United Airlines and the GIAA for their efforts in the safety simulation walkthrough.
- Chairman Ada, along with Directors Camacho, Quinata, Gatewood, met with the Guam Chamber of Commerce (GCOC) to discuss how Guam may be able to attract US companies based out of Hong Kong. GCOC is in active pursuit of this and GVB to play a supporting role.
- Met with Senator San Agustin for a preliminary discussion on the FY2021 Budget.
- The updated COVID-19 testing and results recorded no hospitalization.
- Director Shinohara pointed out that 5,000 plus passengers passed through Customs Border Patrol's Hall pre-COVID. Today, their daily average is less than ten customers a day. These customers are contributors to the TAF and GRT.
- Director Shinohara shared that 100% of the team that runs the Ambassador program for GIAA and GVB is currently on furlough.
- President & CEO, Governor Gutierrez, reached out to the Tan family relative to the Hong Kong initiative. Willy and Henry Tan are on Board and have assigned a staff member to work with our staff from GEDA, Mr. Jeff Marchesseault, and Ed Camacho.

V. PRESIDENT & CEO'S REPORT

Contributions

- Guam Nikkei Association's 6th Annual Proa Lantern Floating Ceremony set for Sept. 12, 2020. GVB approved a \$500 contribution to continue the tradition.

Preliminary FY2021 Budget Meeting

- Chairman Ada, President & CEO, Governor Gutierrez, Vice President Dr. Perez, and Director of Finance, Villanueva, met with Senators San Agustin and Therese Terlaje. The discussion surrounded the TAF and its use to fund half of Government agencies. GVB is the jump starter to Guam's economy, an agency that should not be shortchanged.
- Governor Leon Guerrero agreed that the TAF should run on a percentage basis. Estimated seven million TAF dollars should be taken annually to retire the bond. The remaining 80% automatically goes to GVB for the budgeting process. Both senators agreed to an excellent idea.
- Governor Leon Guerrero agreed to wean departments away from the TAF and have them funded by the general fund.

VI. VICE PRESIDENT'S REPORT

Best News to date:

- PCOR3 – Slowly migrating to normalized activity
- Health safety protocols are tracking “new normal” customer service culture, which will not be available in restaurants or airlines due to this issue.

Liquidity Issue:

- GEDA assistance policies will start to change to be more responsive. Available financial grants and assistance are not useful to our members.
- UOG conducted a survey with GVB members to find out what is happening with them and how they are coping with the pandemic. 85% lost customers, 82% lost revenue, 61% not paying employees. The survey represents 40 - 45% of our membership.
- The GVB board needs to make tough decisions based on revised assumed forecast relative to funding.
- GVB worked with GEDA to get a refunding of the Hot Bonds that will generate 13 million in savings net of paying off the first year. We can expect about \$300K from the bond for FY2021 and then \$3.7 million each year after that.

Community Communications

- Messaging Campaign to the community on where we are, what we are doing to keep the island safe, what we are doing to scale up arrivals for business on Guam.
- Guam has done a good job as a community. We are below the 2% level, far better than most jurisdictions.
- Guam never closed its doors to tourism. Source markets were afraid to allow their residents to travel for fear of:
 - COVID-19 reinfection
 - Customers fear of travel and being quarantined
- Local residents & visitors have accepted social distancing and safety protocols at business establishments.
- Many of our businesses are closed or just making it because of our economy.
- We need to safely push and upscale our efforts for financial viability, for survival, and our businesses.
- Public Health and medical professionals support the protocols placed by the Governor. Protocols still in effect at the airport.
- Commended United Airlines for their effort to assist in the safety simulation and in keeping their aircraft safe for the traveling public.

New Travel Restrictions

- Managing Risk Stratification:
 - Arriving from low COVID area and staying less than five days, no need for testing.
 - If staying for more than five days, you must get retested.
 - Endorsed by the Medical Community
 - Non-discriminatory – Local residents and visitors alike.
- Transiting airports is an acceptable risk.

FY 2021 Projections

- Best assumptions:
 - Arrivals will continue to reflect market seasonality. Peaks:
 - Japan: March and August
 - Korea: July - August
 - Taiwan: January and February, assuming the introduction of Eva Air by December.
- Seat capacity reduced to 70% to adjust for social distancing measures. However, omitting middle seat rows in the airplane is not a requirement.
- Board to notify Vice President, Dr. Perez, or Nico of anything in the assumptions that need to change or be challenged so that numbers can be regenerated.
- Estimated TAF for FY2021 is \$8.9M - \$11.5M (net \$9.1M after paying FY2021 refinance)
 - FY2022 receives \$3.7M benefit per year + TAF from increases of arrivals.
- Use projections based on reduced ADR in hotels with an average length of stay of four days.
- FY2021 projections shared based on the preliminary budget meeting with Senators San Agustin and Therese Terlaje. The senators desired to know the top number and agreed that the remaining funds spent would be up to the GVB board.

- FY2021 projected visitor arrivals: Between 250K – 300K visitors. (Board to agree on a top number that we could work with)
- 2021 is a crucial year when the main transition takes place.
- Encouraged the Board to think and portion out by major areas how much we're to spend.
- All has been done to make Guam a safe destination.
- Suggested that Governor Leon Guerrero and GVB President & CEO, Governor Gutierrez pay personal visits to our source markets to reassure them that we have things under control. Guam has a robust response to any contingencies associated with COVID and encourages our source markets to differentiate Guam from the US.
- There's an overwhelming desire to travel overseas to a resort destination based on the travel trade and consumer market surveys.
- According to President & CEO, Governor Gutierrez, the biggest issue is traveler's confidence in Guam; it is that we are lumped in with the US.
- President & CEO, Governor Gutierrez, is scheduled to meet with the Senators, the Senate, and Homeland Security from Washington, DC, the week of August 31, 2020, to discuss carving Guam out of the US procedures and protocols.

VII. TREASURER'S REPORT

EXHIBIT B

1. Director Shinohara made a motion, seconded by Director Kloppenburg, to approve \$1,246,726.00 from the unallocated allotment received to be used for basic marketing recovery plans for Japan, South Korea, and Taiwan. **Motion Approved.**

Background: On February 27, 2020, the Board authorized senior management to draft a resolution to access the full amount of GVB's rainy day funds. On April 16 and April 30, 2020, the Board approved \$1,246,726 from the rainy-day funds for the marketing recovery plans subject to legislative approval as per 12 GCA Chapter 9 §9304 for any amount above 50% of the total balance of the rainy-day fund.

On April 30, a letter was sent to the tourism oversight Chairwoman, Senator Therese Terlaje, requesting for full usage of the rainy-day fund, and on May 1, 2020, bill 353-35 was introduced. On May 21, 2020, a fiscal note from the Bureau of Budget and Management Resources (BBMR) was posted that stated, "It should be noted that GVB's FY2018 financial audit also reported an unrestricted cash balance of \$13,885,027. The Bureau noted that GVB has the ability to utilize this source prior to accessing the Rainy-Day Fund." A response was submitted to the Legislature and BBMR, noting that while the fiscal note is correct, it does not reflect the current obligations, and therefore GVB is not "liquid." A hearing for the bill has not been scheduled.

On May 28, 2020, a presentation was given to the Board detailing the breakdown of the \$2.2 million recovery plan.

On July 17, 2020, Governor Lou Leon Guerrero announced the removal of quarantine measures from "low-risk" areas for travelers staying on the island for less than five nights effective July 24, 2020. Therefore, marketing funds are needed immediately.

Cost Estimate: \$1,246,726.00
Funding Source/Account: Allotment Received

Action: Board Approval Required

2. Director Shinohara made a motion, seconded by Director Gatewood, to update GVB account signatories for all GVB accounts at Bank of Guam, First Hawaiian Bank, Resona and Raymond James & Associates with the following signatories:
 - 1) Pedro "Peter" Sonny Ada, Board of Directors - Chairman
 - 2) Samuel Shinohara, Board of Directors - Treasurer
 - 3) Theresa C. Arriola, Board of Directors - Secretary
 - 4) Carl TC Gutierrez, President & CEO
 - 5) Gerald Joseph SA Perez, Vice President
 - 6) Josephine G. Villanueva, Director of Finance & Administration

Motion Approved.

Background: On July 9, 2020, the GVB Board permanently appointed Governor Carl Gutierrez as GVB President & CEO and Dr. Gerry Perez as Vice President of the Guam Visitors Bureau. Change in the GVB administration requires bank signatories to be updated.

Issue: Board approval requested.

- Waiting for legislative approval to deconflict the board policy with what is in the Guam Code Annotated (\$1,000.00 Maximum).
- Based on 2019 income, Senators San Agustin and Therese Terlaje agreed to have GVB spend the Rainy-day fund until funds are exhausted beyond the fiscal year. Vice President, Dr. Perez cautions the shortfall. GVB must be careful not to spend beyond that.
- Director Shinohara suggested that as the team lines up projections, it would be helpful to benchmark ourselves with 2019, understand, and identify our actual challenges and opportunities.

VIII. REPORT OF THE BOARD COMMITTEES

A. EXECUTIVE COMMITTEE

- Nothing to report.

B. ADMINISTRATION & GOVERNMENT RELATIONS

- Nothing to report.

C. DESTINATION MANAGEMENT

- Combined report with Visitor Safety Satisfaction.
- Cleanup is officially rescheduled to August 1, 2020.
- Communication for the event forthcoming.

D. VISITOR & SAFETY SATISFACTION

- Same report as Destination Management.

E. CULTURAL & HERITAGE

- Nothing to report.

F. RESEARCH / MEMBERSHIP & COMMUNITY OUTREACH

Research

- Research is in discussion with Guam Customs & Quarantine to digitize Customs declaration forms.

Membership

- Finalizing updated benefits package to provide more benefits to members.
- Foresee Membership to drop this year due to businesses closing.
- Working on online membership payment options.

ACTION: Management to request permission to release safety logo designs from GIAA.

- Potentially provide digital packet to GVB members and encourage the use in the vicinity of their businesses for consistent messaging to our visitors and community.
- Membership team working with Enderon on the upcoming webinar that doubles as our meeting for membership.
- MOM Project - reached out to everyone on the list. Some are non-responsive.
- The study went out with UOG; some programs need to be addressed.
- July 31, 2020 - target date for Membership meeting; has yet to be finalized. An outreach will be conducted

G. SPORTS & EVENTS

- Nothing to report
- Are board members willing to consider something local for the 4th quarter to build community morale?
- Local organizers for Smokin' Wheels have postponed the international race. However, the locals would like to have their competition.
- Place money in virtual viewership.
- People are starving for things to do.

H. AIR SERVICE DEVELOPMENT

- Combined report with COVID-19 Task Force
 - Airline updates
 - United Airlines and Philippines Airlines currently offer flights to Guam.
 - Cargo airlines – JAL, Korea Airlines, and Jin Air (also services passengers from Korea).
 - Suspended Flights:
 - United flights from Nagoya and Kansai - until Sept 7.
 - United 177/178 from Kansai - until Dec 31.
 - United 165/166 from Fukuoka - until Oct 24.
 - Jeju Air initially anticipated to resume flights end of July, extended suspension until September.
 - Air Seoul canceled services through August.
 - China Airlines and Japan Airlines (suspended until Sept 30) won't operate for at least another two months.
 - Korean Air, Jin Air, and T'Way Air slated to resume flights July 27, however, Korean Air has stated that it will only conduct cargo flights for now, and the GIAA anticipates Jin Air and T'Way Air may cancel as well. GIAA has not received any formal notice of further suspension of these intended services; expects they will extend suspension through August.
 - Per GIAA, the average number of arrivals at the airport range from 105 to 331 daily.
 - The majority are landing from United's daily Honolulu flight, with 90 to 135 passengers arriving every day.
 - United's Narita flights bring 30 to 80 passengers, and its Saipan flights bring 38 to 90. Both flights operate three times a week.
 - Philippines Airlines, operating once a week, brings in more than 150 people each time.
 - During GIAA & United Airline's Safety Simulation walkthrough, it was found that there were three more forms in addition to the questionnaire handed out.

I. JAPAN

EXHIBIT C

Committee Minutes dated July 14, 2020

3. **Director Murata made a motion, seconded by Director Gatewood, to approve payment to Guam Sports Events Inc. (GSEI) for marketing support services for the United Guam Marathon (UGM) and sports tourism promotions in Japan for \$130,420.32. Under the GVB and GSEI Memorandum of Agreement (MOA), GVB initiates the right to implement the force majeure clause as stated for invoices received after March 18, 2020, due to the COVID-19 Global Pandemic.**
Motion Approved.

Background: On November 14, 2019, the Board approved \$209,237 from the Japan market to support the marketing of UGM. On January 22, 2020, a MOA was signed between GVB and GSEI in support of the project for in-country marketing support.

On April 16, 2020, the spending plan was adjusted to ensure GVB remained within the current cash balances, and the event was subsequently removed from projected spending. The event was then postponed and eventually converted to a virtual run scheduled for September 13, 2020. As of March 2020, 813 individuals have registered for the event and will be encouraged to participate in the virtual run as well as receive complimentary entry to the event in 2021.

Cost Estimate: \$130,420.32

Funding Source/Account: Allotment Received

Action: Board Approval Required

- JMC met on July 14th
- JATA business meeting and travel show, Tokyo initially scheduled for September, is postponed until January 2021.
- JATA online travel mart (registration only B2B business meeting) GVB secured 20 participation slots. Entry is free.
- The number of COVID-19 infections in Japan increased sharply in the last two weeks, and the number of new infections as of July 22, in Tokyo was 238; Japan reached 790.
- GO TO TRAVEL campaign for domestic travel in Japan excludes Tokyo residents.
- Travel to Tokyo confused the travel industry and degraded the image of tourism.
- On Guam, there are ongoing discussions with government officials to issue updated quarantine measures that do not require any testing for travelers up to 5 days.
- Japan is deeply concerned that the surge of Japanese infections will negatively impact this decision.
- Next JMC meeting scheduled for Tuesday, August 18, at 1:30 pm.

J. KOREA

4. Director Kloppenburg made a motion, seconded by Director Murata, to approve funds for special welcome greeting services and support for all flights from August 1 to September 30, 2020. Estimated total cost is \$21,000; Account # KO-SMD023.

Background: After negotiations, the Korea office was able to cancel \$21,000 worth of committed Q3 projects. GVB plans to utilize these funds towards tourism recovery efforts.

Effective July 24, 2020, the relaxed quarantine measures and testing requirements will allow visitors to experience the beautiful island of Guam once again. As we reopen the island's tourism, GVB plans to welcome all visitors with a warm *Hafa Adai* spirit by conducting a unique welcome greeting service for all incoming flights between August to September 2020. Keeping in mind social distancing and welcoming contactless experiences, the program will include musical entertainment, production of collateral materials, ditty bags for all passengers, and other logistical support. The welcome service support is subject to the availability of funds.

Issue: Board approval required for travel.

- Korea canceled some projects saving the bureau some funds. Some funds will be used to provide exceptional service for all incoming flights from Korea, Japan, and Taiwan.

South Korea Government News

- No new updates
- Special travel advisory extended to August 19th.

Travel to Guam

- Jin Air charter flight arrived on July 9th and another scheduled for July 28th.

K. GREATER CHINA

- Nothing to report

L. NORTH AMERICA & PACIFIC MARKETS

- Nothing to report

M. NEW MARKETS

- Nothing to report

IX. CORONA VIRUS TASK FORCE

Committee minutes dated July 15, 2020

- Combined report with Air Service Development

EXHIBIT D

X. OLD BUSINESS

- Nothing to report

XI. NEW BUSINESS

- Budget Hearing on July 29th at 9:30 a.m.
 - Not going with the \$22M original submission.
 - Allowed GVB to provide the top-line number.
 - Gives flexibility to the Board for best use of funds.

ACTION: Director Shinohara to meet with Vice President, Dr. Perez, on July 24 to discuss numbers and report to the Executive Committee.

- Authorization needed on what to share at the budget hearing with the committee.
- Finance committee receiving different arrival numbers from Customs and GIAA.

ACTION: Director of Research, Nico, to reach out to GIAA's financial controller for projections from all the airlines.

XII. EXECUTIVE SESSION

XIII. PUBLIC COMMENTS

XIV. ANNOUNCEMENTS

Upcoming Board Meetings:

- August 13, 2020
- August 27, 2020

XV. ADJOURNMENT

Director Shimizu made a motion, seconded by Director Kloppenburg, to adjourn the Board of Directors regular board meeting at 2:43 p.m. **Motion Approved.**

Mrs. Theresa C. Arriola, Secretary of the Board of Directors

Board Minutes respectively submitted by Valerie Sablan, Executive Secretary

