



ANNUAL BOARD OF DIRECTORS MEETING MINUTES

Thursday, February 11, 2021, at 1:30 p.m.

<https://www.gotomeet.me/GUAMVISITORSBUREAU/boardmtg02112021>

I. CALL TO ORDER BY THE PRESIDENT

- President & CEO Gutierrez called the annual Board of Directors meeting to order at 1:37 p.m.

II. PRESIDENT & CEO'S WELCOME

- Welcomed all board members in attendance: Sonny Ada, Milton Morinaga, Paul Shimizu, Flori-Anne Dela Cruz, Rudy Paco, Laura Nelson-Cepeda, Ho Eun, Derrick Muna Quinata, Jeff Jones, Ben Ferguson, Charles Bell, and Stephen Gatewood (teleconference)

III. ELECTION OVERVIEW/BOARD ORIENTATION

- Vice President Perez provided an overview of the election and orientated the Board.

Overview of GVB Bylaws

- **Article 6 - Distinctive classes of Board Directors:**
Directors/Management
 - 5 Governor Appointees (including a mayor)
 - 2 Legislative Appointees plus 1 Alternate Director appointed by the Speaker
 - Four elected members from membership
 - A 12th Director is elected by an agreeable vote (minimum of 8 Directors)
- Board Directors gave a short introduction. All members attended the board meeting in person, except for Director Gatewood, who was present online.
- President & CEO Gutierrez introduced GVB's legal counsel, Mr. Joe McDonald
- **Article 7 - Officers:**
 - Chairman of the Board
 - Vice-Chairman of the Board
 - Secretary of the Board
 - Treasurer of the Board
 - 2/3's vote must select officers by the Board
- **Article 8 - Executive Committee made up of:**
 - Chairman of the Board
 - Vice-Chairman of the Board
 - One Board Director (determined by the Board)
 - Ex-officio (non-voting members)
 - Secretary of the Board
 - Treasure of the Board
 - President & CEO

Overview of the Election Process

Robert's Rules of Order

- Board could agree on the nomination process
- Recommendation is for the President as Presiding Officer at the annual meeting of the Board to call for nominations, leaves nominations open, calls for last nominations, closes nominations, then board votes
- If only one nomination, then the Board will conduct a verbal vote
- If more than one nomination for a position, the Board may agree to vote by show of hands or casting ballots

Vice President Perez made a motion to proceed and adopt the nomination process. With no objections, the board adopted the nomination process and proceeded with election. Motion unanimously approved.

IV. ELECTION OF 12TH DIRECTOR

- President & CEO Gutierrez opened the floor to have the 12th board member nominated.

Director Ada nominated Sam Shinohara for the 12th director, seconded by Director Morinaga. Director Shimizu moved to close the nomination. Motion unanimously approved. Director Shinohara accepted.

V. ELECTION OF OFFICERS & EXECUTIVE COMMITTEE

A. BOARD OFFICERS

- President & CEO Gutierrez opened the floor to have the Chairman, Vice-Chairman, Secretary, and Treasurer nominated.

Director Ada nominated Milton Morinaga as Chairman, Paul Shimizu as Vice Chairman, Stephen Gatewood as Secretary, and Sam Shinohara as Treasurer, seconded by Director Jones. Director Shimizu moved to close the nomination. Nomination unanimously approved. Chairman Morinaga, Vice Chairman Shimizu, Directors Gatewood and Shinohara accepted.

- Director Milton Morinaga thanked the Board, former Chairman Ada, and Senior Management for the opportunity to serve as GVB's Chairman of the Board once again. He spoke about exploring a new frontier, the need to be innovative, and work with diligence due to the challenges of COVID. He expressed gladness for the latest slate of directors who will bring new ideas and ways to promote Guam.
- Director Sonny Ada shared his pleasure and honor to serve the Board, the tourism industry, and Governor LG in the last few years as GVB's Chairman. He looks forward to working with new directors of the Board to create new business and cash flow.

- Vice President Perez provided the Board with an orientation and overview of what has been happening at the Guam Visitors Bureau.

Board of Directors Orientation

Vision Statement

Sustaining an authentic “sense of place” and unique destination experience, for residents and international visitors, by being the island’s best storytellers

Mission Statement

Deriving maximum benefits for the people of Guam by promoting and growing an inclusive tourism economy through good corporate and cooperative governance; strategic partnerships and collaboration; local innovation; and knowledge management.

GVB Early History

- Established 1963
 - Guam Tourism Commission Department of Commerce
 - Three person staff headed by Tony Palomo
 - Number of tourists < 5,000 +/-
- Guam Visitors Bureau
 - Established 1970
 - Guam Tourism Commission renamed
- Guam Visitors Bureau Act 1983
 - GVB enabling statute PL 17-32
 - Created public, non-profit, membership corporation

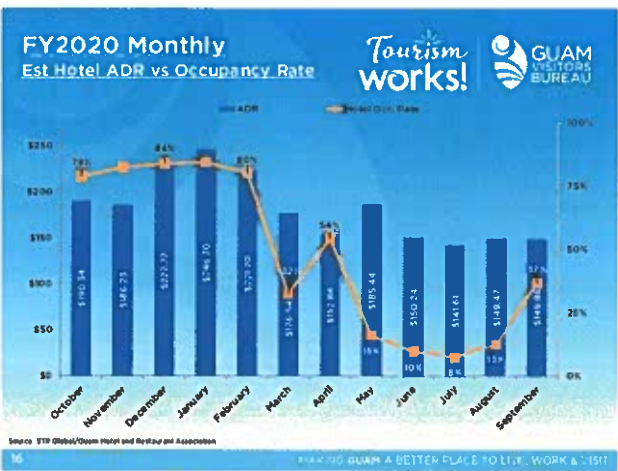
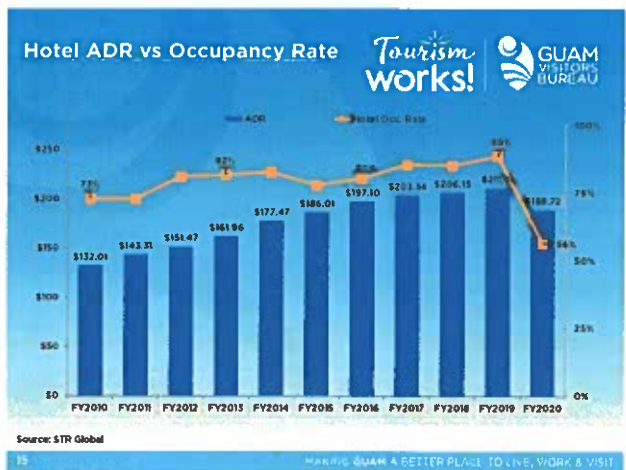
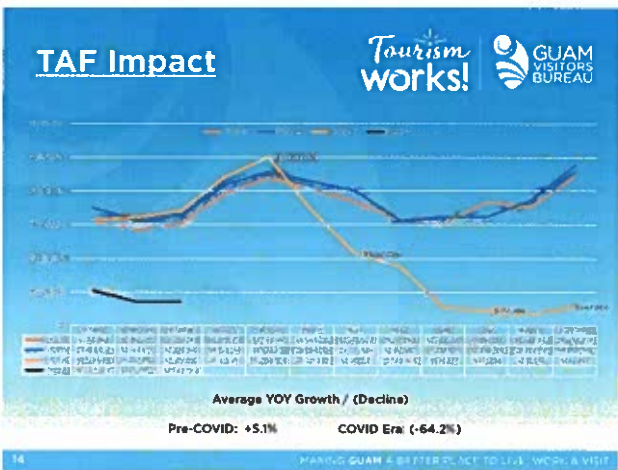
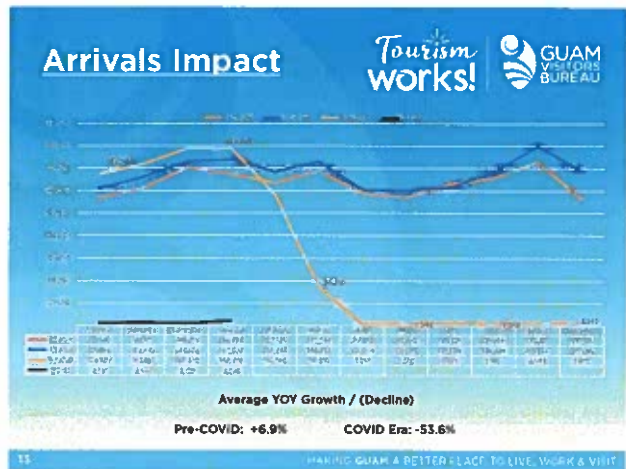
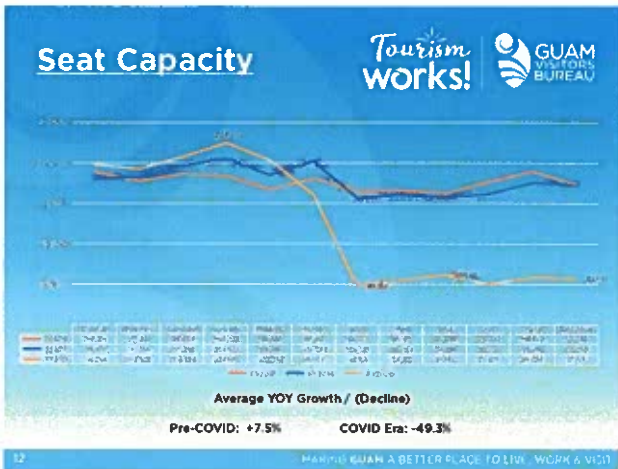
GVB Today (2021)

- Four departments: Administration, Destination Management, Marketing, and Research
- Total 38 employees, down from 43 in June 2020
- Hiring freeze in acute austerity climate
- GVB operating and capital budgets TAF funded
- However, TAF decimated by precipitous 98% drop in arrivals
- Seeking financial support to jump start tourism recovery strategy

GVB Budget

Fiscal Year	GVB Budget	Marketing Budget	Marketing a to LY
2019	\$23,500,216.00	\$15,250,216.00	
2020	\$21,580,000.00	\$14,000,000.00	-8.20%
2020 Adjusted	\$9,873,390.09	\$7,738,174.77	-44.73%
2021	\$6,389,099.00	\$1,573,716.11	-79.66%
2021 Recommended	\$20,576,662	\$14,000,000.00	Restore to FY2020 level
20% Premium	+\$2,800,000	\$16,800,000	

- Competition for same consumers
- Additional money for targeted contingencies - opportunity



FY2021 Projections

FY 2021: 82,611 (89.9%)

Month	FY2019	FY2020	FY 2021 Projected
Oct	121,656	134,830	2,331
Nov	132,849	143,987	2,562
Dec	146,104	157,408	1,364
Jan	147,507	157,479	2,439
Feb	137,244	116,746	2,506
Mar	146,332	35,310	4,195
Apr	121,004	1,557	8,148
May	120,411	1,502	8,421
Jun	123,528	2,221	9,799
Jul	136,878	1,385	10,871
Aug	159,856	2,048	15,513
Sep	137,680	2,912	13,538
TOTAL	1,631,049	757,385	82,611

Source: Seat Capacity Data: JF Market Intelligence report. Note: Seat Capacity reduced based on current market conditions

Strategic Factors



1. Market Environment

2. Local Destination Issues

3. Source Market Issues

4. Air Service

18

MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Strategic Factors



• Market Environment

- Guam tourism and hospitality industry model built on large scale, east Asian, volume driven, niche aggregations
- Space distancing, scaled down densities, post COVID-19 environment is antithesis of touchy-feely and close personal contacts that characterize friendly island destination image, large group functions, enclosed space
- COVID-19 and IoT have accelerated narrowing market distribution structure, displacing traditional selling and booking arrangements

19

MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Strategic Factors (cont.)



• Market Environment

- Consumer decisions influenced by health and hygiene sensitive protocols: airlines, hotels, ground transportation, restaurants, retail shops, option tours, entertainment attractions
- Major disruption in scale, configuration and pricing of entire distribution value chain and consumer behavior
- Japan and Korea still an issue 87% combined arrivals; Taiwan quarantine corridor and travel pods promising near term, but only 2% of arrivals 2019
- Current HOT income from U.S. military and other business travel 8%

20

MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Containing COVID-19



Local Issues



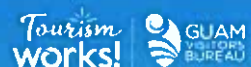
1. COVID-19 containment and hospitalization capacity

- Great progress since second wave Sept - Oct and CAR score 40 +/- (COVID Area Risk scoring)
- CAR score accounts for incidence of new cases, testing and contact tracing effectiveness, virus spread (Ideal score 2.5 correlates with low - zero COVID hospitalization, fatality)
- CAR score currently 1.0 and under 2.5 since Dec 3, vaccinations in progress since early December

22

MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Local Issues



2. Community preparation

- intensified destination cleanup, fixed hotel row flooding problem
- Working with GHRA - UOG - GCC to "safe certify" island hotels, restaurants, retail shops, option tours, transportation, etc
- GVB designated credentialing authority by WTTC (UNWTO recognized)
- Guam airport has earned WTTC "safe airport" designation, first and last destination impression
- Introducing paperless arrival and customs forms, Electronic Declaration Form

23

MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Electronic Declaration

Tourism works! **GUAM VISITORS BUREAU**

- January 2021
 - Software Development Complete
- February 2021
 - User Acceptance and Hardware Testing (UAT)
 - Installation of kiosks
 - Primary computers
 - Scanners
- March 2021
 - Official Launch of EDF



24 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Community Preparation


Tourism works! **GUAM VISITORS BUREAU**

- Refocused energy and resources on Guam to assist with containing the virus
 - Social Media campaigns encouraging following guidelines
 - COVID Alert App

As of 2/10/2021

	iOS Downloads	Android Downloads	Totals
Total Downloads	15,171	16,399	31,570
Download % to 73,200 Target	20.73%	22.40%	43.13%

Highest adoption rate in the nation (PathCheck and MIT)*



25 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Local Issues

Tourism works! **GUAM VISITORS BUREAU**

3. Market Engagement

- Did not go dark, diplomatic, trade and consumer communication ongoing
- Give Us A Moment "G-U-A-M" campaign launched in spring 2020, top of mind and aspirational themes to visit Guam resorts, attractions
- Virtual trade shows, webinars, and social media (J-K-T-PH) to maximize market reach and penetration in austere budget environment (recent Korea online exhibition 200K+ participants)
- Get Up and Move "G-U-A-M" call to action campaign when timing right, estimating late 2nd early 3rd quarter

26 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Market Engagement

Tourism works! **GUAM VISITORS BUREAU**





- Call to action campaign ready
- Need to rebuild travel network
- In constant communication with travel partners
- Sub-sector support of tour guides and optional tours ready and pending lifted restrictions

27 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Source Markets

Tourism works! **GUAM VISITORS BUREAU**

- Japan
 - 3rd wave leveling off
 - State of Emergency extended to March 7
 - Vaccine distribution scheduled to begin in late Feb/early March
 - Travel industry anxious to restart - April sales
- Korea
 - Securing enough doses for 56m people (K population at 51.64m) to begin in Feb
 - Guam was #1 U.S. destination pre COVID, making island a priority for travel

28 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Source Markets

Tourism works! **GUAM VISITORS BUREAU**

- Taiwan
 - First to see problem coming
 - Only imported cases (no local spread)
 - Travel restrictions lifted by U.S.
 - Active discussions with American Institute in Taiwan (AIT) and Taiwan government (MOFA, MOTC, CAA) to create travel bubble.

29 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Air Service

Tourism works! **GUAM VISITORS BUREAU**

Pre-COVID-19
 Flights per week: 225
 Flights per year: 11,600

30 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Air Service (cont.)

Tourism works! **GUAM VISITORS BUREAU**

- United Airlines
 - Never stopped flying (HNL, NRT)
 - Resumed limited service to MNL
 - Guam freight hub to Asia

31 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Air Service (cont.)

Tourism works! **GUAM VISITORS BUREAU**

- Japan
 - UA, T'way, Jeju
 - Suspensions until end of March
 - JAL - April 15
- South Korea
 - KE, Air Seoul - pending announcements
 - T'way - March
 - Jeju - May
 - Jin Air - Limited flights

32 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Air Service (cont.)

Tourism works! **GUAM VISITORS BUREAU**

- Taiwan
 - China Airlines: suspended until end of March
 - Eva Air announced plans to renew Guam service
 - Starlux on 11/8 applied with Taiwan Civil Aeronautics Administration (CAA) for approval of flights to Guam and 14 other U.S. destinations (2022)

33 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

All Markets: COVID 19 Testing

Tourism works! **GUAM VISITORS BUREAU**

- Provided local Public Health with comprehensive list of test kits available in Japan, Korea, Taiwan
- DPHSS confirmed acceptance of 32 PCR tests
 - BUT still waiting for Official Letter
- Opens new possibilities for Guam once quarantine measures are lifted

34 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

Recovery

Tourism works! **GUAM VISITORS BUREAU**

- Rapid testing, vaccine distribution, all coming together to create a positive outlook
- Green shoots of tourism business anticipated
- 3rd and 4th quarter 2021
- Sustain recovery momentum going into next FY
- Anticipate 60% arrivals by year 2023
- Corroborated by WTTC - UNWTO - ICAO - IATA
- PATA projections range includes <50% of pre-COVID arrivals by 2023

35 MAKING GUAM A BETTER PLACE TO LIVE, WORK & VISIT

FY2019 Accomplishments

Tourism works! GUAM VISITORS BUREAU

FISCAL YEAR ARRIVALS BY ORIGIN

Origin	2018	2019	2020	2021
Japan	105,000	102,000	100,000	100,000
China	65,000	60,000	55,000	55,000
USA	45,000	45,000	45,000	45,000
UK	35,000	35,000	35,000	35,000
Other	100,000	100,000	100,000	100,000

7 Signature Events
75+ Organizations supported

FY2019 Accomplishments

Tourism works! GUAM VISITORS BUREAU

AT A GLANCE

- 58
- 91
- \$77.2M
- 320
- 13
- 175
- 1,631,047

Awards:

- Aggregation Award/Runner's Side Club Title Hotel Brand Award 2019 Best Beach Campaign Best Culture Performance Group 2019 BTP
- Best Performance Award 2019 Top International Travel Fair
- BeLa Face of the Future Award Ms. Pher Ann Dato Cruz, GVB Board Director
- Best Performance Award 2019 Top Tour 2019 GVB
- G.A. Dragon Boat Cup 2019

Priorities

Tourism works! GUAM VISITORS BUREAU

1. Secure non TAF Funding for aggressive campaigns, focus J, K, T
2. Encourage destination vaccinations, herd immunity
3. HOT Bond Refi
 - \$2.4 - \$4M annually FY22-FY26
4. Secure air service
5. Prepare destination for consumer sensitive safety protocols, example upskill membership digital training, webinars
6. Electronic Declaration Form

Dangkolu na Si Yu'os Ma'ase'

- Refinance Hotel Occupancy Tax Bond; change of interest rate provides about \$16-\$17M in savings
 - April 1, 2021 - target delivery of proceeds
 - 100K benefit in current year
 - Following several years - \$2.4 to \$4M annual supplement to funds received from the legislature

- Securing non-TAF funding
 - President & CEO Gutierrez and Vice President Perez spoke with Governor LG about CARES funding and the lifting of its restrictions so GVB could acquire some of those funds
 - Governor LG proposed \$20M for GVB should restrictions be lifted
 - Seeks a better agreement with the US Government to utilize CARES funds in a foreign country without limitation
 - Governor LG requested BBMR to look for \$20M; understands that this will drive Guam's economy
 - President & CEO sent a message to Delegate Michael San Nicolas requesting he find \$20M to restart GVB
 - Delegate San Nicolas is on the Finance Committee
 - Proposes to fast track a bill Revitalizing Tourism Economist Act that will provide supplemental funding to state, local, tribal, territorial, Visitors Bureaus equivalent to the difference in revenues from FY2019-FY2020 to support the reopening of tourism economy; currently being worked on
 - Possibility of seed money to start anew in GVB

B. EXECUTIVE COMMITTEE

Director Shinohara nominated Director Sonny Ada as Executive Committee Member, seconded by Director Eun. **Nomination unanimously Approved. Director Ada accepted.**

VI. ELECTION OF COMMITTEE CHAIRS

- Chairman Morinaga moved the Committee Chair assignment to the next board meeting scheduled for February 25, 2021
 - Directors have the opportunity to review the various committees available and reach Chairman Morinaga with their interests. Committees will be assembled and presented in the following board meeting
- A. **Administration & Government Relations**
 - Governance and Administration of the GVB Board
 - B. **Destination Management and Visitor & Safety Satisfaction**
 - Ensures to deliver the promise we represent when we market Guam overseas
 - Customer service, clean beaches, destination upkeep, maintaining or upgrading infrastructures that detract from the image that we're trying to represent
 - Work in partnership with various government agencies and village mayors
 - C. **Cultural Heritage & Community Outreach and Branding**
 - Defines who we are as a brand destination
 - Provides brand equity in our market and the ability to deliver that equity
 - Speaks of Guam's culture and heritage through community storytelling (Song, dance, performing locally and overseas)
 - D. **Research**
 - Driven by numbers
 - quantifies what success is
 - market intel to provide wise spending decisions
 - E. **Membership**
 - Promotes GVB's value
 - Encourages membership in GVB
 - Administer membership benefits such as free attendance to webinars hosted by GVB

F. Sports & Events

- Generating more sports & events activities for Guam as a draw
- A pull factor that creates interest and participation in the tourism business; generates visitors and those traveling with individuals involved in the activities

G. Japan

- Marketing Committee related to Japan

H. Korea

- Marketing Committee related to Korea

I. Greater China

- Marketing Committee related to China

Necessity to continue the two committees:

J. Corona Virus Task Force

K. Air Service Development

- Information presented in the Corona Virus Task Force and Air Service Development Committees are redundant with issues brought to the table in the global meetings with Japan and Korea
- Vice President Perez inquired whether there was a need to continue with these committees

Question & Comments:

- Director Gatewood mentioned four committees were combined into two committees
 - Research and Membership; suggests the committees be separate line items due to their differences
 - Destination Management and Visitor Safety Satisfaction; combination is ok due to its relation
- Director Shinohara chaired the Destination Management Committee for the past two years
 - Noted the importance of caring for the destination we market; keep it clean and safe
 - Requires greater participation by board members and community stakeholders
 - Reminded the Board of their position as a policy board and the need to be careful of micromanaging the efforts of staff & management carrying out their work
- Chairman Morinaga recommended keeping Destination Management and Visitor Safety Committees combined
- Need to recruit new members for GVB; more individuals involved will help GVB's mission
- Director Shinohara suggested that Destination Management, Cultural Heritage & Community Outreach and Branding be combined
 - Engaging the community
 - Provide awareness to the activities hosted by GVB
 - educating the community in the benefits of their participation

- Chairman Morinaga advised Vice President Perez to discuss committees that should be combined or stand-alone, with the management team
- Director Shinohara suggested board members speak with staff who operates the committees and gain an understanding of their needs to understand what the committee work is

VII. MINUTES OF THE PREVIOUS MEETING **EXHIBIT A**
 Director Shimizu made a motion, seconded by Director Shinohara, to approve the Minutes of the previous Board of Directors meeting dated January 28, 2021, subject to minor corrections. **Motion approved.**

VIII. OTHER BUSINESS

A. JAPAN

GVB RFP 2021-002 TOURISM DESTINATION MARKETING REPRESENTATION SERVICES IN JAPAN

Director Morinaga made a motion, seconded by Director Dela-Cruz, to authorize the President and Chief Executive Officer as Chief Procurement Officer of GVB to enter into negotiations with the highest-ranking qualified Offeror in response to GVB RFP 2021-002 Tourism Destination Marketing Representation Services in Japan, and if successful, to enter into a contract. **Motion approved.**

Background:

The Guam Visitors Bureau solicited proposals from professional and experienced destination marketing management companies to assist GVB in promoting Guam tourism and achieving visitor arrival goals and to act as GVB's liaison in matters pertaining to Guam.

Advertising is one aspect of the destination marketing management services being solicited. Other services include but are not limited to:

- Develop and deploy a sales and marketing plan that will increase Guam visitor arrivals and expenditures.
- Integrate activities with the travel trade (retail and wholesale) and consumers through multi-faceted, traditional, and non-traditional means.
- Develop and facilitate partnerships or other relationships with the Guam visitor industry.
- Promote Guam as a Group and Meeting, Incentive, Convention and Exhibition ("MICE") destination.

GVB seeks to retain representation services from a company or agency with a diversified and proven background in sales, marketing, and public relations that demonstrates today's tourism business climate with the use of smart tourism practices.

The solicitation period for RFP 2021-002 Tourism Destination Marketing Representation Services in Japan was issued by GVB management on November 30, 2020, through January 15, 2021.

Issue: Board approval required.

Question & Comments

- Director Shinohara questioned whether any other marketing services are available for other source markets
- According to Vice President Perez, they are ongoing
- GVB had not been happy with Japan's destination marketing representative performance
 - Notice was served fall 2020
 - Contract expires April 2021
 - Conducted RFP process for a smooth transition
 - New contract expected by March

IX. ANNOUNCEMENTS

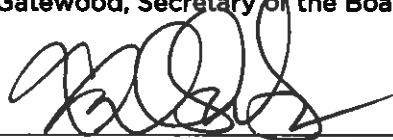
- Board Secretary to send board members
 - Ethics Training schedule
 - Photo Op schedule
- Business cards will be created for board directors after committee chairs and vice-chairs are established

X. ADJOURNMENT

Chairman Morinaga made a motion, seconded by Director Shinohara, to adjourn the Board of Directors annual board meeting at 2:55 p.m. **Motion Approved.**



Mr. Stephen Gatewood, Secretary of the Board of Directors



Board Minutes respectively submitted by Valerie Sablan, Executive Secretary