



## REGULAR BOARD OF DIRECTORS MEETING

Thursday, July 8, 2021, at 1:30 p.m.

GVB Conference Room and Teleconference - GoToMeeting

<https://www.gotomeet.me/GUAMVISITORSBUREAU/gvb-board-meeting>

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### AGENDA

#### I. CALL TO ORDER

- A quorum being present, Chairman Morinaga called the Board's regular meeting to order at 1:31 p.m.

#### II. ROLL CALL

**In-Person:** Milton Morinaga, Ho S. Eun, Ben Ferguson, Charles Bell, Jeff Jones, Steve Gatewood, Sam Shinohara

**Online:** Paul Shimizu, Flori-Anne Dela Cruz, Derrick Quinata, Laura Nelson-Cepeda,

**Absent:** Sonny Ada, Rudy Paco

#### III. MINUTES OF THE PREVIOUS MEETING

**EXHIBIT A**

Director Jones made a motion, seconded by Director Shinohara, to approve the minutes of the previous Board of Directors meeting dated June 24, 2021, subject to minor corrections. **Motion Approved.**

#### IV. CHAIRMAN'S REPORT

- Nothing to report

#### V. MANAGEMENT'S REPORT

President & CEO Gutierrez reported the following:

- Air V&V project is coming along very well after its first charter flight arrival
- Vaccination kiosk in the Plaza
- AMC sends updated vaccination list to President & CEO Gutierrez
- The first incoming flight to Guam made headlines nationally and internationally
- Air Asia is interested in pushing the Air V&V program in the Philippines
- Philippine Airlines is marketing the Air V&V program
- Guam did not make the Philippines "Green Countries list"
  - President & CEO Gutierrez reached out to Philippine Airline's Vice President for security, General Cesar Ronnie Ordoyo, and discussed placing Guam on the Green Countries list
  - General Ordoyo to send a letter and present Guam's case to the Plenary group
- Considerable interest in Guam's Air V&V Program from people in the Philippines
- Thanked GIAA, Guam Customs, and DPHSS for a smooth operation in receiving our Air V&V visitors
- Vice President Perez shared the importance for Guam to be on the Philippines's green list
  - Countries on the green list entering the Philippines only have to quarantine for seven days instead of fourteen
  - A considerable impediment for those desiring to visit Guam for Air V&V

Vice President Perez reported the following:

##### **Eva Air**

- First flight arrived July 6<sup>th</sup> with 161 pax
- Accommodations are Tsubaki Tower, Dusit Thani Guam Resort, Nikko Hotel Guam, Hyatt Regency Guam, Pacific Island Club Guam
- J & J 49, Moderna 51 & Pfizer 53
- Upcoming charters: July 10, 14, 18, 22, 25, 26, 27, 29 and August 2, 8, 12
- 155 to 177 seat capacity each (2,000 pax)

## Media Coverage – Taiwan Charter July 6, 2021

### Guam Coverage:

- Pacific Daily News, The Guam Daily Post, Kandit News Group, Pacific Island Times

### Taiwan coverage:

- 119 mentions in just two days (7/6 & 7/7)
  - Travel agencies: Guam Air V&V package sold well
  - The first flight from Taiwan to Guam, passengers were mainly under 50 years old; most passengers chose Moderna and Pfizer
  - CDC: People can arrange 2nd dose in Taiwan after 1st dose on Guam
  - Passengers: It's worth getting vaccinated on Guam, even though we enter 14-day quarantine coming back to Taiwan
  - Travel agencies: 5-day package sold better than 7 to 22-day package

### Philippines

- The Philippine Government recently established a list of “green” countries allowing fully vaccinated passengers arriving from any country/jurisdiction on the list to quarantine for a shortened period (7 days versus the normal protocol of 14 days)
- Criteria: Low-risk countries based on the disease incidence rate
- US and Guam **not** included
- President Gutierrez is in close contact with Lt. General Caesar Ronnie F. Ordoyo, Philippine Airlines Vice President of Security, to push for Guam to be added to the list
- Lt. General Ordoyo was receptive and will be addressing the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) to present Guam's case

## Philippines



## “Green” Countries

Albania	<u>Eswatini</u>	Micronesia	Sierra Leone
American Samoa	Falkland Islands	Montserrat	Senegal
Anguilla	French	Morocco	Singapore
Antigua and Barbuda	Polynesia	Mozambique	<u>Sint Eustatius</u>
Australia	Gambia	New Caledonia	South Korea
Benin	Ghana	New Zealand	Taiwan
Belize	Greenland	Niger	Togo
The British Virgin Islands	Grenada	Nigeria	Turks and Caicos Islands (UK)
Brunei	Hong Kong	Northern Mariana Islands	Vietnam
Burkina Faso	Iceland	Palau	Zimbabwe
Burundi	Isle of Man	Rwanda	
Cayman Islands	Israel	Saba	
Chad	Laos	<u>Saint Barthelemy</u>	
China	Liberia	Saint Kitts and Nevis	
<u>Cote d' Ivoire</u> (Ivory Coast)	Malawi	Saint Pierre and Miquelon	
	Malta		
	Marshall Islands		
	Mauritius		

- The primary issue is the incidence of the virus and testing
  - Guam should be on the Green Countries list
  - President & CEO Gutierrez is pursuing all means for Guam to be added to this list

## Market Updates

- Updated protocols announced on June 30 took effect July 4
- Japan and the Philippines held webinars last week and shared the latest information
- Taiwan – individual sales calls
- Korea webinar planned for July 9
- Korea protocol for Guam vaccinated pax
  - PCR test before arrival
  - No quarantine in Guam
  - PCR test before return
  - No quarantine in Korea
  - PCR test 6 - 7 days after arrival (Gov't paid)
- According to Director Eun, those returning to Korea who aren't vaccinated must receive a PCR test upon arrival or the day after at a government facility and then twelve to thirteen days after that
- Updated change - arriving passengers can return home and no longer have to take the PCR test at the airport

## Japan Market

- Get Up And Move Webinar 2021: June 29 - July 2
- 1,173 participants

## Budget for FY2022

- Met with Ways and Means Committee on July 6
- Reminder current budget is \$6.3 million (\$13.3 LY)
- GVB focused resources on containing pandemic, scaling up local vaccinations, and preparing destination for eventual visitors
- Tourism recovery challenging, competitive with other destinations
- Requesting \$27.6 million to continue destination preparation and an aggressive marketing program
- TAF revenue shortfall will require GVB funding from Gen Fund or ARP federal funds replacing "lost public sector revenue"

## TAF and Visitor Arrival Projections

- Current YTD actual arrivals (31,749) and load factor = 8.2%
- Based on FYTD 2021 performance and emerging positive demand with Air V&V, the following scenarios present a conservative and optimistic projection for FY2022:
  - Conservative:**
    - Arrival Pax = 70,000 - 85,000 (+75% vs LY)
    - LF = 5%
    - TAF = \$5.6M - \$6.8M
  - Optimistic:**
    - Arrival Pax = 130,000 (+222% vs LY)
    - LF = 8%
    - TAF = \$10.5M

## Projection Assumptions

Projection scenarios include the following assumptions:

- Preliminary estimates based on scheduled seats and actual YTD numbers
- Conservative arrivals forecasts were initially driven by Taiwan and Korea, followed by Japan in the second half of 2022
- Stretch goal of 130,000 pax possible but contingent upon source markets easing of travel protocol restrictions and containment of spikes
- FY2021 TAF collections were positively impacted by QFAC 14-day length of stay
- TAF estimates reflect a lower ADR of \$160.00 combined with a shorter length of stay (estimated 4.5 days) driven by anticipated leisure travelers
  - FY2019 ADR = \$213.07
- Japan confronting renewed spike in Tokyo, surrounding prefectures, focused on avoiding superspreading events in July Olympics and Paralympics
- Set to declare Corona State of Emergency in Tokyo (4<sup>th</sup> time)
- Korea just recorded the highest daily case in 2021, very conservative protocols, but easing travel quarantine restrictions for vaccinated travelers

### **Destination**

- Digital Training Academy – Series 7: Introduction to Sustainable Tourism
- Guam Visitors Bureau conducted its first-ever sustainable tourism training in collaboration with Global Sustainable Tourism Council (GSTC) and Guam Green Growth.

### **Culvert Cleaning**

- Started June 20, 2021
- Water tanker being filled at DPW takes 45 mins and 15 mins to consume
- Applied for traveling meter for fire hydrant

### **Discussion**

- Year to date, Guam received more than 30K visitors, which includes the military
- Director Ferguson requested Management provide TAF and visitor arrival projections for FY 22
- Director Bell requested and suggested projections be based by country
- According to Director Shinohara, Guam's recovery is unknown at this time based on what is occurring in our source markets
  - Nico Fujikawa mentioned that GVBs 2021 TAF projection is tracking to what we anticipated; around \$9.3M although PAX count is off by about half.
    - This year we are tracking toward \$10M
  - In a couple of months, we will be able to see how things settle in with Air V&V
  - It appears Taiwan and Korea will be drivers of arrivals, with Japan lagging in by summer 2022
  - For the Japan market, Research is trying to align with the projections of the region
  - According to Chairman Morinaga, Guam's projections for Japan and Korea are lagging based on Japan and Korea slowing their progressive vaccination process due to the availability of vaccinations. They lost count of the amount needed for those requiring their second dose and did not want to run out of supplies
  - It will be dependent on the vaccination program with Moderna and Pfizer
  - The more changes in supply and demand, the more delays occur
  - Depends on each country's vaccination status
  - Chairman Morinaga suggested monitoring vaccination frequencies in Japan and Korea
  - How is the length of stay factored into Air V&V and TAF projections? Air V&V tourists' length of stay is much longer than the previous tourist who stays for three days.
    - For Taiwan, length of stay is based on travel dates
    - 14-day quarantine in Taiwan's government facilities for those arriving from any of the seven dangerous countries dealing with the virus
    - Others must self-pay at quarantine hotels for fifteen nights
    - No negative media coverage on Guam's Air V&V program by Taiwan's media or their CDC, making it more encouraging for more people to visit Guam
- Director Bell asked if we are conservative on the load factor seats
  - Load factor changes because this year we had 500K seats on the books, and next year will be above 1M because of the portion of the more extensive capacity base

### **VI. TREASURER'S REPORT**

- A detailed report will be provided at the next Board meeting

### **VII. REPORT OF THE BOARD COMMITTEES**

#### **A. EXECUTIVE COMMITTEE**

- Nothing to report

#### **B. ADMINISTRATION & GOVERNANCE**

#### **EXHIBIT B**

Director Quinata made a motion, seconded by Director Dela Cruz, to approve the procurement of, and if successful, award contract with an independent Human Resource Consultant to perform a GVB specific Compensation & Classification Study and design a comprehensive pay plan structure to ensure wages and benefit offerings are competitive with comparable organizations and human capital markets. **Motion Approved.**

**Timeline: Within 6 months but no later than 12 months**

## Funding Source: Operational Fund

### C. REOPENING TASK FORCE

- Director Shinohara mentioned the need to be ready to write subsidy checks to anyone operating if we are going to use a low load factor assumption
- He reiterated President & CEO Gutierrez's statement about visitors being more concerned about contracting COVID
  - Guam's doors are open
  - Encourages the remaining population who aren't vaccinated to protect themselves by getting vaccinated
    - Guam's Tourism Industry is suffering
    - Federal funds supporting employees in the Tourism Industry will run dry after September 11<sup>th</sup>
    - Guam needs to resume normal operating procedures
    - Need for the message to be communicated to those who have not been vaccinated
    - 76% of Guam's population is vaccinated
    - 90% of age 60 and above are vaccinated
    - The people of Guam are the most significant driver that enables the Air V&V program
- Nico Fujikawa reported that Public health are trying to finalize the process of pre-vetting
  - Moved the team away from the airport to the ground and having them at the backend office validating declaration forms and issuing codes
  - Once forms are identified and the documents are approved, the traveler will receive a QR code by email confirming they are clear to proceed. Whether it is a negative PCR or vaccination record that has been approved

#### Incentives and revisiting the idea of subsidizing the cost of COVID tests for visitors

- Director Ferguson discussed a possible motion to allocate a specific amount of funding to subsidize the cost of COVID tests for visitors and to authorize GVB management to engage in discussions or negotiations with a clinic or medical provider to cut COVID test costs for visitors.
- Air V&V visitors spend an estimated \$200 for COVID tests
- The ability to roll out incentives will be quick and easy; a matter of working with medical providers
- Subsidization for the COVID test will be more agile as soon as the board decides on the timing to take the tests out of the marketplace and its importance to get them out as quickly as possible
- Vice President Perez mentioned there were mixed discussions and reasons why they are hesitant to give in to the \$500 cash awards
  - Travel agents find it as motivation to help generate business for Guam
  - Would like to leave the current \$500 incentive as is while using best judgment on what is justifiable while exploring details of cash award
  - Does not want to give up on it entirely

### D. AIR SERVICE DEVELOPMENT

- Chairman Morninaga reported the following:

#### JAPAN

- No air service updates
- Other than United Airlines, Japan flights are not in operation

#### SOUTH KOREA

- Jin Air operates once a week
- T'Way plans to resume one flight a week on July 31
- Korean Air plans to continue one flight a week on August 5
- Air Seoul plans to resume two flights a week on August 12
- Korean Air will apply for permission to operate the Guam route from the Ministry of Land, Infrastructure and Transport; currently waiting for a response

#### AIR ASIA PHILIPPINES

- President & CEO reported that before COVID, they desired to fly to Guam

- He will speak with them to renew interest once again

**E. DESTINATION MANAGEMENT/VISITOR & SAFETY SATISFACTION**

- Next meeting July 16 at 10:00 am
- Agenda to address visitor concerns regarding lack of activities on Guam, arrival readiness on all facets

**Discussions**

- Chairman Morinaga asked that the agenda include plans to repair San Vitores Road
- Director Dela Cruz questioned whether there are any discussions on regular maintenance cleaning of culverts, facilities, and Tumon Bay area
- Director Shinohara stated that the culvert is a priority, and there is a plan for consistent maintenance specific to the culverts
- Trash bags full of garbage were left at the BBQ station, Ypao Beach on the 4<sup>th</sup> of July
  - Multiple discussions with Parks & Recreation regarding placing more trash bins in the parks & beach ways
  - Past challenges have been local population filling bins with household trash; reason receptacles were removed creating a different challenge
  - President & CEO Gutierrez Intends to pursue what he did in the past
    - Mayors to select by lottery three families within their respective village to maintain selected areas for 8 hours within 24 hours.
    - Spoke with mayors who are happy with the idea
    - Requested Director Roke Alcantra (DPR) to pull back his request for contracts from GSA, discuss to see what can be done to pool funds into GVB and implement 24-hr monitoring by families and provide them with supplies per location
    - Collaboration with village mayors, DPR, and GVB; managed by GVB
    - Mayors to figure out who will be awarded the contract
    - Asked Senator Joe SN to write into the law a more straightforward way to execute this process without RFP, RFQ, etc.

**F. CULTURAL HERITAGE, COMMUNITY OUTREACH & BRANDING**

**Liberation Festivities in Washington, D.C.**

Director Nelson-Cepeda made a motion, seconded by Director Shinohara, to approve travel for the GVB Cultural Heritage Officer to participate in the 77<sup>th</sup> Guam Liberation Festivities in Washington, DC, from July 20-26, 2021. (Estimated cost up to \$4,564.00 from Account # DM-CPO006). **Motion Approved.**

<b>Airfare</b>				<b>\$2,500.00</b>
<b>Per Diem</b>				
<b>Lodging</b>		<b>\$ 172.00</b>	<b>6</b>	<b>\$ 1,032.00</b>
<b>M&amp;IE</b>		<b>\$ 76.00</b>	<b>7</b>	<b>\$ 532.00</b>
				<b>\$4,064.00</b>

**Background:** This year marks the 77<sup>th</sup> Anniversary of the Liberation of Guam and Governor Lou Leon Guerrero will be the presiding official of these events in Washington, D.C. The Guam Visitors Bureau and the Guam Society of America will be co-hosting the events.

For the first time in the event’s history, the Wreath Laying Ceremony will be held at the Guam Pillar located at the World War II Memorial. Another event planned is a reception at the Hall of The States where attendees will experience Guam’s culture through Chamorro cuisine, music, and other entertainment.

**Issue:** Board approval required for all travel.

## G. RESEARCH / MEMBERSHIP

- Bill 81-36
- Chairman Morinaga drafted a letter relevant to Bill 81-36 for the Board's review
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## H. SPORTS & EVENTS

- Opportunity to be in a three-part series, Guam to start in the first series followed by Hong Kong and China
- 132 participants expected – 50% from North America and Canada, the rest from our target markets, Thailand, Malaysia, Indonesia
- Targeting the first week of November 2021
- The cost has been cut for Guam - \$375K
- PGA fee – \$471K in hard costs
- The idea of having Guam part of the tour has a lot of merit, being that Guam hosted some of the LPGA tour and some of these events
- The issue is whether we'd be able to secure \$300K worth of sponsorships

### Discussion

- Director Bell asked whether an expectation would be upon the elected golf course resort and whether there is a chip-in for costs. According to Director Gatewood, there are no expectations and no chip in costs

## I. JAPAN

### **Japan Market Updates**

- The state of pre-emergency is enforced in 10 prefectures.
- The Government of Japan will issue vaccination certificates (Vaccine Passports) from the middle to the end of July to resume international human traffic.
- Fully Vaccinated: exceeded 15 million
- Hope that some form of outbound travel from Japan may start by the end of July
- The US, including Guam, remains at MOFA's Level 3 travel for entry into Japan.

### **"Get Up And Move" Webinar**

- Special thanks to all the GVB Members who participated in the webinar.
- Total Audience: 1,173 from nationwide travel industry partners
- We were able to obtain 490 survey responses from attendees.
- Overall, we received very positive comments.

### **Atami Shizuoka Mud Slide**

- Heavy rainfall in Atami City Shizuoka Prefecture triggered a deadly landslide on July 3, 2021.
- GVB Sent out the concern letter to  
Consulate General of Japan, JGTA, JGTC (Kanto, Chubu and Kansai)

### **Monthly JMC Meeting**

- July JMC Meeting: Tuesday, July 13, 2021, at 1:30 PM via GoToMeeting  
<https://www.gotomeet.me/GUAMVISITORSBUREAU/jmc-meeting>

## J. KOREA

- Korea hit a positive slack with over 1,500 people per day
- First dose over 31.01%
- Fully vaccinated 5.8%
- Vaccinations are on track
- GVB Korea webinar geared toward travel agents – July 9
  - Information to be sent to Air V&Vs and participating hotels

- Director Eun requested clarification on vaccination certificates for Korean passengers and questioned whether GIAA recognizes when they arrive in Guam
- GVB had relinquished records for Japan, Korea, and Taiwan
- They're trying to get them to approve the QR code
- Governor LG is on top of it
- The QR code is pending approval

#### K. TAIWAN

- Full report provided by President & Vice President on the success of Guam's first charter flight from Taiwan
- Guam welcomed the first charter flight since the start of the pandemic
  - EVA Air (Airbus A321-200)
  - 153 pax arrived
  - GVB provided bottled water, hand sanitizer, a welcome banner, and live music entertainment by Jesse & Ruby
  - The following charter flight is set to arrive on Saturday, July 10<sup>th</sup> at 3pm
- Information is being sent to the membership
- First four charter flights are confirmed

#### L. NEW MARKETS

- Nothing to report

#### M. NORTH AMERICA, PACIFIC & PHILIPPINES

- GVB hosted a webinar with travel partners in the PI, entitled Plan Your Escape: Regaining Confidence in Outbound Travel – July 1
- 109 participants
- Since Guam loosened the arrival restrictions and quarantine testing, there has been a lot of government travel, and more car rental companies are busy now with the military

#### VIII. OLD BUSINESS

- No Old Business

#### IX. NEW BUSINESS

- No New Business

#### X. EXECUTIVE SESSION

- No Executive Session

#### XI. ANNOUNCEMENTS

##### Upcoming Board Meetings:

- July 22, 2021
- August 12, 2021

#### XII. ADJOURNMENT

Director Shinohara made a motion, seconded by Director Gatewood, to adjourn the Board of Directors Regular Board meeting at 3:15 p.m. **Motion Approved.**

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Mr. Stephen Gatewood, Secretary of the Board of Directors

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Board Minutes respectively submitted by Valerie Sablan, Executive Secretary