



## REGULAR BOARD OF DIRECTORS MEETING MINUTES

Thursday, August 12, 2021, at 1:30 p.m.

GVB Conference Room and Teleconference – GoToMeeting

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

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### I. CALL TO ORDER

- A quorum being present, Chairman Morinaga called the Board's regular meeting to order at 1:34 p.m.

### II. ROLL CALL

**Present:** Milton Morinaga, Paul Shimizu, Sonny Ada, Rudy Paco, Derrick Quinata, Ben Ferguson, Charles Bell, Jeffrey Jones

**Online:** Flori-Anne Dela Cruz, Laura Cepeda, Ho Eun, Sam Shinohara

**Absent:** Steve Gatewood

### III. MINUTES OF THE PREVIOUS MEETING

#### EXHIBIT A

Director Jones made a motion, seconded by Director Ada, to approve the previous Board of Directors meeting minutes dated August 27, 2021, subject to minor corrections. **Motion Approved.**

### IV. CHAIRMAN'S REPORT

Chairman Morinaga reported the following:

- Governor LG reported the Delta variant is now on the island. She urged the public to continue to wear their masks
- Vice President Perez reported that all GVB employees are vaccinated except one employee, scheduled for the first vaccination dose the following week.
- In summary, Chairman Morinaga delivered a prepared statement calling into question a committee and management interaction and the need to reset GVB and the multiple priorities. He encouraged committee chairpersons to meet with their committees, and then he will meet with them to set priorities.
- Ross employees made headline news for their integrity in assisting a tourist to recover her \$12K bracelet. Chairman Morinaga congratulated them and thanked President Gutierrez for honoring the employees in person.

## V. MANAGEMENT'S REPORT

President Gutierrez reported the following:

- GVB has followed every mandate of the Board's policy since management arrived in June 2020
- Air V&V is very productive, providing a lot of economic activity on the island
  - Few incoming flights today and a couple projected for the end of August
- Running into competition with Palau
  - 39 charters to Palau
  - Palau providing vaccinations
    - Vice President Perez shared that Taiwanese returning from Palau for vaccinations do not need to quarantine upon return due to their formalized bubble relationship. However, according to Chairman Morinaga, they must follow quarantine measures at home instead of quarantine at a government facility. Guam is being praised for accommodating vaccinations at the designated hotels.
    - Upon return from Guam, they must quarantine
  - GVB negotiating with the largest Taiwanese travel agency, Lion Travel, for guaranteed charters until December
  - Expressed concern over losing Air V&V if the Board does not allow Management to act on time

Vice President Perez reported the following:

- Supports the Chairman's desire for good communications
  - Board to keep in mind that things come up suddenly without the convenience of going through the normal committee process. Therefore, a sense of urgency is brought to the Board's agenda.

### Liberator Visit

- Mr. Faulkner, a Liberator, was honored as the Grand Marshal for the 75<sup>th</sup> Liberation Day parade during his last visit to Guam in 2019
- He sends his homemade pecan pies to GVB every Liberation Day
- Ms. Teresita Benavente paid a visit to Mr. Ray Faulkner (age 99) on August 1, 2021, in Astoria, Oregon

### Local Vaccination Update

- Total eligible (over age 12) fully vaccinated as of Aug 10, 104,797
- Vax n Win six-week promotion campaign positive impact
  - SM analytics 3 million reaches, 104,234 clicks
  - Six cars, cash, and other prizes total \$141,257.50
  - Total 62,585 entries

### FY2022 Budget

- Aggressive Tourism led economic recovery strategy
- Board approved **\$27 million** operating budget request to intensify marketing and destination improvement initiatives
- TAF shortfall to be augmented by Gen Fund and other sources identified by Legislature and Governor
- Early Intel feedback: GVB allocated only **\$18 million** to come from TAF estimate \$14M and \$4M Refi savings from HOT bonds
- Problem: GVB estimated TAF from optimistic 130,000 projection \$10.4M
- **Budgeted shortfall \$4M** and spending plan starting **23% below enacted budget if passed into law.**

## Fiscal Year to Date 2021



October - July 31, 2021

Total: 41,430 (-94.5%)

% Market Mix	Origin	2020	2021	% to LY
5.7%	Japan	324,509	2,357	-99.3%
2.6%	Korea	324,968	1,081	-99.7%
2.4%	Taiwan	10,664	978	-90.8%
0.2%	China	4,281	81	-98.1%
67.8%	US/Hawaii	44,345	28,087	-36.7%
4.5%	Philippines	9,069	1,848	-79.6%
0.1%	Hong Kong	1,220	24	-98.0%
0.1%	Russia	994	53	-94.7%

Source: Guam Customs Declaration Forms Processed by the Guam Visitors Bureau

Note: From 2021 Daily Arrivals reflect Civilian Air arrivals only

## Calendar Year to Date 2021



January - July 31, 2021

Total: 34,417 (-89.1%)

% Market Mix	Origin	2020	2021	% to LY
5.5%	Japan	143,708	1,890	-98.7%
2.7%	Korea	123,883	924	-99.3%
2.6%	Taiwan	4,506	910	-79.8%
0.2%	China	2,031	68	-96.7%
67.5%	US/Hawaii	24,894	23,233	-6.7%
4.3%	Philippines	2,645	1,471	-44.4%
0.0%	Hong Kong	471	14	-97.0%
0.1%	Russia	470	42	-91.1%

Source: Guam Customs Declaration Forms Processed by the Guam Visitors Bureau

Note: July 2021 Daily Arrivals reflect Civilian Air arrivals only

## July 2021



July 1-31, 2021

Total: 7,108 (+421.9%)

% Market Mix	Origin	2020	2021	% to LY
2.3%	Japan	55	185	200.0%
3.8%	Korea	77	269	249.4%
11.6%	Taiwan	15	824	5393.3%
0.2%	China	8	12	50.0%
61.4%	US/Hawaii	756	4,361	476.9%
4.1%	Philippines	67	292	335.8%
0.1%	Hong Kong	7	6	-14.3%
0.0%	Russia	9	1	-88.9%

Source: Guam Customs Declaration Forms Processed by the Guam Visitors Bureau

Note: July 2021 Daily Arrivals reflect Civilian Air arrivals only

### Arrivals Update

- Revised 80,000 FY 2021 projections more likely ending at 50,000 visitors
- Number aided by Air V&V and military exercises or R&R visits
- FY 2022 forecast of 80,000 (conservative) and 130,000 (optimistic) still looking good based on current RR and anticipated increase in air seats
- Taiwan 16+ planned charters Aug - Dec 2021 and more scheduled airlift from J-K-T in FY 2022 (first and second qtrs.)

### Largest Problem Impacting Arrivals

- Japan 2-week quarantine, no ground or domestic air transportation allowed
- It can cost as much as \$2,000 (Taiwan) and more than \$5,000 (Korea) even with exemptions or shortened quarantine applied
- Low hanging fruits near term are Taiwan (V&V) and fully vaccinated Korean travelers, GVB paying for PCR tests

### Airline Incentives

- Program outlook good
- Industry responding to offer
- Additional funding is needed to build capacity
- Recap

- Regular service/Regular charter service
  - Offset loss of airline or organizer
- Charter
  - \$100 per pax to organizer

**Tourism Recovery Funding Status – August 3, 2021**

- Board Approved \$3,493,452.99
  - From Rainy Day Funds (1.2 M) FY 20 carryover balance (1.2M) Reallocated from Ypao and Matapang Capex (1.0 M)
- Spent 20%
- Committed 74% Destinations (1.2 M), Marketing (1.2 M), Research (150k)
- Beautification, landscape and beach maintenance, WTTTC, VSO’s, Liberation Day, Communications and GUAM letters repainted, tour guide, concierge
- Marketing (J-K-T-PI) SM, fam tours, TA and airline co-ops, TA incentives, in country research,
- Balance: \$49,268.22

**Air V&V Program**

- \$1M Board approved
- Committed 86% for SM/Advertising, COVID testing, collaterals, airport greeting, and trolley service
- Balance 14% or **\$139,203.34**

**Tourism Recovery Incentives**

- **Board Approved \$1.6M and allocations**
  - Frontline TAs \$45,000
    - Hotel Hafa Nights \$500,000
    - Local Business & Optional Tour Support \$37,500
- **Bus Trolley Support to fill gap priority**
  - Visitor safety and convenience
  - Service to local retail, other businesses
- **Air Service Support**
  - Increase seat inventory
  - Negotiated subsidy, case by case
  - Air V&V budget \$1M approved (BOD: \$3M mgmt. request on May 13, BOD approved \$1M, ask for more if needed)
  - Opportunity NOW 19 charters Aug - Dec 2021
  - In discussion with all Korean carriers
  - Inquires receive by JAL, UA, Starlux

**Air V&V: Guåhan Trolley Service**

- Launched July 30; free service until Aug 30
- Runs daily 9:30am-7:00pm
- Press release distributed locally & in all source markets

**Health Declaration Form**

- DPHSS launched the Health Declaration Form
- GVB assisting with creatives and push out to arriving passengers

## Kudos to Ross Employees



### GVB recognized Ross employees for demonstrating Háfa Adai Spirit

- Visitor from Taiwan left her Cartier bracelet in the changing room at Ross (GPO)
- Employee turned in \$12K bracelet



David Su, Cindy Lee, May Tu, Satricia Gange, Katherine Aflague, and DelMark Matthews (not pictured Norma Gomez)



### Destination Update

- Valley of the Latte - Ha'anin Minagof - July 31st
- Mangilao Night Market - August 12<sup>th</sup>
- Events restarting
  - Village festivals, Public Events
- Guam Micronesia Island Fair goes virtual
  - Features performances by various local cultural groups and the Micronesia and Mariana Islands
- Damaged playground facilities at Ypao removed

### GVB Digital Academy Series 7 - August 11<sup>th</sup>

#### Mobile Payment & Contactless Services

- Over 50 attendees participated

### Tumon Vandalism

- GVB Bus Shelter - Trash bin uprooted and toppled over
- Streetlight Photocells Tampered, affecting two sections of Pale San Vitores
  - Special thanks to DPW for assisting in the replacement
- Local business sign forcibly removed

### Taiwan Market News

#### Media exposure earned

- \$4.6 million from July 6-26, 2021

#### Guam Taiwan Office planning to host B2B seminar

- GVB and GTO to organize an online seminar to introduce the Air V&V program, charter incentive, regular service incentive, and optional tours (B2B) to more partners in the travel trade industry.
- There will be three online seminars (Taipei, Taichung, Kaohsiung).
- GTO to host an online lucky draw event.
- Event is proposed to take place in August.

### GVB Get Up And Move Webinar

Taiwan Market – August 18, 19, & 20 (12-2 pm)

- Taiwan 3-city Webinar with Taipei, Taichung & Kaohsiung

Japan Market – September 16<sup>th</sup> (2 pm)

- U.S. Commercial Services & Guam Webinar

Philippines Market – September 17<sup>th</sup> (4 pm)

- 18 Month Mark: Where We Are & Why a Wellness Travel to Guam is Essential

Korea Market – September (TBA)

## Consumer sentiments



- Taiwan – overwhelming results with satisfied visitors
- PI – Mr. Steve Desist



- *“It was truly one-of-a-kind ‘vacation with a purpose’ and great news during this time when travelers are looking for alternatives to get vaccinated with their choice of COVID-19 vaccine and have a chance to relax and unwind.”*



- *“The most incredible welcome surprise wiped away our exhaustion from the flight when later in the morning we were greeted by the most spectacular rainbow and a double rainbow! For us, this was an incredible sign that we had arrived in a spiritual place that for the first time in almost twenty (20) months of quarantines and lockdowns in our county of residence, we have now found peace, relief and a safe place to take care of our health.”*



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## Air V&V Participants 7/22-8/12



GVB gave special shirts to the first long stay group to take part in Air V&V from Taiwan

- Hotel Nikko Guam
- The Tsubaki Tower
- Hyatt Regency Guam
- Pacific Islands Club
- Leopalace Resort



### Air V&V Challenges

- Self-paid quarantine upon return for all source markets
- Visitors must have the resources for an extended stay in Guam
  - Korea: 38 days on Guam to apply to bypass quarantine
- Visa issuance is a challenge in countries where US Embassy has limited operations
  - PI, Thailand, etc.
  - Source markets seeing an increase in vaccination supplies

### Discussions & Comments:

- President Gutierrez expressed concern over pushback for additional \$2M funding support
  - The Board approved \$1M; it was discussed that if more funds were needed, Management would come back with their request
  - \$2M request kicked out of the agenda per Chairman's instruction
- Director Ferguson asked if there was an additional \$1.6M earmark for airline subsidies
  - Asked if any of the \$1.6 could be used for subsidies to include incentives
- Vice President Perez mentioned two sources of funds: one from savings, the other for Air V&V
- \$1.6M Board approved Airline subsidies
  - Frontline TAs - \$45K
  - Hotel Håfa Nights \$500k

## VI. TREASURER'S REPORT

- Nothing to Report

**Director Quinata made a motion, seconded by Director Paco, to approve \$1M plus any remaining funding from \$1.6M for the airline incentive programs as part of GVB's recovery campaign, which aims to generate visitors from our source markets by incentivizing airlines and charter organizers to resume, increase, or launch air service to Guam (Funding source: \$1 million from the Lighting Improvement & Maintenance fund and \$1 million from the San Vitores Flood Mitigation Projects fund). **Director Quinata withdrew the motion.****

### Discussion & Comments:

- Vice President Perez stated that the remaining funding from the \$1.6M plus the \$1M would be acceptable to work with at this time
- According to President Gutierrez, time is of the essence to negotiate reasonable rates for charter flights from now until December 2021
- According to Vice President Perez, Management identified and the Board approved the re-allocation of funding from different capital projects for Airline incentive programs.
- On May 13, 2021, the Board approved \$3M for the Air V&V Program. \$1M was approved for the startup of the Air V&V Program. With \$2M remaining, Director Ferguson asked if Management can use \$1M from this account plus the remainder of the \$1.6M from the Airline Incentive Program.
- \$1M to be spent on the 19 Charter flights from Taiwan
- Director Shinohara is concerned about the considerable expenditure of \$1.6-\$2M on the Air V&V Program with less than 2,000 arriving passengers. Concerned that it puts GVB at risk for proper recovery. He is also worried about the FY 2022 budget.



## REPORT OF THE BOARD COMMITTEES

### A. EXECUTIVE COMMITTEE

- Nothing to Report

### B. ADMINISTRATION & GOVERNANCE

- Nothing to Report

### C. REOPENING TASK FORCE

- Nothing to Report

### D. AIR SERVICE DEVELOPMENT

#### EXHIBIT B

Committee Meeting Minutes - July 27, 2021

#### Japan

- Most United flights to Japan are postponed until October 4<sup>th</sup> or October 30<sup>th</sup> except for United Airlines
- Japan Airlines suspended until October 30<sup>th</sup>
- T'way suspended until September 20<sup>th</sup>
- Jeju Air suspended until September 30<sup>th</sup>

#### Korea

- Korean Air operates once a week
- Jin Air operates twice a week
- T'way operates once a week
- Air Seoul anticipates resuming service on September 2<sup>nd</sup>
- Air Busan & Jeju Air currently pending
- Chuseok Charters have 13 charters planned by Korean Air, Jeju Air, Jin Air, Air Seoul, T'way, Jin Air Busan, and Air Busan
  - Five flights canceled
  - Eight remains

#### Taiwan

- Upcoming Eva Air charter flights at 3 pm on August 14, 18, 22, 26
- Few Taiwanese arrivals come on regularly scheduled flights via Seoul (Jin Air) or Narita (United Airlines).

### E. TAIWAN

#### COVID-19 Update

- 16 new confirmed cases on August 12
- 816 deceased as of August 12
- Taiwan ordered 99,600 Moderna vaccines
  - The shipment arrived on August 8<sup>th</sup>
  - The arrival of the latest shipment comes at a time when Taiwan still finds itself short of vaccines
- Taiwan - Palau to resume travel bubble as Vice President Perez reported



## F. DESTINATION MANAGEMENT/VISITOR & SAFETY SATISFACTION

Director Paco made a motion, seconded by Director Jones, to approve the MOU between GVB and DPW. **Motion Approved.**

- DPW is responsible for a lot of Right of Way issues
- issues to resolve car damaged stop signs, light poles, etc. were not taken care of promptly in the past, therefore an MOU was created between DPW and GVB.
- MOU expired August 12, 2021
  - GVB worked collaboratively with DPW to respond quickly to situations and resolve issues on time
  - DPW authorizes GVB to contract and fund the maintenance of Guam's landscaped medians and roadways, including but not limited to the San Vitores Landscape Maintenance Projects.
  - MOU to be renewed

## G. CULTURAL HERITAGE, COMMUNITY OUTREACH & BRANDING

- Director Cepeda thanked Dee Hernandez and those who came together to make GMIF come to life

## H. RESEARCH / MEMBERSHIP

### Research

- Updates reported during Management's report

### Membership

- Responded to Shelton's office, the response still pending

## I. SPORTS & EVENTS

Kraig Camacho reported the following:

- Currently supporting the Guam Basketball Confederation for the August 26 & 28 FIBA qualifying game between Team Guam versus Chinese Taipei
- We'll be hosting 22 athletes from Chinese Taipei.
- The winner of the games will move on to qualify for the FIBA Asian Cup

## J. JAPAN

- The report covered by Vice President in Management's report

## K. KOREA

Director Ferguson reported the following:

- Korea continues to be in its 4<sup>th</sup> wave of infections.
- Charter flights scheduled for September is in limbo
- Ongoing discussions with airline travel agents for Guam promotions
- Chairman Morinaga thanked GVB Management & Staff for their Airport Greeting Services

## L. NORTH AMERICA, PACIFIC & PHILIPPINES

- Nothing to report

## VII. OLD BUSINESS

- No Old Business

VIII. NEW BUSINESS

- No New Business

IX. EXECUTIVE SESSION

- No Executive Session

X. ANNOUNCEMENTS

Upcoming Board Meetings:

- August 26, 2021
- September 09, 2021

XI. ADJOURNMENT

Director Ferguson made a motion, seconded by Vice-Chairman Shimizu, to adjourn the Board of Directors meeting at 3:09 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