



REGULAR BOARD OF DIRECTORS MEETING MINUTES

Thursday, December 10, 2020, at 1:30 p.m.

TELECONFERENCE - GoToMeeting

(<http://www.gotomeet.me/GUAMVISITORSBUREAU/regularboardmeeting12102020>)

I. CALL TO ORDER

- A quorum being present, the meeting was called to order at 1:38 p.m. by Chairman Ada.

II. ROLL CALL

III. MINUTES OF THE PREVIOUS MEETING

EXHIBIT A

Director Camacho made a motion, seconded by Director Shimizu, to approve the minutes of the previous Board of Directors meeting dated November 12, 2020, subject to minor corrections. **Motion Approved.**

IV. CHAIRMAN'S REPORT

GVB Chairman and Senior Management's meeting with Governor LG (11/30/2020)

- Governor LG desires to open the Guam economy and tourism industry
- She honored the offer for GVB to seek rapid testing and tracing options
- GIAA to handle arrivals and departure testing protocols; upon DPHSS's buy-in to the plan presented by GVB
- DPHSS and Surgeon Cell to coordinate
- Initial meeting with DPHSS and Surgeon Cell took place on December 9, 2020

GHRA's invitation to GVB (12/09/2020)

- GVB had the opportunity to listen to presentations by GHRA, AMC, and (California based) 360 Clinics
- 360 Clinics presented their private initiative plan for testing, tracing, and resuming business operations
- A private initiative to update and support DPHSS's current testing and tracing procedures

TECO meeting arrangement with Taoyuan Mayor, Governor LG, and LuxAir (12/01/2020)

- Chairman Ada, Vice Chairman Morinaga, Director Camacho, President & CEO Gutierrez, Vice President Perez, and Global Marketing Director Leon Guerrero attended the TECO arranged meeting.
- Discussed trade, investments, medical opportunities, formulation of a sister city relationship with the southern city of Taoyuan, air service with LuxAir, and Governor led delegation visit to Taiwan, early 2021.
- New relationship to include GIAA

Guam Chamber of Commerce 2021 Economic Forecast Webinar (12/04/2020)

- Chairman Ada and Vice President Perez participated in the 2021 Economic Forecast Webinar
- As the Federal Cares Act funds end in December, the people of Guam and the economy will experience further pain in the first half of 2021.
- Guam's COVID cases and hospitalization are down with a continuing CAR Score trend below 5.
 - Vaccines are on the horizon
 - Quarantine restrictions are in review and could change sooner rather than later.
 - The TECO office and LuxAir discussions are progressing with a possible Governor led trip to Taiwan in March or April 2021.
 - The relocation announcement of the AMCHAM to Guam should bode well for our island and bring attention to Guam, America in Asia. It would assist in Guam's efforts to attract investment from Hong Kong.
 - A bill to allocate \$1M to GEDA for a Hong Kong representative is currently underway.

Cannabis in the Air

- Chairman Ada submitted a letter of concern to Speaker Tina Muña-Barnes
- He expressed GVB's concerns that opposed the advertising, selling, and consumption of cannabis in Tumon.
 - Impacts to Guam's family-friendly image
 - Guam's core markets cultural sensitivity on the use of drugs
 - potential loss of businesses
 - President & CEO Gutierrez expressed concerns on various media outlets
- The Guam Visitors Bureau's position has been consistent for years regarding the unintended ramifications recreational marijuana will have on the tourism industry:
 - Former GVB President Pilar Lagaña warned of the negative impact in a POST article dated March 19, 2019.
 - Concerns were expressed since 2017
 - Chairman Ada convened an executive committee meeting on December 8, 2020, to discuss such matters
 - Vice President Perez provided further insight relative to the GVB sponsored economic impact study conducted earlier in 2020.
- Chairman Ada thanked Mark Baldyga for leading the charge and awareness of the negative consequences cannabis can have on our industry.
- Concerns were also expressed by the Guam Chamber of Commerce, Guam Contractors Association, Guam Chinese Chamber of Commerce, Japan Guam Travel Association, and the Korea Guam Travel Association.

JAL Airlines

- 50 years of air service to Guam and the industry

Letter of Request

- Chairman Ada and President & CEO Gutierrez jointly signed a letter addressed to Haneda Airport authority urgently requesting to open a slot at Haneda Airport for an airline servicing the Guam Japan route.

V. PRESIDENT & CEO'S REPORT

Taichung, Taiwan

- The mayor of Taichung would like to meet with Governor LG virtually to discuss opportunities.
- Many locals from Guam avail themselves to the China Medical University Hospital, located in Taichung.
- Guam TECO office will coordinate the meeting, slated to take place early January 2021.
- Interested in once or twice a week direct flights to Guam with Starlux, China Air, or Eva Air for our people's medical services and the tourism industry.
- With Guam's CAR score down, we are making headway with Taiwan
- Hopeful that a travel bubble can be created between Guam and Taiwan
- Governor LG is looking to visit Taiwan in February 2021

Destination Management

- Chief Dan Stone of GFD continually reaches out to President & CEO Gutierrez; would like to move quickly to relocate their Dededo beach rescue personnel to Matapang park.
- A meeting was arranged to discuss the \$18M project that includes infrastructure development.
- Destination Management team is looking into funding for four container offices for firefighters.
- Relocation to Matapang will save 20-25 launch time minutes for any beach emergency.
- Pushing forward to have BSP move quicker with the \$18M EDA grant to improve Matapang Park and rid the ponding basin issue.

GVB lack of funding

- Still surviving nonetheless
- Governor LG is pushing for some funds to be allocated to GVB for losses suffered; GVB working to determine the losses
- Federal funds cannot be spent in a foreign country; looking into an alternative way to spend
- Governor LG pushing to see if GVB qualifies

VI. VICE PRESIDENT'S REPORT

Yuji Mitsumori

- passed away on December 10, 2020, in Japan. He was a longtime advocate and promoter of Guam who worked for the Japan GVB office for 23 years.

Legislative Update

- Committee of the Whole took place on December 09, 2020
 - the Rainy Day Fund and HOT Bond bill
 - both bills on the board voting file for action

Paperless Customs & Visitor Arrival Forms

- vendor selected
- on the verge of beta testing in late December 2020

Paperless Customs & Visitor Arrival Forms Update

- Vendor selection and tasks completed
- Beta testing scheduled December
- Pending issues:
 - Customs hardware
 - Scarce inventory on the island due to backorders; shipments delayed due to COVID
 - Project straddles two calendar years and may affect the ability to receive CARES funds

Revised Arrival Projections

- Senior management has been stashing budgeted allocations and cash reserves to prepare for the second and third quarter's expected turnaround.
- GVB living within means while conserving and maintaining work with the destinations project.

Revised Arrival Projections

GVB Original Jul/Aug	251,400 = 20,950 MRR	TAF \$9.4M
PL-35 Legislature Budgeted	400,000 = 33,333 MRR	TAF \$18M
Actual YTD (Q1&2)	96,657 = 8,054 MRR	TAF \$4.6M
YTD (optimistic Q3&4)	147,657 = 12,304 MRR	TAF \$6.5M

* MRR = Monthly Run Rate

2021 Economic Forecast

- December 4, 2020
- Chairman Ada & VP Perez presented Visitor Industry
- AMCHAM and Hong Kong decided to relocate to Guam

Proposed GVB Testing Site

- **As of late November 2020**
 - Governor LG directed GVB and GIAA to work on the arrival testing program to pave the way for tourists
 - Directed GIAA and GVB to collaborate with Surgeon Cell and Public Health on details

- GIAA to focus on airport arrivals
- GVB to focus on off-site location (President & CEO Gutierrez's proposal); initiative to facilitate testing convenience for restaurants, retail, and other businesses. Customers
- The goal is to start shoots of economic activity, local patrons, and tourists once quarantine restrictions ease and vaccine is available.
- **As of December 2020**
 - GVB site layout and logistical details presented; awaiting answers to questions directed to DPHSS and the Surgeon Cell prior to finalizing the plan and budget.
 - Three DPHSS regional centers and rapid team engagements intensified with greater testing capability, capacity, thousands of rapid test kits received and improved thru efficiency from more staff experience.
 - Expanded community outreach at the Micronesian Mall, GPO, and the Judicial Center in Hagatna
 - There is a broader geographic coverage in strategic population centers
 - Progressive decline in CAR scores from 40+ to less than 2%
- **Meeting with Governor LG (December 9)**
 - Discussed GVB site plans, presented improvements in testing capacity, and CAR score trends
 - Governor LG mentioned that the vaccines would arrive by late December and more will arrive from Pfizer and Moderna in Spring 2021
 - With vaccines coming in late December, Governor LG decided there wasn't a need to proceed with the test site but to focus support on promoting and advancing vaccines while maintaining the DPHSS testing strategy now in place.

Recreational Marijuana

GVB Background

- GVB submitted testimony on Bill 32-35 (now PL-35-5) and expressed serious concerns over the legalization and "unintended ramifications" that recreational use of marijuana will have in our tourism industry
- Guam is a family-friendly destination; our image could be jeopardized
- Japanese and Korean laws are very tough; they administer harsh penalties for cannabis use other than strictly regulated medicinal use
- Residents tested upon returning from other countries where recreational marijuana is legal are not unusual. However, heavy penalties are given to those who test positive even when smoking in jurisdictions where recreational marijuana is legal
- March 2019, GVB Board recommended an impact study by the Government of Guam
 - When public law 35-5 was passed, it called for a TAF funded independent economic impact study
 - The Cannabis Control Board (CCB) drove the survey based on the law, GVB facilitated the research, and it was the CCB who worked out the scope of work, received the report, and transmitted the end product to the legislature.
 - The CCB's scope of work focused on economic benefits from a new Cannabis industry
 - CCB did not delve into a market reaction of the existing tourism industry

Tourism Impact (GVB staff/management review)

- Conducted a comparative analysis sensitized to assumptions in key market segments with the following assumptions:
 - Family market Japan & Taiwan; we anticipate -35%, Korea - 40%, all others - 20% loss
 - School trips Japan, Korea, and Taiwan - 100% loss
 - Silver (excluding family & school trips) - Japan and Taiwan - 50% drop and Korea - 100%
 - OL's ages 25-49 (excluding family & school trips) Japan, Korea, Taiwan - 5% loss
 - There was not a change in assumptions in all other nationalities and other segments
 - GVB made use of the Tourism Satellite Accounting benchmark for spending and Government of Guam revenues and applied a 1.6 economic multiplier

Net Gain/Loss (Base year 2019)

- Cannabis Control Board assessment based on the independent study, shared with the public the following information:
 - **Positive** economic impact **\$11.5M** from 31,500 new visitors, 66,500 other visitor engagements, and 14,500 resident engagement, **734 jobs supported**
- GVB compared that with our assessment based on the negative impact in key market segments
 - **Negative** economic impact **-\$578.8M** using actual 2019 data

At-Risk for CCB Regulatory Consideration

- Trade-off between CCB assumed benefits and negative impact to the tourism industry is a **net economic loss of \$486.2M and 6,570 jobs loss**
- GVB is not infallible; assumptions are based on best understanding and consultations with industry sales, marketing, and distribution stakeholders, wholesale and retail
- If we are 50% wrong, we still have a \$243M hit to our economy
- If we are 50% right, the negative impact is even much worse than the estimate

Questions & Comments:

- Director Arriola thanked GVB for conducting a comparison. The independent study commissioned by the CCB was specifically to quantify the benefits of establishing a new industry on Guam. It did not consider how it would impact the tourism industry economy. The CCB is in the process of reviewing public testimony.
- GVB's testimony was sent to Speaker Tina Muña-Barnes
- Capital investment in the tourism industry is in financial jeopardy if nothing is done
- The Economic Impact Study report is being referred to as GVB's report. Director Shinohara recommended that management have the information clarified and corrected.
 - **ACTION: GVB to submit testimony to Vanessa Williams, Chairwoman of the CCB Board. Director Arriola to send her email address to Chairman Ada by WhatsApp**
- GVB to prepare for recommendations for senators' consideration; to safeguard the tourism industry that Guam has invested in for over 50 years
- The CCB is currently reviewing comments. They will then make recommendations to the Rules & Regulations and submit them to the Guam Legislature for final approval.
- The CCB is focused on developing Rules & Regs for a cannabis industry

VII. TREASURER'S REPORT

TAF Update for FY 2020

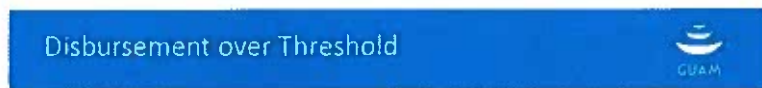
- The original projection for the FY 2020 TAF was \$44.9M; GVB was to receive \$21.5M
- The TAF was close to \$17M under our original budget
- GVB received only \$15M in funding; roughly \$7M shortfall

GVB Cash Balance Recap as of October 31, 2020

- \$15M cash balance; some funds are restricted for various reasons (committed projects, payroll, contract costs, etc.)
- If allotments are not received for the balance of the year, GVB will have a shortfall of \$104K
- No significant surplus cash in the bank that we are not expending
- No day-to-day expenses included
- Encumbrances include payroll, trash pick-up, contract, beach cleaning (significantly reduced), minimal costs for maintaining source market offices
- No budget for any activity for marketing purposes
- \$2.7M set aside for marketing recovery efforts
- We don't anticipate significant collections from the TAF this year; funds were taken from the general fund for the back half of the year as indicated by the DOA director.

Cash In Bank Balance per Book as of 10/31/2020	15,011,321.15	
Add: Receivable from DOA	<u>532,424.90</u>	15,543,746.05
Less:		
Public Law Restricted Funding	(1,617,768.94)	
Booked Payables as of 10/31/20	<u>(717,655.52)</u>	
Encumbrances for FY2021		
Retiree Benefits Reserved	(300,000.00)	
Estimated Payroll for FY21 (24 PPE's)	(2,424,000.00)	
Encumbrances on Contracts - Fixed Cost excluding Out of Pocket	(2,047,507.61)	
Encumbrances on Purchase Orders - Fixed Admin/Operating Cost	<u>(174,335.91)</u>	
Board Committed Funds		
Various Capital Expenditure	(5,657,522.95)	
COVID-19 Market Recovery Efforts	<u>(2,709,940.67)</u>	<u>(15,648,731.60)</u>
Net GVB Cash Balance/(Shortfall)		<u>(104,985.55)</u>

- A list of disbursements from June to July and July to November 29 has been submitted to the Board for review and approval.



- 1) Approval from June 23, 2020 to July 10, 2020 above \$4,999.99
- 2) Approval for disbursement from July 11, 2020 to November 29, 2020 above \$24,999

(For Distribution)

Director Shinohara made a motion seconded by Director Gatewood to approve the disbursements report submitted to board members. **Motion approved.**

Questions & Comments:

- Vice President Perez reminded the board that the budgeted funds are backed by cash from the TAF income.
- We must be mindful when thinking about projects and programs

VIII. REPORT OF THE BOARD COMMITTEES

A. EXECUTIVE COMMITTEE

- The committee had a brief meeting relevant to the Cannabis issue

B. ADMINISTRATION & GOVERNANCE

- Nothing to report
- The budget deadline notice was for December 18, 2020.
- GVB was unable to meet the deadline given the COVID situation
- The Board would need to approve before we submit anything

C. DESTINATION MANAGEMENT

- No updates
- Recent trash issue that made the media
 - The parks continue to be inspected
 - trash is picked up regularly by Parks & Rec; challenges due to the limited workforce and budget make it difficult to meet the volume required
 - Must work hard to collaborate with our partners at Public Works and Parks & Recs
- Partner with the Marketing Team to work with Center for Island Sustainability; a push to ensure everyone understands the situation
- Director of Global Marketing Leon Guerrero shared GVB's messaging for the current situation:
 - employing #protectGuam; social media pride campaign
- intent to include in other ways aside from Health & Safety Protocol messaging
- Director Arriola recommended to Director Shinohara that this could be work into G3's sustainable notes

D. VISITOR & SAFETY SATISFACTION

- Trash accumulation across Tumon; covered above

E. CULTURAL & HERITAGE

- Nothing to report

F. RESEARCH / MEMBERSHIP & COMMUNITY OUTREACH

Research

- deploying an in-country Korean survey; market research to assist us in understanding current views and opinions the Korean market has on Guam

Membership

- upcoming election - February 2021
- deadline to nominate four members (open seats) - January 9, 2021
- currently, three eligible nominees as of December 9, 2020
- In-person voting at GVB; scheduled timeslots
- 1st quarter membership meeting; opportunity for nominees to introduce themselves and speak
- December 21, 2020 - Training series part of a roadmap to the WTC certification

G. SPORTS & EVENTS

- No events for the year
- United Guam Marathon to decide what they will do moving forward for 2021's event.
- MMA event - still waiting on DPHSS guidance

H. AIR SERVICE DEVELOPMENT & CORONA VIRUS TASK FORCE

COVID Task Force Committee Minutes dated October 28 & November 19, 2020

EXHIBIT B

COVID Updates

- As of December 10, 2020
 - Guam - 7039 confirmed cases, 594 active and 113 deaths; CAR score is 1.5
 - Japan - 165,840 confirmed cases, 22,798 active
 - South Korea - 39,432 confirmed cases, 8699 active
 - Taiwan - consistent at 720 confirmed cases, 131 active
 - Japan and Korea are facing high numbers of active cases
- Japan worried about hospitalizations - beds are available but not enough medical personnel to attend to patients

- South Korea businesses are closing shop; some businesses patronized by tourists decided to move to Japan and open business to recover business losses

Executive order No. 2020-41

- Public Health Emergency extended until December 29, 2020

COVID-19 vaccines

- In route to Guam; first order 3,900 doses
- Vaccine and Antiviral Prioritization Policy Committee (VAPPCO) responsible for advising DPHSS to identify critical population groups who will receive the first round of vaccines

DPHSS Launches Guam Respond System

- Helped to decrease CAR score level

Airline Services Update

United Airlines

- Flights 167/197 operates six times a week except for Tuesday beginning in January 2021
- Narita 828/827, 873/874, Nagoya 137/136, 171/172, Kansai 151/150, and Fukuoka 165/166 are all suspended until January 31, 2021

Japan Airlines

- Narita flight suspended until January 31, 2021

JTB, HIS, Jalpak, and Tobu tour package sales canceled until January 31, 2021

South Korea

- All airlines from Korea to Guam were suspended until further notice, except Jin Air. Total outbound air seat capacity 945 for December 2020.
- Jin Air operating five flights
- Korean Air decided to acquire Asiana Airlines; a merger requires review from the US, European Union, China, and Japan. Jin Air, Air Busan, Air Seoul, Korean Air, and Asiana Airlines to become one full service and one low-cost carrier after the merger.
- Hong Kong and Singapore decided to postpone the travel bubble until 2021 due to the rapid increase in local cases.

Taiwan

- GVB met with Taiwan's StarLux Airlines; showed support for their new route, and shared travel bubble efforts

I. JAPAN

Committee Minutes dated November 17, 2020

EXHIBIT C

Japan Market update

- COVID-19 third wave in Japan; more than 2,000 newly infected individuals reported nationally every day.
- Cases rapidly increasing; concerned about medical collapse
- Government restrictions on movement announced by the Japan government
- Concern over the continuation of domestic travel campaign; Osaka and Hokkaido excluded from the campaign until December 15, 2020
- Due to spike cases, no relaxed quarantine measures since the first part of December 2020.
- grim season to travel over the holidays

Travel Trade

United Airlines

- updated their flights from Japan to Guam (January 2021)
 - All flights except Narita 196/197 are suspended
 - Operating six days a week except Tuesday

Japan Airlines

- Suspended until January 31, 2020; except extra flights on December 24, 2020, January 4 & 24, 2021

T'way & Jeju Airlines

- Kansai flights suspended after January 2021

Tour Packages

- major tour agencies (JTB, HIS, KNT and Jalpak) canceled tours until January 31, 2021

JATA Tourism Expo

- Tokyo, Big site
 - January 7-9, 2021
 - B2B Meetings: 96 times
 - Dusit Thani Resort Guam and Baldyga Group joined as a co-exhibitor
 - The Tsubaki Tower and Hotel Nikko Guam joined the online B2B Online meeting
- JMC Meeting - December 15, 2020

J. KOREA

Committee Minutes dated November 17, 2020

EXHIBIT D

COVID-19 updates

- Began to see the third wave of cases; jumped to 500-600 cases a day, therefore implemented stricter distancing guidelines throughout the country

Travel Trade

- Flights suspended until further notice except for JinAir
- Asiana merger moving forward
 - legal challenge that was rejected
 - concerns about possible monopoly

Guam Online Exhibition

- Received positive feedback from travel trade partners, media, and consumers
- Preliminary Data from GVB Korea (recap report to be presented to KMC at next meeting on December 15, 2020)
- 218,000 visitors
- 804,000-page views

K. GREATER CHINA

- All items covered under Vice President and Vice Chairman Morinaga's report

L. NORTH AMERICA & PACIFIC MARKETS

- Philippine office kept Guam's presence on social media; continuing sales calls with travel and tour agents
- United offering low round trip fares and office encouraged 2021 travel plans to Guam
- Four webinars planned for FY2021

IX. OLD BUSINESS

- None

X. NEW BUSINESS

- None

XI. EXECUTIVE SESSION

- None

XII. PUBLIC COMMENTS

- None

XIII. ANNOUNCEMENTS

Upcoming Board Meetings:

- January 14, 2021
- January 28, 2021

XIV. ADJOURNMENT

Director Arriola made a motion, seconded by Director Hofmann, to adjourn the Board of Directors regular board meeting at 3:11 p.m. **Motion Approved.**

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

Board Minutes respectively submitted by Valerie Sablan, Executive Secretary