

# **GVB Membership Forum**

September 21, 2022



# Report of Management

**President & CEO Carl Gutierrez**  
**Vice President Gerry Perez**



# Agenda



1:30PM | Wednesday, September 21, 2022

- I. MEMBERSHIP AND BOARD ELECTIONS
- II. TOURISM RECOVERY
- III. FY2022 FISCAL YEAR END REPORT
- IV. FY2023 BUDGET AND PLANS
- V. STATE OF THE TOURISM INDUSTRY ON GUAM
- VI. REMEDIAL AND CORRECTIVE ACTIONS REGARDING THE BYLAWS

# Membership



- Last meeting held May 31, 2022
- Board paused further meeting pending legal review of incongruencies in GVB bylaws and enabling law
- Updates on issues that have evolved since May
- Reminder, membership renewals/sign up due by Oct 5 to vote on January 3, 2023 Board Elections

# Tourism Recovery FY2022 Market Recap



# September 2022



**September 1-11, 2022**

**Total: 9,334 (+479.4%)**

% Market Mix	Origin	2020	2021	2022	% to LY
6.4%	Japan	8	111	600	440.5%
64.0%	Korea	4	115	5,975	5095.7%
0.3%	Taiwan	7	8	30	275.0%
0.4%	China	0	9	34	277.8%
15.4%	US/Hawaii	259	979	1,435	46.6%
2.7%	Philippines	16	96	250	160.4%
0.2%	Hong Kong	0	0	15	-
0.01%	Russia	2	2	1	-50.0%

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

Note: September 2022 Daily Arrivals reflect Civilian Air arrivals only

# Fiscal Year to Date 2022



October – September 11, 2022

Total: 198,221 (+244.8%)

% Market Mix	Origin	2020	2021	2022	% to LY
5.8%	Japan	325,524	3,207	11,439	256.7%
48.6%	Korea	325,123	1,605	96,364	5904.0%
0.2%	Taiwan	10,693	2,243	374	-83.3%
0.2%	China	4,316	115	417	262.6%
31.0%	US/Hawaii	50,900	38,708	61,442	58.7%
2.9%	Philippines	9,290	2,175	5,756	164.6%
0.1%	Hong Kong	1,227	30	115	283.3%
0.03%	Russia	1,008	58	63	8.6%

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

Note: September 2022 Daily Arrivals reflect Civilian Air arrivals only

# FY 2022 Actual Vs. Projected Arrivals



Month	Projected	Actual	% Diff
Oct	5,962	6,416	7.6%
Nov	6,586	9,615	46.0%
Dec	7,949	8,764	10.3%
Jan	8,933	9,060	1.4%
Feb	8,371	7,096	-15.2%
Mar	9,109	9,401	3.2%
Apr	12,565	11,323	-9.9%
May	12,340	20,008	62.1%
July	12,884	28,278	119.5%
August	14,970	41,091	174.5%
Aug	16,291	37,835	132.2%
Sep	14,040	-	-
<b>Total</b>	<b>130,000</b>	<b>188,887</b>	

\*Note: Air and Sea Arrivals as of August 2022.



# RECOVERY ISSUES



- Optimism emerged early FY22, improved vaccination rates, source markets
- Good progress in K Market late summer, early fall before omicron variant setback
- Months before resumption in arrivals, Spring 2022
- Encouraged by relaxed border controls, free PCR testing program
- Trade reception in Japan, major trade impact
  - Top comment: “Guam event was the first gathering attended since COVID started! ”
- Details FY2022 in GVB Biweekly Industry Recovery Report
  - <https://guamvisitorsbureau.com/tools-resources/industry-recovery-updates>

# JAPAN MARKET



- PCR testing no longer required on return
- Daily entry limit to 50,000 (abolished Oct)
- Relaxed border controls & resumption of UA service in Western Japan generating Q4 group & pkg sales

## Guam's Brand Campaign #HereWeGuam

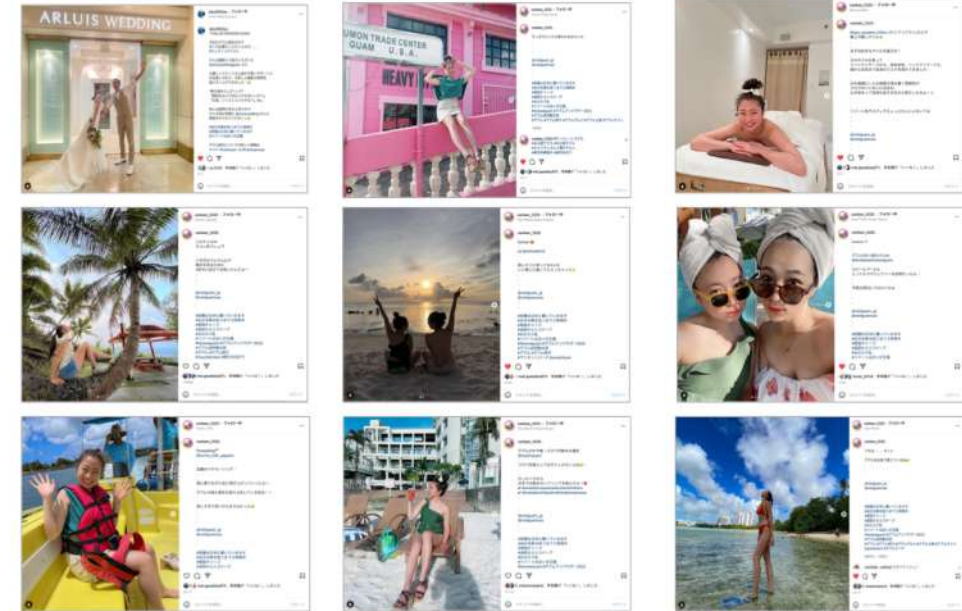
- Build awareness and Guam travel aspirations, SM intensive
- Gen Z targets, gateway to other demographic segments & FITs

## Ambassador FAM campaign

- FAM tour 9 ambassadors, March-May-July (posted own SN sites)
- Total 16 million media reach, exceeded KPI goal 1 million

## Japan challenges

- Cumbersome travel protocols
- Higher air fares, weaker yen
- Overseas travel restrictions by companies



# JAPAN MARKET



- Trade FAM and Roadshow/GoGo Guam Campaign/Airline meetings
  - UA resumption KIX, FUK, NGO
  - JAL 55<sup>th</sup> Anniversary campaign
- #HereWe Guam/GoGo Campaign Roadshows Tokyo, Osaka, Nagoya and Fukuoka July-August, 480 industry partners participated
- Enhanced PR activity media exposures/more than \$500,000
- Webinar number of participants: 1,963 / SNS total engagement FY21: 164,000 vs FY22: 416,000, 377% increased vs 2021



# KOREA MARKET



## 5,974% increase in arrivals

*\*Comparison to FY21; fiscal year to date (Aug 30): 90,381 pax*

## \$145,369,556 in media exposure value

*\*traditional, online, and combined*

- Launched the #GuamAgain
- Won “Best Organizing Booth Award” at the 37<sup>th</sup> Seoul International Travel Fair
- Conducted a total of 98 cooperative projects, 5 trade shows and conventions, 3 seminars/workshops, and 12 fam tours
- Traditional & online media exposure value \$145.4 million
- Qtrly website promotions and TV home shopping promotions



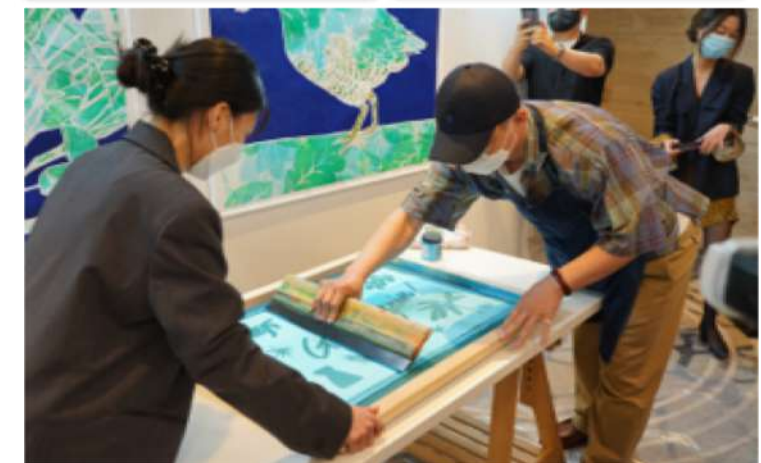
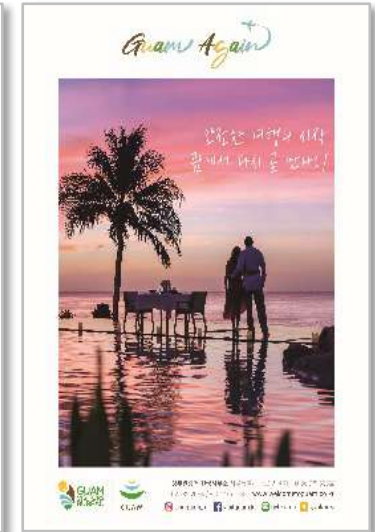
*Guam Again*



# KOREA MARKET



- Korea strategic mission and trade fair
- Influencer content production & fam tours
- Guam Again industry night

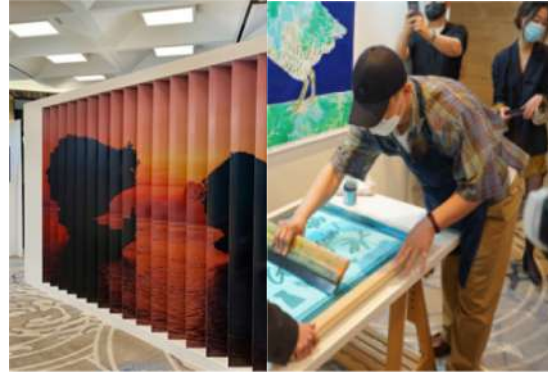


# KOREA MARKET



GVB Strategic Mission

April 2022



Guam Again Exhibition

May 2022



GVB Industry Night & Seoul International Travel Fair

June 2022



Shall We Golf Filming

July 2022



Airline & Travel Agent Support

August 2022



Tasty Guys Filming

September 2022

# TAIWAN



- Still waiting for Air Service & relaxed border controls

## Strengthening Relationships

- Taoyuan Sister City Agreement (Dec. 15, 2022)
- Taichung Sister City Agreement (Feb. 23, 2022)

## Active Memberships

- ASOA, AmCham, ANTOR, Discover America
- Participated in nine major trade events to maintain market visibility



# PHILIPPINES



## 165.4% increase in arrivals

\*Comparison to FY21; fiscal year to date (Aug 30): 5,504

## \$60,000 in media exposure

\*SM platforms

- Fam tour popular influencer Rei Germar, 1.3m Instagram and 1.5m Youtube subscribers
- Meeting with carriers, political leaders, U.S. Embassy and travel trade
- Participated in trade events in Cebu, Manila, Central Luzon
- #TravelToGuam webinar and virtual, Guam attractions



Guam Haul, Driving A Mustang & More! | Rei ...  
113K views · 7 days ago



All Girls Trip To USA | Rei Germar  
159K views · 11 days ago





# NORTH AMERICA MARKET



PIFA Fair 2022  
San Diego, CA  
September 24-25, 2022



- GVB President Carl T.C. Gutierrez and GVB staff participating at PIFA Fair 2022.
- Largest festival in the world that promotes and perpetuating the traditional cultures, values and history of the Pacific.

IMEX America  
Las Vegas, NV  
October 10-13, 2022



- GVB participating in IMEX America
- Largest MICE expo, North America, all markets

# PACIFIC MARKET





- BBC webinar, COVID impacted destinations
- Guam destination update, pre & post COVID, VP G. Perez PATA panelist
- BBC destinations featured: Guam, Palau, Kiribati


To watch the full webinar, visit:  
<https://www.youtube.com/watch?v=Q4tgZ6ZEoQQ>



# SOCIAL MEDIA



 X 	Subscribers <b>104K+</b>
jedcal	Total Views <b>5.2M+</b>
Collaboration Proposal	Avg Views <b>36K</b>



**I Spent a Month Living in Guam**

91K views • 3 months ago

11:38

Destination Guam Video



- GVB and Jed Caluag Guam Vlog production, one minute
- Guam natural attractions showcased, more than 90k views first 3 months

# NEW MARKETS



ITB Asia / Mice Show Asia /  
Travel Tech Asia 2022 Singapore  
October 19-21, 2022



Guam Product Update w/ PAL  
Singapore  
October 17, 2022



- GVB participation ITB Asia, MICE show & Travel Tech events
- Buyers and suppliers (Guam) prearranged B2B appointments
- Guam destination showing, Philippine Airline key TAs invited

# AIR SERVICE DEVELOPMENT



- Met with U.S. DOT August 16-18
  - Assistant Secretary Mohsin Syed
  - Ben Taylor, Director of International Aviation
  - Julie Abraham, Director of International Policy
- Encouraged to reengage 5<sup>th</sup> freedom and Haneda opportunities
- Understood Guam specific bilateral issues
- Offered assistance in path forward re: open skies Japan as before
- United in 10 cities including Fukuoka, Osaka, Tokyo, Nagoya, Hiroshima, Okayama, Okinawa, Sendai, Niigata, & Hokkaido

# AIR SERVICE DEVELOPMENT



- President Carl updates
  - Haneda Meeting
    - Katsuji Doi, President & CEO, TIAT Corporation
    - Isao Takashiro, Chairman, JAT
    - Nobuaki Yokota, President & CEO, JAT
  - Jetstar Meeting
    - Motohisa Abe, Acting CCO/Head of Commercial, Jetstar
    - Shintaro Yamazaki, Network Planning Director, Jetstar
  - PAL Meeting
    - Captain Stanley Ng, President & COO
    - Carlos Luis Fernandez, Senior VP & General Counsel
    - Eric Anderson, VP for Strategy
    - Christoph Gaertner, VP for Network & Fleet Planning
    - Salvador Britanico, Jr., VP for Sales

# FY2023 Budget and Plans



- Maintain source market presence, intensify SM driven initiatives, promotional and coops, OTA's, etc.
- Strengthening island brand identity and cultural authenticity
- Bringing back Guam Island Fiesta Tour, setting schedule for advance promotion
- Expanding from Tumon centric tourism stage to island wide diversified attractions
- Mayors key stakeholders in strengthening cultural experiences, Destination Development and village improvements



# FY2023 Budget Breakdown



Budget					
Department	FY2019	FY2020 (Pre)	FY2021	FY2022	FY2023 Recommended
Administration	\$ 3,600,000	\$ 3,600,000	\$ 3,150,000	\$ 3,900,000	\$ 5,000,000
Marketing	\$ 14,500,216	\$ 14,000,000	\$ 1,323,716	\$ 8,315,904	\$ 8,183,547
Research	\$ 600,000	\$ 600,000	\$ 250,000	\$ 400,000	\$ 650,000
Destination Development	\$ 3,635,000	\$ 3,635,000	\$ 1,665,383	\$ 1,912,383	\$ 5,100,000
<b>TOTAL</b>	<b>\$ 22,335,216</b>	<b>\$ 21,835,000</b>	<b>\$ 6,389,099</b>	<b>\$ 14,528,287</b>	<b>\$ 18,933,547</b>

- Fundamental shift to focus on destination development
- Years of neglect and lack of maintenance
- Culverts, sidewalks, rain shelters, village signage, etc.
- Marketing important but credibility jeopardized by failing to deliver image and visit experience advertised

# Destination Management



## FY2022 Re-initiated Special Attractions & Events with Local amateur sporting federations & event organizers

- Guam Futures Tennis Tournament
- Local Fishing Tournaments & Derby's
- Marianas Open Jiu Jitsu Tournament
- Rave In Paradise Electric Dance Music Concert
- Electric Island Festival Concert
- Fandanña Friday's Food Truck event
- Liberation Parade & Fandanña Friday events
- Liberation Day Fireworks & Drone Shows
- New Year's Eve Fireworks



# Destination Management



## FY2023 to feature enhanced support & development of special attractions

- Local Food Festival events
- Increased Drone Show performances
- Liberation & New Years Eve Fireworks
- Liberation Day & New Years Eve Fireworks & Drone Shows
- Tour of Guam cycling event
- Electric Dance Music Concerts
- Local Sporting Events (Basketball, Soccer, Tennis, Volleyball, Jiu Jitsu, etc)
- Cultural Events “Guam Island Fiesta Tour”

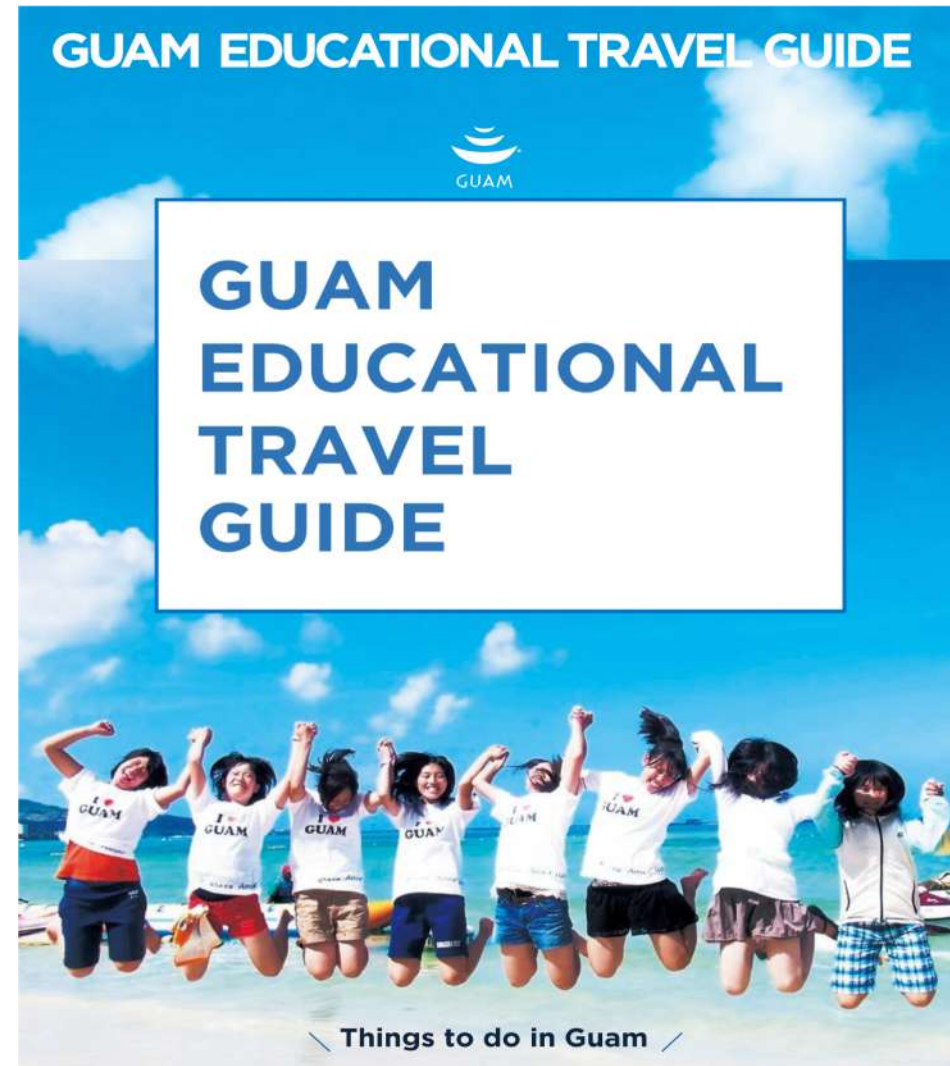


# Destination Management



## FY2023 Launch of the Guam Educational Travel Guide

- Provide updated educational information about Guam's educational institutions.
- Provide local cultural offerings and unique Guam experiences.
- Attract and incentivize student groups coming from Japan, Korea, Taiwan, & Philippines.



# Destination Development



## Destination Maintenance Programs



**Tumon Landscaping**



**Tree Trimming Services**



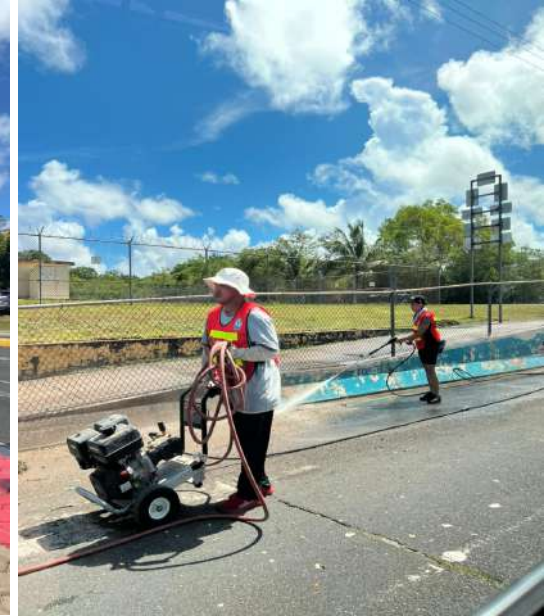
**Beach Cleaning**

# Destination Development



## Destination Improvement Projects to continue into FY2023

- Streetlight Improvements
- Sidewalk Safety Upgrades
- Island wide Beautification



# Destination Development



## Visitor Safety Officer Program continues in FY2023

The Visitor Safety Officer program will continue to provide the presence of concierge and safety to the foot traffic of Tumon Bay in FY2023. The safety presence includes a beach safety officer providing lifeguarding services to Northern Tumon.



# Destination Development



## Bringing back the Guam Island Fiesta Tour (GIFT) in FY2023





# Membership Inquires Responses



1. Airlift Capacity by market
2. Arrivals forecast
3. Planning to have another forum in November
4. Topics to be discussed
  - 3<sup>rd</sup> Amended Bylaws
  - FY2023 marketing initiatives, all source markets
5. Nominations for elected directors anytime after October 5th

# Other Issues Raised



1. Location of Fireworks
  - Will work w/vendor to maximize visibility from hotels
2. GVB advocated and supported LEAP first round and also second round
  - Need to sustain value chain delivering Guam destination experience
3. Airlift increase driven by meetings w/carriers, joint marketing and SM initiatives
4. Forum designed to share much information during pause in board meetings
  - No in person Q&A format to maximize info exchange in limited time
  - BRCC work in progress 80% done
  - Will hear more from Legal Counsel
  - Board composition, membership, budget and management related issues best clarified and addressed by Legal Counsel
5. November meeting
  - Revised bylaws and corrective action plan
  - Membership approval required
6. Board nominations anytime after October 5th

# FY 2023 Forecasts



	Low	Mid	High
<b>Arrivals</b>	<b>506,000</b>	<b>590,000</b>	<b>680,000</b>
<b>Seat Capacity</b>	<b>1,513,707</b>	<b>1,513,707</b>	<b>1,513,707</b>
<b>Est. LF %</b>	<b>33%</b>	<b>39%</b>	<b>45%</b>

GVB's total visitor forecast for 2023 is within proximity of PATA forecasts severe scenario (56.9% of 2019 levels).

# FY2023 Seat Capacity by Market



Market	Seats	Flights
Japan	433,743	2,565
Korea	673,234	3,248
Taiwan	24,840	138
USA	117,250	335
Others	299,191	1,740

# Business Risk Compliance and Control



# BRCC Members



- Business Risk Compliance & Control (BRCC) appointed by President Gutierrez
  - G. Perez, GVB Vice President, Director J. Jones, J. McDonald, GVB Legal Consul
  - Ron Aguon, UOG Professor and expert on Public Corporate Governance, Open Government Law and Ethics
- Assisted by Integritas3, principals former IRS law enforcement
  - Director of Operations, Criminal Investigation Policy, fraud examiner
  - Chief, Criminal Investigation Dept., Washington
  - Wide experience in internal investigation, corporate compliance and workplace ethics

# Bylaws Remedial and Corrective Actions



# TOPICS COVERED HERE



- Why corrective and remedial action became necessary
- GVB's organizational structure
- BRCC: administrative oversight and management of correctives
- Preliminary identification of issues.
- Continued evolution of the GVB



# CORRECTIVE AND REMEDIAL ACTION



- GM and DGM recognized issues and raised them publicly.
- Legal represents the organization—strong preference to have GM, Board, Membership work it out; this continues to be the case.
- Board was informed of incongruities.
- Board brave enough to do the best thing it could do – it wisely decided that it was in the best interests of GVB to suspend meeting until incongruencies fixed.
  - They need to be applauded for their courage.

GM HAD TO CONTINUE TO RUN THE AGENCY LAWFULLY DESPITE THE BOARD'S SELF-IMPOSED SUSPENSION

# GVB ORGANIZATIONAL STRUCTURE



- Special corporate governance, not like private corporations.
- GVB's Membership has ultimate authority over directors and the bylaws, like shareholders in a corporation.
- Specific Board authority under enabling act:
  - Contrasts with GHURA, GEDA, KGTF.
  - Directives lawfully fall within the authorities given to the board.
- Avenue for delegation of authority to exercise powers—§ 9105 (k) committees created by AAA process.
- GM is the CAO.
- Legislature retains ultimate control over the agency.

# BRCC: ADMINISTRATIVE OVERSIGHT AND MANAGEMENT OF CORRECTIVES



- Methodology:
  - Stakeholders—management, elected director, legal, outside advisor
  - Deep dive/RCA.
  - Continuous monitoring of risks and control issues.
  - Administrative oversight of implementation and ongoing compliance and control functions.
  - Used by highly-regulated entities to effect changes in response to material business issues.
- Outside expert
- Findings of bylaws review:  
<https://www.guamvisitorsbureau.com/brcc-summary-report>

# BRCC—PRELIMINARY IDENTIFICATION OF ISSUES



- Membership (and public) ought to be informed of GVB's business since an election is coming
- Management intends to have at least one other forum – in November – where it can present and discuss proposed changes in the bylaws and seek member action on them before the new board is constituted. That way the new directors can begin with a clean slate.
- Membership will be given opportunity to act on the Bylaws
- Issues identified
  - Committee work/director-employee directives
  - OGL issues raised by management
    - Member meetings, outside conversations covered
    - Agenda and transparency
      - ❖ Vacant seat selections in Dec. 2021, Feb. 2022
      - ❖ 12th Director selection in Feb. 2021
      - ❖ Financial disclosures
  - Other issues—under review

# EVOLUTION OF THE BUREAU MUST CONTINUE



## OPTIMAL GOVERNANCE STRUCTURE—UNDER REVIEW FOR PRESENTATION TO MEMBERSHIP

- Repeal of Second Amended Bylaws (majority of members)
- Presentation of proposed Third Amended Bylaws for adoption by membership:
  - Committee operation
  - Budget approval process (funding vs. expenditures)
  - Allocation of funding (set by the enabling act)
  - Transparency - adherence to OGL
  - Transparency - Financial Disclosures apply equally to all directors
  - Transparency—nomination and selection process
- Further amendments as necessary

# SI YU'OS MA'ÅSE'

