



REGULAR BOARD OF DIRECTORS MEETING MINUTES

Monday, April 28, 2025, at 1:30 p.m.

GVB Conference Room and Teleconference - Zoom

<https://us02web.zoom.us/j/89090779984?pwd=aeGojojPvOMoNDxc4fVCdfQluBHngK.1>

Meeting ID: 890 9077 9984

Passcode: visitguam

I. CALL TO ORDER

- Chairman Chiu called the Board of Directors meeting to order at 1:34 p.m.

II. ROLL CALL

Present: George Chiu, Jeff Jones, Nathan Denight, Milton Morinaga, Sonny Ada, Robert Hofmann, Michelle Merfalen, Michael Sgro, Ken Yanagisawa, Joanne Brown

Absent: Joaquin Cook

III. MINUTES OF THE PREVIOUS MEETING

Director Denight made a motion, seconded by Director Jones, to approve the previous Board of Directors Meeting minutes dated February 27, 2025, and March 31, 2025. Motion Approved.

IV. ACTION BY THE BOARD

Director Denight made a motion, seconded by Director Yanagisawa, to draft a Resolution Supporting Legislation for Tax Credits Toward the Rehabilitation and Improvement of Pale San Vitores Road Resurfacing. Motion Approved.

- Senator Lujan drafted a bill to approve tax credits for rehabilitating and improving the Pale San Vitores Road resurfacing project. He hopes to introduce the bill by the first week of May.
- President Lee will draft a resolution for discussion and consideration supporting this legislation.
- This is a \$6M tax credit spread out over 5 years.
- DPW Director Vince Arriola provided the \$5M estimate for resurfacing and evening out man holes without major grading.
- Vice President Perez suggested that they work with legal counsel to tidy up the bill and ensure it conforms to the resolution that will be required.
- Director Ada suggested that the developer (or contractor) awarded the project guarantee the quality and durability of their work and add a 3-year warranty.

V. CHAIRMAN'S REPORT

Chairman Chiu reported the following:

- President Lee led two trips in April: one with our Japan chairman and the other with our Korea chairman and an airline representative.
- The FY26 budget was sent to the board directors for review and discussed during this meeting.

VI. MANAGEMENT'S REPORT

(posted on the GVB website)

President Lee and Vice President Perez reported the following:

- Updates on arrivals and market intelligence, focused on Korea and Japan.
- Thanked the Research team for moving us forward with electronic declaration forms. Management will provide the research team with additional resources to ensure we promptly get the numbers to the membership and board.

Questions & Comments

- Director Ada requested that a forecast column be included in the visitor arrivals slide for FY2026.

Travel Trends and Upcoming Events

- International travel during Golden Week was up 110% but remains 54% below pre-COVID levels.
- Asia remains the top destination among recent travelers.
- Gender-based travel behavior was noted: Females show greater emotional anticipation for trips, while males focus on different travel aspects.
- Upcoming participation in the Seoul International Travel Fair, Taiwan Roadshow, Asia Dive Expo (Singapore), and the Malaysia Association of Tour and Travel events was highlighted.
- Guam Micronesian Island Fair - June 7-8, 2025.
- GVB Membership Meeting - May 15, 2025.

Destination Development Updates

- Sprucing up the landscape at the Archbishop Felixberto Flores Memorial Circle.
- Fantastic turnout for the Ko'ko Weekend Race
 - Over 400 international runners participated.
 - It was the largest field of half-marathon participants ever recorded by the Guam Running Club.
 - Return of the Eikeden Relay
 - The kids' race and the widely attended Japan Club of Guam Festival occurred on April 12.

Airline Missions

- Japan—President Lee, Director Yanagisawa, GIAA Deputy Director Hernandez, and airline consultant Charles Duncan attended meetings with airlines and tour agents from April 16 to 18.
- Korea—President Lee, Director Ho Eun, GIAA Deputy Director Hernandez, and airline consultant Charles Duncan attended meetings with airlines and travel trade representatives from April 20 to 24.
- Taiwan—Load factor on Taiwan flights is decent.
 - Direct flights afford our people a good opportunity for medical treatment.

FY26 Budget Request Overview for FY26:

Chief Financial Officer Rudd Gumalin presented the following:

- The \$30.9M FY26 budget request to the Legislature (4% increase from the previous year).
- Marketing Budget: \$15.4M
 - Korea \$5.5M
 - Japan \$4.9M (\$500K increase)
 - Philippines \$400K
 - Taiwan \$500K (+50K increase)
- A new “Air Service Development” program was introduced to enhance airlifts in existing/new markets.
- Research budget: \$900K, in-house research team started Thursday, May 1.
- Director Jones requested projections for 2026 arrivals.
- The Philippine marketing office reopening has been discussed. The team is on the island, touring Guam to better understand what we’re doing.
- Noted: Strong load factors on flights from the Philippines.
 - We have 16 flights per week.
 - Director Ada suggested we consider doubling the marketing budget for the Philippines based on the information provided.
- Chairman Chiu would like to develop a proposal to handle the overall budget effectively.
 - Focused on marketing funds, which are fungible and potentially flexible for reallocation to support growth.
 - Suggested shifting funds to areas with more substantial development potential.
 - Visa restrictions remain a key challenge for the Philippine market.
 - Recognized the limitation of targeting a population of 3 million.
- Destination Development budget \$1.6M, 27% decrease from last year
 - Visitor safety funding increased by 40%
 - Sports & events funding rose by 55%
 - Culture & branding increased by 80%, totaling \$7.9M
 - In 2024, maintenance contracts were canceled due to cost; services were brought in-house by hiring LTAs.

- Director Jones asked if we've seen savings after contracts were canceled. He noticed there are more personnel. According to Mr. Gudmalin, canceling contracts has not resulted in cost savings; however, we have significantly improved quality control and response times with our LTAs. These changes have been beneficial from a destination management and visitor experience perspective.

Questions & Discussions:

- Director Hofmann asked why a country manager is needed in the Korean market but not other markets. Ms. Nadine Leon Guerrero explained that the setup in Korea supports processing tax refunds. GVB employs a CPA in Japan, allowing the agency to receive tax refunds through that structure.
- Director Jones asked about the remaining funds for Research, as exit surveys haven't been conducted for several years. Mr. Gudmalin responded by informing directors that unused funds have been carried over and redirected to support other marketing programs within the same markets.
 - Concerns have been raised about GVB covering costs for the EDF, which provides demographic data. Clarification is needed on why GVB is funding it.
- Director Jones requested a list of events for FY2026.
- Director Brown discussed prioritizing Japan vs. Korean markets based on visitor spend and time on the island.
 - Korean visitors were noted to spend more and have the potential to lead the market, as seen in 2019-2020. Therefore, greater investment is currently going into Korea than into Japan.
- Director Brown raised concerns about recent golf course and hotel acquisitions influencing market strategies and visitor patterns.
 - New investors appear to be targeting specific tourist markets.
 - Accommodation ownership may also reflect strategic positioning.
 - A breakdown of hotel and tourism asset ownership was requested for further analysis.
- Director Morinaga proposed subsidizing passport fees to encourage more Japanese residents to obtain passports.
 - Concern was noted about the cost-effectiveness, emphasizing that support should target those unlikely to travel otherwise.
 - It was shared that travel agents previously subsidized passports but stopped due to an overload after a request from the Japanese government.
 - Despite ongoing follow-up, Director Moinaga expressed frustration over the lack of support for the issue.
- Director Denight questioned Director Ada's point about the effectiveness of the \$800K digital marketing budget for Japan and Korea, expressing concern that it may not be sufficient to make a meaningful impact.

- Chairman Chiu emphasized staying within the overall budget of \$ 4.9 M.
 - Board and management may reallocate funds within countries as needed, pending overall budget approval.
 - Flexibility in spending is encouraged to address shifting priorities and opportunities.
- The deadline to submit the budget to the legislature is at the beginning of May.
- Director Ada inquired about the visa waiver.
 - A meeting was held with Congressman Moylan's office to follow up on the visa waiver for the Philippines.
 - Multiple avenues are being pursued; the U.S. is receptive, but the Philippine government must initiate action.
 - Suggested that the marketing company should engage with the Philippine administration to help move the process forward.
- Director Brown asked about extending visitor safety officer coverage to additional key visitor sites outside of Tumon.
 - Director Hofmann identified two areas in Hágatña: Latte Stone Park and Chamorro Village.
 - GVB cannot afford to expand outside these areas.
- Director Brown inquired about the LTAs' roles and the locations they're assigned to.
 - Maintenance staff work across different locations where assistance may be needed. They are responsible for water blasting, maintaining grounds, picking up dead animals, and other tasks. An in-house quality assurance inspector monitors maintenance workers' work.
 - Concerns continue around cleanliness and upkeep of public areas, especially restrooms and visitor spaces, with a need for regular checks to ensure they're maintained.
 - Stressed the importance of improving Guam's image by addressing long-standing issues like junk cars, graffiti, and outdated facilities.
 - Green waste removal was discussed as a priority, and regular pickups were suggested to manage large stockpiles in the parks.
 - It was noted that when parks and spaces are clean and cared for, people are more likely to respect and maintain them.
 - There's ongoing discussion about who should manage and fund public spaces, with suggestions to involve village mayors.
- Chairman Chui shared the following:
 - Labor costs were reduced by 2%
 - Destination management fees decreased from \$2.2M to \$1.6M
 - Contractual services dropped from \$1.1M to \$450K, replaced by in-house manpower.
 - Despite the shift, overall manpower costs still decreased by 2%
 - Credited management for effectively reducing expenses.

Hot bond

- Hot bond funds are separate and intended partly for recovery.
- Emphasis on focusing GVB's budget on promotion to drive visitor numbers.
- Encouraged flexibility and open-mindedness in budget planning.
- Suggested reallocating savings from hot bond funds toward marketing efforts
- Approximately \$7M is available, but restrictions apply to how hot bond funds can be spent.
- Emphasis on reviewing the budget with flexibility within permitted areas.

Concierge Contract

- Concern raised over how the language assistant went from \$350K to \$834K.
 - Discussion included the importance of support during emergencies, especially for independent travelers.
 - Emphasis on adapting to the shift from group tours to free independent travelers, who may require more language support.
 - A suggestion was made to rename the program to better reflect its function, especially at key locations like the airport and GPO.

LTA's

- Director Brown raised concerns regarding the high number of LTAs within GVB and government agencies.
- The board was not informed about how or why LTAs were appointed, as hiring decisions were made by prior management.
- Clarification requested on legal requirements for LTAs to ensure they are not used for political hires or to replace classified positions.
- Noted that some LTAs have been in place for years, raising concerns over fairness and job security.
- The board requested an explanation of classified vs. unclassified roles and a breakdown of staffing patterns for the next meeting.
- Staffing figures, particularly in project-based destination roles, appear unusually high and warrant further review.

HR Staffing Update

- Director Brown inquired about the progress made in addressing HR needs.
- It was confirmed that HR staffing funding is included in the current and next fiscal year's budget.
- The HR Manager/Personnel Services Administrator job announcement is active.

Public Notice Compliance

- Emphasized reviewing resolutions before approval and ensuring compliance with public notice laws.

- Requested legal review to confirm language clarity and prevent invalid decisions.

Visitor App

- A follow-up was requested on the visitor app project developed with the University of Guam; the board expressed interest in revisiting the project and its potential use, noting no recent updates.

VII. REPORT OF THE BOARD COMMITTEES

A. Executive Committee

- Nothing to report

B. Administration & Government

GVB RFP 2025-006 Holiday Illumination

Director Hofmann made a motion, seconded by Director Sgro, to approve and authorize the President and CEO as Chief Procurement Officer to enter into negotiations, and if successful, contract with the highest rated offeror for Holiday Illumination. Motion Approved.

Background:

The Guam Visitors Bureau (GVB) solicited proposals from qualified firms or individual ("Offeror") to install Christmas lights on the medians along San Vitores Road in Tumon. The contractual obligation shall begin on October 1, 2025, through September 30, 2026, for FY2026, with the option to renew for two (2) additional years through FY2028, subject to fiscal year-end performance reviews, availability, and certification of funds from fiscal year to fiscal year.

PROJECT LOCATION. The project location will be in Tumon and Hagåtña, as described below. It includes a site to be designated in Tumon for the Christmas Village and the perimeter of the Guam Visitors Bureau, which will showcase a Christmas theme from December 1 through January (the last day to be pre-set by GVB each fiscal year).

PROJECT DESCRIPTION. The Holiday Illumination Project begins at the Archbishop Flores Memorial Circle (Rotunda) to the Westin Hotel Intersection, including JFK Road (Route 14A) and the Australian Cable Road (Santos Hill). At the Rotunda, the holiday lights will be within the encircling sidewalk. Other sites include the Government House, with Christmas Villages at Skinners Plaza in Hagåtña and Tumon. Each fiscal year of the contract, the contractor will present a creative brief for GVB approval, which will showcase a Christmas theme for the enjoyment of both visitors and the local community.

Issue: Board approval required.

- Chairman Chiu tabled the reporting of all committees: Destination Management / Visitor Safety & Satisfaction, Cultural Heritage & Community Outreach, Research, Sports & Events, Japan, Korea, Taiwan, North America,

Pacific, Philippines & New Markets, Membership, and the Recovery Committee.

VIII. OLD CORPORATION BUSINESS

- Nothing to report

IX. EXECUTIVE SESSION

- Nothing to report

X. OTHER BUSINESS

- Election of the 12th board member
- Election of Chairman and Board Officer
- Appointment of Committee Chairs

XI. AGENDA ITEMS FOR THE NEXT MEETING

XII. ANNOUNCEMENTS

Upcoming Board Meetings:

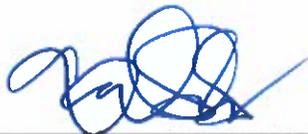
- May 22, 2025

XIII. ADJOURNMENT

Director Ada made a motion, seconded by Director Hofmann, to adjourn the Board of Directors meeting at 3:36 p.m. Motion Approved.



Jeffrey Jones, Secretary of the Board of Directors



Board Minutes respectively submitted by Valerie Sablan, Executive Assistant and Board Secretary