

REGULAR BOARD MEETING
GVB MAIN CONFERENCE ROOM, 4:00PM
THURSDAY; March 24, 2011

Board of Directors Present:

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|------------------------|----------------------------|
| Chairman Monte Mesa | Vice-Chairman Mark Baldyga |
| Theresa Arriola | Hope Cristobal |
| Judy Flores | Rizk Saad |
| Bruce Kloppenburg | Hayato Yoshino |
| <i>Oscar Miyashita</i> | |

Board of Directors Present Telephonically:

Board of Directors Absent:

Carol Tayama

GVB Management and Staff Present:

| | | |
|---------------|---------------|----------------------|
| Gerry Perez | Joann Camacho | Rose Cunliffe |
| Pilar Laguana | Gina Kono | Nadine Leon Guerrero |
| Ana Cid | June Sugawara | Felix Reyes |
| Doris Ada | Amanda Lawson | Amy Pangelinan |
| Haven Torres | Kraig Camacho | Dee Hernandez |

Guests: Senator Tina Muna-Barnes, Chelsea Muna-Brecht - Office of Senator Barnes; Minakshi V. Hemlani - Fisher & Asso; David Duenas, Shoji Ogawa, Takeshi Yoshimura, Jerry White - GIMCA; Barry Bergmann – United Airlines

❖ **Proceedings:**

Meeting called to order at 4:10 p.m. by Chairman Mesa.

Review of the previous Regular Board minutes dated March 10, 2011.

- Motion made by Director Kloppenburg, seconded by Director Flores, to approve the minutes of March 10, 2011.
Motion approved (subject to correction).

❖ **Chairman's Report:**

- Chairman Mesa reported that he attended the ship cruise conference in Miami and is happy to report that Guam made the news during a press conference with the news media that was covering the cruise industry. Guam was listed in the publication announcing that the Micronesian Cruise Association has been formed.
- Chairman Mesa stated that there were good conversations during the different seminars that were provided during the conference. He stated that he promoted the association and the efforts that the group is trying to do to bring the cruise industry to Guam.



- Chairman Mesa stated that two significant things came out of the conference:
 1. The Orion Expedition cruise is out of Australia right now. They sent two scouting personnel to look at Palau, Guam and Chuuk Island. In 2012, they are planning a special tour, which is a 50 to 150 passengers cruise liner; more of an expedition type cruises. The cruise is set between Palau, Guam, Chuuk and Yap.
 2. Met with Peter Shank, President of Cunard and he got the message of the QMII visit to Guam on March 7th with a great report of the US Immigration, Customs and Coast Guard clearing all the passengers. He stated that Queen Elizabeth is being scheduled to come to Guam in 2013 during their around the world tour. Guam is attracting that attention and the next step is to look into growing the regional cruise, which is still a challenge to put together.
- Chairman Mesa will have another report after their work session to show the board the results of what the steps will be for growing the market to the region.
- Chairman Mesa passed around the August issue of Port Hole publication that featured Guam, which basically sets the foundation in the region for the strategy.
- Chairman Mesa stated that he met with Robert Lepisto, President of Sea Dream Yacht, which is a super yacht. He stated that Mr. Lepisto used to be a Continental Air Micronesia pilot so he is familiar with the region.
- Chairman Mesa stated that Mr. Lepisto validated the strategy that he had been pitching during the conference. He stated that Mr. Lepisto said encouraging words about Micronesia and the need to put together a plan that could be considered.
- Chairman Mesa stated that the passengers of Sea Dream are more on the exclusive side looking for unique and authentic destinations. He stated that they have the time and the money to go to exotic places.
- Chairman Mesa stated that those are important relations that are being built and hopefully within the next 5-years there are great strides in building the cruise line in Guam and the region.
- Chairman Mesa reported that the industry news coming out of Japan is very critical with a lot of efforts being made. He stated that all destinations are trying to mitigate some loses coming out of Japan.
- Chairman Mesa stated that he wanted to share some articles that all missions and promotions that are happening are put on hold. He stated that all destination tour companies are doing that and that there is a push and the natural reaction is to mitigate loses but the current trend and focus is to try and get Japan, especially Sendai area back to normal and get them situated better.
- Chairman Mesa stated that it is an unfortunate natural disaster. He reported that TGI news stated that corporate travels are challenged.
- Chairman Mesa stated that individual tour packages are impacted as well. He stated that the Bureau has a plan to mitigate, which G. Perez will go into detail.
- Chairman Mesa stated that a lot of the organizations are holding fundraisers for Japan to show that Guam cares and that it wants to help them get back on track. He stated that a lot of other destinations are doing the same thing as well.
- Chairman Mesa stated that some expat businesses are moving their bases out of the Sendai because of the fear of the radiation.
- Chairman Mesa stated that the press releases that are being reported by the Bureau, Guam is making the news on the travel journal network and being featured in the NTA news, which is a worldwide news organization subscription. He stated that it quoted G. Perez sending the Bureau's condolences to the tragedy in Sendai and also extending the help necessary to put them back on track.
- Chairman Mesa stated that the formation of the Micronesian Cruise Association was also announced.



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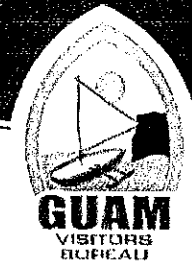


❖ **General Manager's Report**

- Copies of General Manager Gerry Perez' report were distributed to all Board members present during the meeting.
- GM Perez introduced Mr. Barry Bergmann, United Airlines Managing Director for Micronesia and Southeast Asia stationed in Japan.
- GM Perez reported that in regards to the China Market, he got a call from PNC that there is a posting on the federal register that the interim final rule has gone into effect. He stated that upon clarification, it appears that the interim final rule has not been finalized yet and that yesterday's posting was clarification that BMO visas would also be acceptable in the visa waiver program.
- Director Kloppenburg stated that there is no reason to panic. He stated that it is strictly an administrative procedure, as they did not address in the original form the two passports issue, which is now clarified in the interim.
- Director Kloppenburg stated that in fact it is good because it allows sixty days for comments, which gives extra time to work with.
- Chairman Mesa clarified that the \$40,000 in the resolution are both for Taiwan and Hong Kong. He stated that Korea Market has its own strategy.
- GM Perez stated that within the funds allocated to TLK, they are reworking it to focus on the recovery issue. He stated that additional funds are not necessary.
- O. Miyashita inquired if the other markets have funding that could be shuffled as well.
- GM Perez replied that it is very little.
- O. Miyashita inquired how much of the Korea budget was shuffled for the recovery.
- Director Yoshino replied that they had a special meeting last week. He stated that Henry Lee called in during the meeting.
- Director Yoshino stated that they would spend \$45,000 within its own budget.
- GM Perez stated that it is a reallocation within their budget.
- Chairman Mesa stated that one of the leading opportunities that the bureau has with LA Times, they have an affiliate, KTLA CW Channel 5. He stated that the pitch was to do a story not just the after effect of the tsunami that happened in Japan but also the expansion of the military to Guam and tie it in together.
- Chairman Mesa stated that they are going to put a team together both from the LA Times and KTLA CW channel 5 and assign two reporters to come to Guam and do a story and put the spin into LA Times, which hopefully will capture a lot of attention in California.
- Chairman Mesa stated that it is one of the positive things that he got out the LA Times show. He stated that it is a good way to grow more potential family and friends out of the West Coast to come to Guam.
- Chairman Mesa stated that the short time that he had in LA, there was a lot of people that are interested in coming to Guam.
- Chairman Mesa stated that with the small budget that P. Laguana and the team put together for LA Times, and the support from the local residents in LA to help out, they were very creative and resourceful in putting the booth together. He stated that the minute he arrived at the show, he was immediately attracted to the booth, which is very distinct from the rest of the booths.
- Chairman Mesa commends the team in getting the support in Southern California.
- Chairman Mesa introduced the President of Guam International Media Coordinators Association for Micronesia and Guam, Mr. Takeshi Yoshimura.



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- Mr. Yoshimura stated that the Guam International Media Coordinators Association is a seven-member non-profit organization. Mr. Yoshimura introduced his team present, Mr. David Duenas, Mr. Shoji Ogawa, and Mr. Jerry White.
- Mr. Yoshimura stated that in 2010, the company processed 130 film crews. He stated that the numbers are increasing.
- Mr. Duenas thanked the board for allowing them to show the presentation.
- Mr. Duenas explained what their company does to assist film crews to come to Guam.
- Mr. Duenas showed a short clip of some of the films that were taken on Guam.
- Mr. Duenas thanked the board. He stated that their ultimate goal is to increase the film industry on Guam.
- Mr. Yoshimura stated that they have a system in place for the industry to grow. They stated that what they need is the support of GVB and other government agency in trying to make Guam a film friendly island.
- Mr. Yoshimura stated that the rules on filming on Guam is not clearly defined so there are a lot of challenges in trying to grow the industry that has big potential.
- O. Miyashita inquired if the film crews require visas to come to Guam.
- Mr. Yoshimura replied that they do not.
- Chairman Mesa stated that it is something the other markets could look into advancing the film industry.
- GM Perez stated that in principle, there is no disagreement in the industry. He inquired what specifically is the group looking for from GVB.
- Mr. Yoshimura replied that the objective of the presentation is to give the Bureau a better understanding of what they do.
- Chairman Mesa stated that the real opportunity is getting exposure of the destination in some of the segments of the commercials or film shots that are being taken on Guam. He stated that it ties into some economic activities on the island.
- Chairman Mesa recommended that GIMCA work with GEDA in terms of putting it in as an incentive package.

❖ **Report of the Treasurer:**

○ **Cash Position Report:**

- Cash report as of March 22, 2011.
- Total cash in banks report (as of 3/22/11) \$4,845,741.50
- Total allotment received to date: \$5,919,639.00

- Director Cristobal reported that the cash position report summary is attached to the board packet.
- GM Perez stated that because of the drop in arrivals, he anticipates a drop in the Hotel Occupancy Tax as well.
- GM Perez stated that it is prudent to pull back now than to wait.
- Director Kloppenburg inquired if the Bureau is behind \$2 million in its allotment.
- GM Perez replied that the Bureau has been receiving the allotment fairly well.
- R. Cunliffe replied that the Bureau is up to date.
- GM Perez stated that the dilemma is up to March 11th based on arrival trends, which has been pretty robust; forward spending plan was tracking that, which has already been committed or spent. He stated the need to look at what needs to be pulled back and what has been committed.
- Chairman Mesa stated that most of it is in Japan.
- O. Miyashita suggested including last year's amounts versus this year.
- Chairman Mesa stated that it was already suggested at the last board meeting.



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- GM Perez stated that the report has to be reformatted for this purpose because there is already a format required by law.
- GM Perez stated that the report is simplified.
- Vice-Chairman Baldyga stated that accounting is working on the new format.
- Chairman Mesa stated that the legislature is getting all the reports and are tracking it by allocation because they are holding the bureau accountable to stay within the budget.

❖ **Report of the Board Committees:**

A. The Strategic Advisory Council:

- Nothing to report.

B. Administration/Government Relations:

- Chairman Mesa stated that GVB Resolution 2011-001 regarding Rainy Day Fund has been routed by email to all the members. He inquired if anyone has any questions or comments on the resolution.
- Chairman Mesa stated that the resolution is for the mitigation of Japan and other markets.
- GM Perez stated that the board members with a couple of suggestions that came in was incorporated into the resolution.
- Director Cristobal stated that \$40,000 was incorporated into the resolution for Taiwan and Hong Kong.
- Director Cristobal inquired when the \$10,000 would be donated to Japan.
- Chairman Mesa replied that it would be handled R. Cunliffe.
- DGM Camacho suggested that the resolution be presented at the Candle Light Ceremony scheduled for tomorrow.

- Motion made by Director Cristobal, seconded by Director Kloppenburg, to adopt Resolution No. 2011-001 Relative to the 9.0 Japan Earthquake and Tsunami Devastation March 11, 2011.
Motion approved.

C. Executive Committee:

- Nothing to report.

D. Japan Marketing:

- Vice-Chairman Baldyga reported that JMC hasn't had a meeting since the last board meeting.
- Vice-Chairman Baldyga announced that the next meeting is scheduled for next Tuesday at 9:30 am with the discussion on the situation with Japan. He stated that board members are invited to attend the meeting.
- Vice-Chairman Baldyga reported that the day after the earthquake in Japan, he met with management, Directors Kloppenburg and Yoshino, and Nadine. He stated that subsequently they met on Monday and Tuesday to try and get information from the agents and airlines.
- Vice-Chairman Baldyga stated that it was tough to get information out of Japan. He stated that he spoke to Yuji on the phone to make sure that his office was okay.
- Vice-Chairman Baldyga stated that Goto-san from his office and Tak Takano from DFS have been in Japan. He stated that Goto-san is still in Japan and has been sending updates every couple of days.



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- Vice-Chairman Baldyga stated that it looks like with Goto-san's talk with agents and DFS' report that the projection for April is -17% or so.
 - Vice-Chairman Baldyga stated that the first indication was -10% to -30% but it looks like maybe twentyish for April and May. He stated that about 50% of group is down for June with a lot of cancellations.
 - Vice-Chairman Baldyga stated that the ripple effect is that there are no group bookings made today that would normally be full for 6 to 9 months from now. He stated that package business may start to recover by the summer but the group business would have a long impact.
 - Vice-Chairman Baldyga stated that fortunately group business is not a big part of most of the agents. He stated that depending on which agent you speak to, some agents are down 30% for groups and some are down 5%, and the internet agents practically have no group.
 - Vice-Chairman Baldyga read an email he received from Goto-san who is in Sapporo.
 - Vice-Chairman Baldyga stated that Goto-san mentioned that GVB Japan is the only NTO that is out there being active. He stated that GVB Japan is doing really well.
 - Barry Bergmann stated that United would not be making major changes in Micronesia.
 - Barry Bergmann announced that starting September 25th, United would be servicing direct flights to Okinawa.
 - Chairman Mesa inquired what the strategy is on the direct flights from Haneda; is it being bridged with ANA as part of the Star Alliance.
 - Barry Bergmann replied that it is not part of the joint venture.
 - Chairman Mesa inquired if United would be attending the air routes conference in Korea scheduled for March 27th – 29th.
 - Barry Bergmann replied that he would not be attending but there would be a representative.
 - GM Perez stated that the mentality in Japan is the way to help recover is to boost travel and economic activity related to travel.
 - Chairman Mesa stated that as a proper protocol, Yuji should be the one submitting official reports to the JMC.
 - GM Perez stated that he summarized some of the keys points in his report.
- Motion made by Director Kloppenburg, seconded by Director Arriola, to approve travel for the General Manager or his representative to attend the quarterly Japan Guam Tourism Council meetings held in Tokyo, Nagoya, and Osaka from April 17-20, 2011 and for the JMC Chairman Mark Baldyga to join the Tokyo JGTC meeting. (Estimated cost \$3,725.00; account# SMD008).
 Motion approved.

Background: The Japan Guam Tourism Council holds quarterly meetings to discuss the current market situation. Meetings are held in three major regions for Japan's outbound travel to Guam.

Cost estimate is as follows:

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|---|-------------------|
| Airfare (\$750.00 x 2 pax) = | \$1,500.00 |
| Tokyo Per Diem (\$440.00 x 1 day + 25%) x 2 pax | \$1,100.00 |
| Nagoya Per Diem (\$381.00 x 1 day + 25%) x 1 pax | \$ 476.25 |
| Osaka Per Diem (\$371.00 x 1 day + 25%) x 1 pax | \$ 463.75 |
| <u>Contingency: Train fare (\$185.00 x 1 pax)</u> | <u>\$ 185.00</u> |
| TOTAL | \$3,725.00 |



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Issue: Board approval required for all travel.

- Director Cristobal inquired if the US advisory on travel covers the Bureau as well.
- GM Perez replied that they do give advisories but for specific businesses, it is optional.

E. Korea Marketing:

- Director Yoshino reported that last week they had a special meeting.
- Director Yoshino stated that the tally from Korea is very confusing, which is less than what is being reported.
- GM Perez stated that it might be double reporting so the need to verify it.
- P. Laguana stated that Henry Lee gets his report from KGTC.
- Chairman Mesa announced that he would be attending the air routes meeting in Korea with airport funds, to look at potential opportunity for growing Korea market on additional air carriers.
- Director Yoshino stated that there is a rumor of additional flights for three months.
- Chairman Mesa requested P. Laguana to confirm and substantiate the information if it is true.
- GM Perez stated that instead of flying 5 times a week, Jin Air is scheduling daily flights.

F. Existing Markets:

- Director Yoshino stated that the importance of the existing market is getting bigger and bigger so the need to make sure that EVA Air does come to Guam.
- GM Perez stated that part of the plan of the \$20,000 is to link in with EVA Air and leverage them to advance their schedule and work with them with their promotion.
- Director Yoshino stated that the Bureau should spend more.
- GM Perez stated that it is an open issue.
- Chairman Mesa stated that there is a reserve so if it works and needs immediate attention then it could be brought back.

G. New Market Development:

- Director Kloppenburg stated that the important thing is the Interim Final Rule and the Parole Authority, which is still continuing. He stated that he has full confidence that Guam would get it.
- Director Kloppenburg stated that there is little funding to work on Hong Kong and Taiwan to increase arrivals during the downturn of Japan. He stated that the committee would be working closely with P. Laguana in putting the funds to good use.

H. Destination Management:

- Director Saad reported that he met with staff twice within the past week. He announced that letters would be sent out to establish the committee.
- Director Saad reported that a meeting was scheduled on March 22nd but couldn't get enough people to participate. He announced that the meeting is rescheduled for April 3rd.
- Director Saad stated that the discussion would be abandoned buildings, researching what the existing law is on abandoned buildings.
- Director Saad stated that he met with Rico from TGI Engineering that oversees the beach cleaning and landscaping. He stated that Rico would be submitting a monthly report on his inspections.

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- Director Kloppenburg stated that Destination is one of the most important committees in the Bureau and should treat it as such. He stated that the product that would be delivered to the customers is very important and want the board to think like that.
- Director Kloppenburg stated that the Bureau is not all about marketing. He stated that there is so much that needs to be done starting from the airport and the parking situation.
- Director Kloppenburg stated that with the bond money coming in and all the projects, the need for someone to be top on it.
- Director Kloppenburg stated that it is the most important committee within the board and the need to focus on improving the destination.
- GM Perez stated that it does drive the market.
- Director Saad stated that he met with GM Perez this morning and one of the ideas was to have combined meetings within the different boards and address the destination.
- Director Cristobal stated that Guam is an island paradise but there is nothing being done in respect to the rhino beetle problem. She stated that her coconuts trees have been ravaged.
- Director Cristobal stated that she is a member of the Northern Soil and Water Conservation Board and they are proposing establishing a bio-security counsel to help mitigate the problem. She stated that the bureau is a conduit, which \$365,000 goes to UOG but nothing is happening to control it.
- Director Kloppenburg stated that one of the jobs of the Destination Committee is the rhino beetle. He stated that there was a specific committee that was established to control it.
- Director Kloppenburg stated that the committee worked closely with UOG. He stated that there were good results with PIC as to controlling the beetle.
- Director Kloppenburg stated that they have expanded. He stated that it was found in Tumon but it has spread.
- Director Cristobal stated that with the opening of Layon Landfill, the board is trying to stop the movement of green waste to Layon. She stated that it is a major concern.
- Chairman Mesa stated to follow up with Department of Agriculture.
- Senator Barnes stated that there is a concerted effort with the issue and Roland Quitugua at the forefront of the project. She stated that she would get an update.
- Chelsea Bretch stated that UOG has released a virus used in Australia to eradicate the beetle, which is only receptive to the beetle.

I. Membership Development:

- Director Kloppenburg announced that the General Membership Meeting is scheduled for tomorrow 11:30 am at the Sheraton. He stated that the guest speaker is Governor Calvo.
- Director Kloppenburg stated that the board is sponsoring the mayors and vice mayors.
- GM Perez reported that there are 170 confirmed attendees.

J. Research:

- Nothing to report.

K. Cultural Heritage & Community Outreach:

- Director Arriola announced that the next meeting is scheduled for April 6th.
- Director Arriola announced that the mural unveiling for Merizo is scheduled for tomorrow night, which is simultaneous with the candlelight vigil.





- Director Arriola reported that at the last board meeting, she was appointed as a GVB Rep to the 2016 Festpac counsel that was created by P.L. 30-30. She stated that the meeting is scheduled for every second and fourth Thursdays of the month.
- Director Arriola stated that she was voted to be the chairperson of the committee. She stated that the committee would be working closely with the Bureau and CHaCo because 2016 is not just a GVB function but an island wide function as well.
- Director Arriola stated that she does agree with Director Kloppenburg that Destination Management is going to be the key up to that point.
- Director Arriola suggested having all the board members be part of the Destination Committee.
- Director Arriola stated that Vice-Speaker BJ Cruz is looking into changing legislation to the existing law that creates the 2016 committee to include the councils, which are all the stepping-stone in making it a success.
- Director Arriola stated that the bond and the priority list that the bureau wants to fulfill before 2016 is all coming into play.

L. Sports & Events:

- Nothing to report.

❖ **EXECUTIVE SESSION**

- Chairman Mesa called for executive session.

❖ **OLD BUSINESS:**

- No old business.

❖ **NEW BUSINESS:**

- Motion made by Director Kloppenburg, seconded by Director Arriola, to accept the resignation of Mr. Gerry Perez as General Manager of the Bureau and approve his position to serve as consultant to the board of directors subject to the following conditions:
 - 1) Board to approve the criteria of the replacement of General Manager; and
 - 2) Board to approve the Deputy General ManagerMotion approved
- Director Saad recommended adding Social Media department, which is very important.
- Chairman Mesa stated that it is one of the strategies that he wants G. Perez to work on.
- G. Perez stated that there is an RFP that is nearing conclusion. He stated that the evaluation committee would be working on it.
- G. Perez stated that he would be assisting the Procurement Officer, which is the Acting GM, in negotiating the fee and stripping out the portion that relates to updating the 5-year strategic plan since he would be working on it.
- G. Perez stated that part of the RFP includes social media strategy. He stated that the first phase of the social media is done and would be going into the next phase to better organize and define the strategy moving forward.



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- DGM Camacho reported that Governor Calvo received a letter from Senator Pangelinan regarding TAF funding. She stated that the letter is based on the governor's State of the Island Address speech in regards to Income Tax Refund.
 - DGM Camacho stated that Senator Pangelinan is proposing introducing legislation to first pay off the debt, build the museum and refund income tax. She stated that it is only a letter and the Governor has forwarded the letter to GEDA.
 - DGM Camacho stated that GEDA would be addressing the issue at their board meeting.
 - Chairman Mesa stated that it is only a letter not a law.
 - DGM Camacho stated that GEDA is proceeding with the bond.
 - G. Perez stated that he spoke to Carl Pangelinan yesterday and they both agreed to ignore the letter because the bond is on track and the more publicity it has, the more it undermines the ability to market and get the bond.
 - G. Perez stated that the less said the better.
 - DGM Camacho stated that Senator Barnes is aware of the letter and mentioned that Senator Pangelinan might not get enough support for the legislation.
 - Chairman Mesa stated the need to appoint an Acting General Manager since G. Perez resigned.
- Motion made by Director Cristobal, seconded by Director Kloppenburg, to appoint Joann Camacho as the Acting General Manager of the Bureau.
Motion approved.

❖ **ANNOUNCEMENTS**

- No announcements.


❖ **ADJOURNMENT:**

- Motion made by Director Arriola, seconded by Director Kloppenburg, to adjourn the meeting. Meeting Adjourned at 6:30 p.m.

Attested:



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



Board Minutes prepared by Dina Rose Hernandez, Executive Secretary