

REGULAR BOARD MEETING
GVB MAIN CONFERENCE ROOM, 4:00PM
THURSDAY; June 28, 2012

Board of Directors Present:

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| Chairman Monte Mesa | Judy Flores |
| Bruce Kloppenburg | Rizk Saad |
| Carol Tayama | Carissa Fortino |
| Jennifer Camacho | N. Oscar Miyashita |

Board of Directors Present Telephonically:

Board of Directors Absent:

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| Vice Chairman Mark Baldyga | Hope Cristobal |
| Theresa C. Arriola | Eduardo (Champ) Calvo |
| Nathan Taimanglo | |

GVB Management and Staff Present:

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| Joann Camacho | Tony Muna | Ana Cid |
| Brian Borja | Doris Ada | Gina Kono |
| Haven Torres | Josie Moyer | June Sugawara |
| Laurette Perez | Mark Manglona | Miranda Munoz |
| Nadine Leon Guerrero | Pilar Laguana | Regina Nedlic |
| Rose Cunliffe | Dee Hernandez | |

Guests:

❖ **Proceedings:**

Meeting called to order at 4:15 p.m. by Chairman Monte Mesa.
Review of the previous Regular Board minutes dated May 24, 2012.

- o **Motion made by Director Kloppenburg, seconded by Director Tayama, to approve the minutes of May 24, 2012.**

Motion approved (subject to correction).

❖ **Chairman's Report:**

- Chairman Mesa reported of a possible public hearing in regards to GVB's FY2013 budget. He added that Oversight Chair, Senator Muña Barnes, stated that she was awaiting Finance Chair, Senator Pangelinan's return to determine if he would like to see the Bureau face to face or accept the budget, as he did for FY2012.
- Chairman Mesa commented that the budget that management and staff submitted is self-explanatory.
- Chairman Mesa stated that Senator Muña Barnes commented to him that she was very satisfied of what the Bureau submitted, which was approximately \$18.3 million.
- Chairman Mesa commented that there is an increase in the budget and is confident of what management is planning to do to invest the money wisely.

- Chairman Mesa wanted to emphasize on several issues, first with regards to the three (3) main markets, Japan, Korea, and Taiwan; he wanted to clarify that in the marketing budget it could be adjusted within each markets, if needed.
- Chairman Mesa stated that the other accounts have to spend in its particular account, such as Special Projects, however in the marketing budget as the board and management determine based on market conditions, it could be shifted accordingly.
- Chairman Mesa commented that it was good that the Bureau is planning ahead in terms of the potential opening of China, but stated that if it doesn't happen the Bureau should not sit on that allocation. He stated to move the allocation to other markets where the Bureau could drive additional capacity in to the island.
- Chairman Mesa stated that in regards to the budget, he wanted the board to know that with the "special allocation", Senator Muña Barnes mentioned to him that she would have another list of "new" projects that would be classified under the Special Projects allocation similar to what had be done in FY2012.
- Chairman Mesa stated that she had the support from her colleagues to add additional allocation and wanted to inform the Bureau ahead of time and stressed that this doesn't take away what the Bureau is going to do in terms of the Bureau's main mission in a marketing and operational standpoint.
- Chairman Mesa stated that it only affects the Special Projects category, i.e. Community Support Projects that doesn't affect the Bureau's main mission.
- GM Camacho responded that looking at the budget with pass through and direct appropriation, it's best if they want to do that to keep it in that area so it's clean and not affecting the Bureau's overall operation.
- Chairman Mesa stated that Senator Muña Barnes had recognized that it put the Bureau in an awkward position where individuals were asking to be funded. He stated that he requested to consider breaking it down.
- GM Camacho commented that it would also help with the audit.
- Chairman Mesa congratulated management and team with today's Membership Meeting. He commented that it was well attended, greatly executed, and that all were engaged with the topic.
- Chairman Mesa commented that he was happy to know that the Bureau's 2011 Annual Report was handed out, which made it more meaningful for GVB members.
- Chairman Mesa stated that he received very good comments with the Bureau's efforts in marketing our island.
- Director Miyashita stated that it seemed to him that the number of members is decreasing. He added that in the past he's seen much more participation but wasn't sure exactly how many agents and hoteliers attended today's meeting, however he stated overall it was a great meeting.
- Chairman Mesa responded that possibly it could've been due to the Chamber having a meeting as well.
- Chairman Mesa stated that he understood Director Miyashita's point and would rather see more traditional members, such as JGTA members. He added that there were a few of them there, but wasn't as noticeable as it use to be in the past.
- Chairman Mesa suggested that as the Bureau attracts speakers and schedule accordingly for FY2013, management should consider a scheduled date so members are aware ahead of time and try not to have back-to-back meetings with other organizations.
- Director Kloppenburg responded that this was nothing to be alarmed about. He stated that it's a hit and miss; where you have good attendance and that most of the time the Membership Meetings are fairly well attended.
- Director Kloppenburg stated that this particular Membership Meeting the venue had something to do with it due to the location of it. He added that a lot of people are off-island in the summer months and expects for the next meeting to be well attended.
- Director Kloppenburg reported that Membership is on the rise.

- Chairman Mesa stated that in everyone's board packet is a copy of the proposed amendments of the Corporate By-Laws for review. He added that this would still need to go through the Membership Committee and if approved then it would be on the agenda for the next General Membership Meeting.
- Director Kloppenburg responded that this issue hasn't been really discussed at board level and would need to settle as a whole before going beyond.
- Chairman Mesa stated that as he was reviewing previous meeting minutes dating back August 2011, there were questions that arose as to what has been done about changing the By-Laws. He added that management has gone through legal counsel.
- Director Kloppenburg recommended for full board representation before changing the Corporate By-Laws.
- Chairman Mesa agreed.
- Director Kloppenburg suggested putting in place before the end of the year and before new election. He stated that he would work with D. Ada to add to the agenda. He reiterated for full board approval.
- Chairman Mesa updated the board on the Hot Bond, specifically the GCEF project. He stated that GEDA has approved and issued the Notice to Proceed for the Architect and Engineering Team, Laguna & Cristobal.
- Chairman Mesa stated that he participated in last week's meeting with their consultants from off-island to come up with a preliminary concept design and after talking to different stakeholders and community leaders, they would be presenting initial concepts in regards to the new location being Skinner Plaza.
- Chairman Mesa added that the initial concepts would be presented to Governor Calvo and once after his review and any revisions, it would be rolled out as a presentation from both the Guam Museum Foundation and Steering Committee.
- Chairman Mesa stated that the only hold up is the actual engineering work, but before that could be done the actual land transfer must be past by the Legislature.
- Chairman Mesa stated that the bill has been created by Vice Speaker Cruz and is hoping to get that submitted to the Finance Chair, Senator Pangelinan upon his return, so he could possibly include it in budget hearings and take it through the process and voted on.
- Chairman Mesa stated that the construction work should begin October 2012. He added that the target for the Notice To Proceed to meet construction completion date is December 2014.
- Chairman Mesa stated that bid packages would be issued out and hopefully selecting the construction company by January 2013.
- Chairman Mesa stated that in regards to the flooding issue with Vice Chairman Baldyga's tenacity in coordination with management, the Governor and leaders have agreed to carve out \$11.5 million for flooding.
- Chairman Mesa added that there have been weekly collaborative meetings with GVB, GEDA, DPW, EPA, and the PMO to ensure that the flooding problem be ultimately resolved.

❖ **General Manager's Report**

- GM Camacho thanked all who made it to the Membership Meeting this afternoon.
- GM Camacho stated that the Research Dept. is about a month behind due to staffing and that she was in the middle of hiring to assist in updating stats and is hopeful by the end of July or mid-August that it would be up to speed.
- GM Camacho reported that visitor arrivals are up 16% through the month of May, and up 8.2% from beginning of FY2012 through April 2012.
- GM Camacho commented that market share has been consistent.
- GM Camacho reported on her Saipan trip with Chairman Mesa. She stated that Marianas Visitors Authority (MVA) was fond of the "One Marianas" concept.
- GM Camacho stated that there would be a joint effort to promote "Destination Marianas".

- GM Camacho added that there would be a joint Board Meeting as requested by both GVB and MVA Chairs in October 2012 on Guam.
- GM Camacho commented that due to the recent news of Saipan Air's inaugural service not taking place that this would be a good collaboration for all to help each other.
- Director Fortino stated that Saipan Air is grounded indefinitely. She commented that this is devastating and that the whole economy is in the verge of collapse.
- GM Camacho stated that they also met with Governor Fitial and that Chairman Mesa reiterated support to working with MVA.
- GM Camacho stated that while she was in Saipan, she was invited to speak at The Association of Pacific Island Legislatures (APIL) and was part of the Tourism Panel for Economic Growth throughout the Blue Continent.
- GM Camacho commented that the extra flights out of Korea are boosting business.
- GM Camacho updated the board on Jeju Air. She stated that Jeju Air's gateway is Incheon with daily flights and seating capacity of about 186 to 190 using a B737-800 aircraft. She added that GIAA is working on final incentive details, i.e. landing fee discounts, counter space, etc.
- GM Camacho stated that GVB is working with Henry Lee (TLK) and GIAA on the inaugural flight planning tentatively planned for October 1st and prior to that Jeju Air would be doing an inspection tour on Guam.
- GM Camacho commented that there is a lot happening in the Korea Market. She stated that there are road shows scheduled in Korea from July 10-13, 2012.
- GM Camacho stated that from August 20-26, 2012 Lotte Jeju Hotel would be hosting a Summer Guam Festival pending board approval.
- Director Miyashita responded that this has been endorsed at committee level.
- GM Camacho reported that Korea Market has been successfully promoting the Guam Ko'ko' Road Race (KKRR).
- GM Camacho stated that while she was in Korea for KOTFA, she had courtesy visits with JGTC and various airlines, such as, Korean Air, Jeju Air, Jin Air, and Eastar Jet.
- GM Camacho stated that at KOTFA 2012 Guam won best booth and best performance award.
- GM Camacho stated that Guam welcomed the Hyundai Dealers Convention from June 11-15, 2012 and received feedback that they had a good time.
- GM Camacho added that the 2012 Herbalife Incentive Group arrived with a lot of activities planned.
- GM Camacho reported on the Cultural Arts Program with DOE that began twelve years ago with various schools, which has recently been adopted as the standardized curriculum by the Department of Education for all public middle schools.
- GM Camacho informed the board of upcoming local events (*copies inserted in board packets*):
 - July 18-22, Hafa Adai Study Tour
 - July 28-29, GCDA Tokyo
 - August 19, San Roke, Barrigada GIFT
 - August 26, Santa Rosa, Agat GIFT
 - September 16, San Miguel, Talofofo GIFT
 - September 30, Santa Teresita, Mangilao GIFT
- GM Camacho reminded the board of GVB's Committee Meetings:
 - JMC, 1st Tuesday of the month at 9am
 - KMC, 3rd Tuesday of the month at 11am
 - EMC, 1st Tuesday of the month at 10:30am
 - NMDC, 1st Friday of the month at 11am
 - DMC, 1st Thursday of the month at 10am
 - Sports, 1st & 3rd Wednesday of the month at 2pm
 - CHaCO, 1st & 3rd Wednesday of the month at 3pm

- Research, Quarterly

- Director Camacho reported that the Sports Committee meets once a month, but that KKRR meets weekly.
- GM Camacho stated that at this year's IFCOT, CW Bordallo led the team along with Jim Beighley. She added that it generated media exposure of over sixty editorials and that it was worth the visit with positive results.
- Chairman Mesa stated that there is opportunity based on today's Membership Meeting regarding visa waivers on current countries. He added that guest speaker, Jeff Bernier (Delta Managing Director-Asia Pacific) and team are working on it, in terms of the Singapore link from Tokyo to Guam.
- Chairman Mesa stated that we tried to explore from Manila, Philippines to Guam via Philippine Air through Singapore, but Philippines has its own internal problems. He added that this is an opportunity for Delta Air to step up to work and promote with them on Singapore.

❖ **Report of the Treasurer:**

- **Cash Position Report:**

- Cash report as of June 25, 2012.
- Total cash in banks report (as of 06/25/12) \$12,195,095.72
- Total allotment received to date: \$11,687,454.45

- Chairman Mesa opened the table with comments or questions regarding the Cash Position.
- Director Miyashita commented that the Bureau has a healthy cash position this year compared to last year.
- Director Kloppenburg stated that he discussed his concerns in several board meetings that there is just too much cash in banks. He recommended the need to find out exactly where this cash is going before it gets taken away.
- Director Kloppenburg stated that R. Cunliffe has given the explanation there are payables out there but has not been received by Accounting.
- Chairman Mesa responded that most have been spent, but is not shown that it has been paid yet. He commented that most of the projects that management has executed are pending invoices.
- Director Kloppenburg stated that we should have a pending invoice column.
- Director Miyashita responded that it should be encumbered not pending invoices.
- R. Cunliffe stated that the Bureau received advanced allotment based on the 15% reserve, which is part of the reason there is a lot of cash. She also stated that with the pass through appropriation some of them were not released.
- Director Miyashita stated that he met with GM Camacho, R. Cunliffe, and L. Perez to compare certain expenses that have gone up and made adjustments. He commented that the financials look better now.
- Director Miyashita stated that they're still working on the reconciliation of program expenditures and he would continue to work with them on how to report to the board without going through all the details.
- GM Camacho stated that every month she along with R. Cunliffe work with DoA to obtain what they could, because they could never tell what might happen at the end of the fiscal year. She added that they both challenge DoA with TAF collection.
- GM Camacho commented that they're protecting the Bureau's interest to continue to promote the Guam brand and image.
- Chairman Mesa stated that he appreciated the both of them in continuing to chase and being on top with DoA.
- Director Miyashita questioned if the Governor could swipe funds that the Bureau has.
- Director Kloppenburg replied absolutely. He stated that he's seen it happened before when Typhoon Paka hit with \$8 million taken away and with the generation problem where \$18 million disappeared.
- R. Cunliffe stated that it was directly from TAF.

- Director Miyashita wanted confirmation that if the money is in GVB's account, it can't be touched or taken away from the account.
- Director Kloppenburg confirmed that to be correct, however he stated that what they could do is withhold the next months and take money from TAF.
- Chairman Mesa stated that we're losing another 10% on Foreign Exchange Rate, which minimizes GVB's ability to be more effective in Japan in terms of our buying capacity. He encouraged the Marketing team to look in to that.
- Chairman Mesa commented that Japan is GVB's #1 market and needed to sustain it and support it in other ways. He stated that he would leave it with the Marketing team.
- GM Camacho commented that all of the market's dollars are weak.
- Chairman Mesa responded that there is a big difference in Japan's foreign exchange.

- **Motion made by Director Fortino, seconded by Director Kloppenburg, to approve the Cash Position Report as of June 25, 2012.**

Motion approved.

❖ Report of the Board Committees:

A. The Strategic Advisory Council:

- Nothing to report.

B. Administration/Government Relations:

- *HOT Bond and Flooding updates were reported under the Chairman's Report.*
- GM Camacho stated that she continues to work with her counterparts in GIAA and GEDA and is evident as they collaborate to promote Guam and protect the economy it is sometimes a challenge and that they might need to go through board level in obtaining directives.
- Chairman Mesa stated that he would like to meet with GIAA's Executive Manager and/or Deputy Manager as well as GIAA Chair, so they could hear directly from GVB the concerns we're hearing from our markets of potential problems that occur.
- GM Camacho responded that she would work on scheduling the meeting.
- Chairman Mesa stated that he saw the legislative informational briefing where GIAA EM, Chuck Ada is addressing situations at the airport with the exception of waiting for the air conditioners. He suggested that the Bureau should assist with particular issues that continue to be perpetual concerns with all of our airline partners and vendors.

C. Executive Committee:

- **Motion to ratify approval of travel for one (1) GIAA Management to join GVB General Manager in meetings with airlines in Korea and most especially with Jeju Air in Seoul, South Korea during June 8-9, 2012. (Cost is approximately \$1,212.16 from FY2012 Korea Sales Marketing Development Acct#TTC024.)**
- Motion tabled.**

Discussion:

- Director Kloppenburg suggested withdrawing this motion. He stated that he was under the impression at the previous board meeting that all have agreed not to go through with it.
- Director Kloppenburg stated that there were email correspondences that GIAA board did not approve.
- Director Fortino inquired why GVB should pay for it.
- Director Kloppenburg stated that he opposed the motion.

- Director Saad stated that it was his understanding that GIAA would refund the money to GVB at a later date and that GIAA board didn't oppose it nor did they meet to approve it.
- Director Kloppenburg recommended that the board wait for Vice Chairman Baldyga to return to defend the motion.
- Director Fortino stated that she too opposed the motion.

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| Airfare (1 pax) | \$337.16 |
| Per Diem – Lodging | \$575.00 |
| Per Diem – M & IE | \$300.00 |
| Total: | \$1,212.16 |

Background: Jeju Air is a low cost carrier based in Seoul, Korea interested in developing a regularly scheduled flight from Incheon, Korea to Guam starting October 1, 2012.

GVB has been very active in pursuit of additional air carriers from Korea, which translates to additional seat capacity and ultimately increased arrivals Jeju Air's entry into the market will expand the travel options for travelers.

Together with GVB and GIAA Management both will meet with Jeju Air's Management Key Logistics, and Planning Personnel to discuss and find ways to ease the certification process and to express commitment and support of Jeju Air's intentions.

Issue: Time sensitive and board approval required for all travel.

- **Motion made by Director Fortino, seconded by Director Kloppenburg, to ratify approval for travel for eleven (11) pax to attend the 4thth of July Celebration hosted by U.S. Consul General Sylvia Curran's Office in Vladivostok, Russia from July 1 – 4, 2012. (Estimated cost up to \$40,000.00 from the FY2012 China Budget Account: CI-SMD023).**

Motion approved.

Discussion:

- Director Kloppenburg stated that this was an important and unique event where Guam is being highlighted.
- Director Kloppenburg added that it has been confirmed that Lt. Governor Tenorio would attend and while in Russia they would try to develop a Sister City relationship.
- Director Kloppenburg commented that progress is being made in that area. He added that with all events in Russia, this is the largest and best one for Guam.
- Chairman Mesa stated that one of the key aspects in developing new markets is the support and relationship the Bureau has with the U.S. Consul's offices. He stated that they are key in facilitating our requests.
- Director Fortino inquired that since there is money budgeted in the amount of \$900,000 for Russia and \$900,000 for China/Russia, why is money still coming out of the China budget and not Russia.
- P. Laguana replied that the Bureau doesn't have a Russia budget for FY2012, but is on the budget request for FY2013.

| PER DIEM | Lodging | 3 Nights | M&IE | 4 Days | Total Per Diem |
|--------------------------------|--|------------|----------|---------------------|--------------------|
| Lt. Governor | \$287.30 | \$861.90 | \$148.20 | \$592.80 | \$1,454.70 |
| Sr. Management & 1 BOD | \$276.25 | \$1,657.50 | \$142.50 | \$1,140.00 | \$2,797.50 |
| 2 GVB Staff | \$221.00 | \$1,326.00 | \$114.00 | \$912.00 | \$2,238.00 |
| 6 Cultural Entertainers | \$221.00 | \$3,978.00 | \$114.00 | \$2,736.00 | \$6,714.00 |
| | | | | | \$13,204.20 |
| HONORARIUM | | | | | |
| | \$100 per day x 2 days x 1 | | | | \$200.00 |
| | \$50 per day x 2 days x 5 dancers | | | | \$500.00 |
| | | | | | \$700.00 |
| AIR FARE | | | | | |
| | \$1,440.36 x 11 Pax | | | | \$15,843.96 |
| RUSSIA VISA | | | | | |
| | \$650.00 x 9 applicants | | | | \$5,850.00 |
| | | | | | |
| Unanticipated Expenses: | Excess baggage, communications, transportation, translator, etc. | | | | \$4,401.84 |
| | | | | GRAND TOTAL: | \$40,000.00 |

Background: The 4th of July Celebration is annually hosted by U.S. Consul General Sylvia Curran's office in Vladivostok, Russia. This year they are expecting over 350 guests from the Far East Region of Russia including dignitaries and top executives from various businesses and organizations. The theme is "America in the Pacific" with a feature of Guam - its culture and people. GVB was invited to introduce, first-hand, our island to attendees of this prestigious event. Those in attendance are highly influential in their respective fields that can, in turn, result in development of Guam educational exchanges, business investment and tourism. Further, the event is also intended to boast a lead for attendance at the Asia-Pacific Economic Cooperation (APEC), which is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region. This event will also be hosted in Vladivostok this year. APEC was established in 1989 to enhance economic growth and prosperity for the region and to strengthen the Asia-Pacific community.

Issue: Time Sensitive and Board approval required for all travel.

- o **Motion made by Director Fortino, seconded by Director Kloppenburg, to ratify approval of travel for the GVB General Manager, Board Chairman and GVB staff to attend the Association of Pacific Island Legislatures (APIL) 31st General Assembly from June 19-20, 2012 in Saipan, CNMI (Estimate travel cost \$1,802.50 from the FY2012 Pacific Sales Market Development Account #PA-SMD023)**

Motion approved.

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| Estimated Airfare (\$250 x 3 pax) | \$750.00 |
| Per Diem: | |
| GVB Chairman/GM (\$268.75 x 1 day x 2 pax) | \$537.50 |
| GVB staff (\$215 x 1 day) | \$215.00 |
| Misc Expenses (Transportation, Registration Fees, etc) | \$300.00 |
| Total estimated cost: | \$1,802.50 |

Background: The Guam Visitors Bureau General Manager was extended an invitation to speak as a

panelist at the Association of Pacific Island Legislatures (APIL) 31st General Assembly in Saipan, CNMI on June 19 -20, 2012. She along with other tourism industry partners from the region will discuss issues relating to "Tourism: Showcasing and Marketing our Islands in the Blue Continent". In addition to attending the APIL General Assembly, meetings are being arranged for the GVB Chairman and General Manager to meet with the CNMI Governor, Marianas Visitors Authority and various tourism partners in the CNMI.

Issue: Time sensitive and board approval required for all travel.

D. Japan Marketing:

- Chairman Mesa wanted to emphasize that there is a need to really support our efforts in this market, especially with the challenges we're facing at the moment with the Foreign Exchange Losses.
- Chairman Mesa informed the board that our local Japanese group and tourism supporters expressed to him sort of a neglected viewpoint that we haven't paid attention to Japan.
- Chairman Mesa stated that we the Bureau should continue to promote efforts out of Japan and also to liaison with GVB Members as well as the GVB board to liaison with Japan groups, JGTA members, and GHRA.
- Chairman Mesa commented that there are internal politics within the organization to help resolve and that we all need to be mindful of that and still consider and unify the position that Japan is still Guam's main market.
- GM Camacho stated that in the month of July, there are a lot of activities locally and would make sure GVB highlights those activities.

Kashiwa Festival

- **Motion made by Director Kloppenburg, seconded by Director Tayama, to approve travel of the Deputy General Manager and one Miss Guam to attend the annual Kashiwa Festival, the Guam Chamorro Dance Academy and other meetings scheduled from July 27-30 2012. (Account number SMD008, Estimated Cost of Travel \$5,107.50).**

Motion approved.

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| Airfare | 2 pax x | \$1,400.00 |
| Per Diem | | |
| Mgmt | \$612.50 x 3 days | \$1,837.50 |
| Miss Guam | \$490 x 3 days | \$1,470.00 |
| Professional Fee | \$100 x 3 days | \$300.00 |
| Gifts | | \$100.00 |
| Total Estimated Cost: | | \$5,107.50 |

Comment:

- Director Kloppenburg commented that this is an annual event that GVB has been doing for many years and marking the 21st year of Guam's attendance. He recommended that GVB should continue to support.

Background:

This year marks the 21st year of Guam's attendance of the festival. Plans call for one Miss Guam contestant to attend and participate in the international Kashiwa Dance Festival. In keeping with our Friendship Agreement signed in 1991, a group of students from Kashiwa come to Guam every year. In exchange Guam participates in the festival that includes a trip to Guam as a grand prize awarded on the main stage.

In addition to the Kashiwa Festival, the Guam Chamorro Dance Academy will also be taking place. The Deputy General Manager will conduct a site inspection of the GDCA while in Tokyo.

Issue: Board approval required for all travel.

Matsue Suigo Matsuri

- o **Motion made by Director Kloppenburg, seconded by Director Camacho, to approve travel of one Japan marketing staff and one Miss Guam to attend the Matsue Suigo Matsuri from July 27-30 2012. (Account number SMD008, Estimated Cost of Travel \$1,010.00).**

Motion approved.

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| Airfare | 2 pax x | | \$80.00 |
| Per Diem – Meals and Incidental expenses only | | | |
| Japan Market Staff | \$105.00 | X 3 days | \$315.00 |
| Miss Guam | \$105.00 | X 3 days | \$315.00 |
| Professional Fee | \$100.00 | X 3 days | \$300.00 |
| Total Estimated Cost: | | | \$1,010.00 |

Background:

A special request from United Airlines was received to jointly participate in this annual festival. United airlines will provide the airlines tickets as well as hotel accommodations in the city of Matsue. It is estimated that 350,000 people attend this festival with an additional 3 million watching the festivities on TV. The people of Matsue would travel to Guam via Okayama or Hiroshima flights.

Issue: Board approval required for all travel.

E. Korea Marketing:

- Director Miyashita stated that all the hard work in building seat capacity has paid off and that as mentioned by GM Camacho Jeju Air will be flying to Guam beginning this October.
- Director Miyashita commended H. Lee, Korea Marketing Rep., P. Laguana, F. Reyes, M. Manglona, and GM Camacho.
- Director Miyashita commented that this is a significant achievement on our part.
- Director Miyashita stated that flights are from Incheon to Guam and if everything goes well they're anticipating that Jeju Air would be flying from Busan to Guam not on a daily basis but 3 to 4 times a week.

- Director Miyashita added that his committee would continue to work with Jeju Air.
- Director Miyashita reported an increase seat capacity of about 25% out of Korea and commented that the market is moving in the right direction.
- Director Miyashita reported that Korean Air is looking into adding additional flights.
- Director Miyashita stated that the goal is to increase capacity and anticipates Korean visitors arrivals overall to be around 165,000 this year.
- Chairman Mesa wanted to highlight that as we adjust and especially out of Busan, a market that we need grow market share, the Bureau should support coop-advertising promotions. He stated that the end result is to increase and drive market share.
- Chairman Mesa suggested spending money wisely to increase capacity.

- **Motion made by Director Miyashita, seconded by Director Flores, to approve travel for a GVB marketing staff and a Miss Guam to attend the GVB/Guam Three-city Roadshow in Busan, Daegu, and Gwangju, South Korea during July 10-14, 2012. (Cost is approximately \$3,426.00 from the FY2012 Korea Sales Marketing Development Acct# SMD019.)**

Motion approved.

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| Airfare (2 pax) | \$1,600.00 |
| Per Diem – Lodging (2 pax x 3 Nights) | \$968.00 |
| Per Diem – M&IE (2 pax x 3 Nights) | \$558.00 |
| Professional Fees (\$100 x 3 days) | \$300.00 |
| Total Estimated Cost: | \$3,426.00 |

Background: GVB is inviting more than 100 travel trade/media and travel agencies to each of the three cities for presentations by GVB and its partners doing business in Korea.

Presentations will focus on new developments to destination Guam as well as any updates relating to travel to Guam.

Representatives from Guam's hotels will be invited to join GVB to provide direct updates and reports to the attendees in order to expand exposure on Guam and to encourage travel.

Issue: Board approval required for all travel.

- **Motion made by Director Miyashita, seconded by Director Flores, to approve travel for one GVB marketing staff, 6 Cultural Entertainers, and one Miss Guam to attend the Lotte Jeju Hotel Summer Guam Festival at the Lotte Hotel Jeju, Jeju Island, South Korea during August 20-27, 2012. Cost is approximately \$11,924.00 from the FY2012 Korea Sales Marketing Development Acct# SMD019.**

Motion approved.

Discussion:

- Director Fortino stated that since this event would be called "Guam Fair", she inquired if there is any type of set up.
- GM replied yes, which is part of the program.

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| Airfare (8 pax) | \$6,400.00 |
| Per Diem – Lodging (All Comp) | \$0.00 |
| Per Diem – M&IE/Staff (1 pax x 8 Nights) | \$848.00 |
| Per Diem – IE/Ent & MG (7 pax x 8 days x \$21/day) | \$1,176.00 |
| Professional Fees – Musicians & MG (\$100 x 3 pax x 7 days) | \$2,100.00 |
| Professional Fees – Dancers (\$50 x 4 pax x 7 days) | \$1,400.00 |
| Total Estimated Cost: | \$11,924.00 |

Background: GVB has been invited by the Lotte Hotel Jeju to provide cultural performances during the period of August 20-27, 2012, a week to be called Guam Fair and to support its opening scheduled for June 2012. GVB plans to bring a cultural group made up of dancers and singers to provide entertainment at the hotel during the lunch/dinner times at the hotel's food & beverage outlets. GVB also plans to have available travel information about Guam and its members and to share such information with the hotel's guests at the GVB poolside booth.

Lotte Hotel Jeju will cover Korean domestic air travel and daily room accommodations for the GVB delegation.

While at Jeju Island, meetings with the Jeju Visitors Bureau are planned to reinvigorate the Jeju Island-Guam Sister City Relationship. Also, meetings with airlines servicing Jeju Island will be planned for consideration on a Jeju Island-Guam route.

To further leverage on this opportunity, GVB will conduct an online promotion to engage with popular media outlets and to increase traffic to the GVB Korea Facebook page. As a result of the promotion, we aim to increase our social network reach by 5,000.

Expected returns:

1. Access to more than 100,000 Lotte members via Electronic Direct Mail
2. 1-page article in Lotte Magazine called "Stories from Lotte" in August 2012 issue
3. 1-page article in Lotte Membership Magazine "Privilege"
4. 1-page Lotte Hotel Homepage promotion for the event
5. 1-page Lotte Hotel Group website promotion
6. Lotte Hotel Homepage event banner
7. Stage banner – 4 pieces
8. 1,000 Event Promotional flyers
9. GVB/Guam booth at Lotte Hotel Jeju pool area for Guam collateral and information
10. Increased traffic at GVB Korea Facebook through online promotions

Expected ROI: US\$1 million

Issue: Board approval required for all travel.

F. Existing Markets:

- Director Fortino reported on Taiwan's July – Sept. 2012 forecast, total seat capacity for additional charters from China Airlines and Eva Air would be about 6,772.

- Director Fortino reported of an upcoming blog campaign called "Dream All America" month and the grand prize is a trip to Guam.
- Director Fortino stated that there is continual promotion for GMIF and KKRR 2012 in working with TAs to sell packages.
- Director Fortino stated that for the Pacific Market, there is a Micronesia Pacific Tri-Annual meeting in Chuuk and Travel Mart in the Philippines from Sept. 25-28, 2012.
- Director Fortino reported that Saipan Air packages sold and lost about \$1.8 million. She added that they would work with getting those flown back into Saipan or to Guam using other airlines.
- Chairman Mesa commented that Eva Airlines is considering additional flights. He stated to Director Fortino that anything we could do to support additional seat capacity would be great.
- Director Fortino responded that she would discuss this at the next meeting and to give her time to brainstorm with her committee on what they could do to support.

G. New Market Development:

- Director Kloppenburg stated that Parole Authority for China is getting close. He stated that meetings have reached a level whether it's going to happen or not.
- Director Kloppenburg stated that there is a meeting scheduled with the FBI, DHS, and DoD and should be the last obstacle to overcome. He added that DHS should be moving forward in making the announcement.
- Director Fortino inquired about giving Guam a test.
- Director Kloppenburg replied that the test is Saipan and is working, but the difference is they don't have a military base.
- Director Kloppenburg reported that there are positive results from Russia. He stated that there are growing pains and the need to educate Membership on how to do business with the Russian Market, which the team is continuing to do.
- Director Kloppenburg stated that the EB-5 program is one of the issues. He stated that there was a seminar on Wednesday to educate Membership on the EB-5 program.
- Director Kloppenburg stated that the seminar was well attended and that those who have an interest in the program attended and now has a better grasp of it.
- Director Kloppenburg stated that he was hoping it would've been more inclusive and that it was unfortunate that some of the individuals who should have attended didn't attend.
- Chairman Mesa added that it's a great opportunity not only for Russia or China, but other Asian markets looking for investment into the industry or other businesses. He stated that this is great opportunity to save some of the problem businesses that the island has and gives the opportunity for people to get a green card.
- Chairman Mesa stated that the seminar was well worth the effort and commended the team for putting it together.
- Chairman Mesa commented that this seminar gave him another avenue as talking points for potential business opportunities to support tourism programs.
- Chairman Mesa stated that in regards to China Parole Authority, as another contingent alternative he stated that it has been determined that we know we are unable to handle all the outbound or large numbers of outbound out of China, but as part of the Bureau's strategy is to consider is setting a certain number or quota that is manageable from a ground operator capacity and hotel capacity.
- Chairman Mesa stated that we would prefer it to be opened but logistically we are could only handle so much.
- Chairman Mesa agreed with Director Fortino as an alternative compromise is to give Guam a test. He stated to alleviate concerns that DHS should give Guam a certain number for this year.
- Director Fortino inquired if Chairman Mesa talked to J. Beighley about that.

- Chairman Mesa replied that they talked about it but agreed to go for the goal.
- Chairman Mesa commented with the obstacles, we should compromise to a suitable acceptable manageable growth.
- GM Camacho stated that she sent J. Beighley a memo with discussions she had with the Marketing team where DHS could choose certain cities to grant parole authority.
- Director Kloppenburg responded that this would be a fall back position. He stated that Matt Hermann has a contingency plan in effect.
- Director Kloppenburg commented that at this point they'll see what happens and that the market will correct itself as it always does.

H. Destination Management:

- Director Saad stated that in regards to surveillance cameras in Tumon, GM Camacho has been working closely with GPD to come up and finalize the scope of work and when determined, GVB would issue an RFP for installation.
- Director Saad reported that the holiday illumination proposal is scheduled to go out in July, however he stated that this year there are different ideas and issues to be worked on.
- Director Saad stated that he had a lengthy meeting with DPW, Willie Flores, and MAEDA regarding the San Vitores culvert cleaning. He added that MAEDA presented a proposal in the amount of \$364,000.
- Director Saad stated that after his review of the proposal and scope of work, he discovered that there was a redundancy in the fees. He stated that he sent an email to MAEDA and has yet to receive a response, however he's hopeful that the proposal would comeback less than \$364,000.
- Director Saad reported on the broken light poles one (1) at the Hilton – Due to a car accident; Fiesta Hotel and on the driveway of the Western Club. He stated that currently there are no replacement poles as well as no response from DPW.
- Director Saad stated that GVB would be donating trucks and motorcycles. He added that the purchase order is with Accounting.
- Director Saad asked for GM Camacho to update the board on the meeting she had last week with GHS regarding the tsunami sirens.
- GM Camacho stated that GHS is looking into installing the sirens in Tumon Bay and would be located on three properties owned by Ken Corporation.
- GM Camacho stated that the meeting was arranged on Monday with Ken. Corp and GHS. She added that Ken Corp. seemed opened and wanted to know the specifications.
- GM Camacho reported that there are a total of fifteen (15) sirens and only three (3) would be installed in Tumon Bay, which would cover the main areas.
- GM Camacho stated that an MOU would be prepared and that she has offered GHS assistance with the legal aspects. She stated that GHS must go through the AG's office, which could be a long process to have it written up.
- GM Camacho was happy to report that the project is moving along and is hopeful to begin the installation in July.
- GM Camacho reported that the remaining twelve (12) sirens would be installed around the island.
- Director Fortino questioned how the tourists would get keyed in on what to do.
- Director Saad replied that GHRA would coordinate with the hotels to conduct an educational training program for all staff and that each hotel is responsible to relay the information to the tourists.
- GM Camacho reported that Ken Corp. donated four (4) scooters to GPD.
- Director Fortino inquired about the areas GPD is patrolling.
- GM Camacho replied that she hasn't been informed of the patrol areas.
- Chairman Mesa added that the concept was clearly for Tumon.

- Director Saad wanted the board to read up on the DMC minutes of June 7, 2012. He stated that there is a lot of passion to get everything done; however the progress is very slow.
- Director Saad stated that he has mentioned in previous board meetings that his committee meetings are very well attended and that the same issues are discussed over and over with no action or progress due to no funding and resources.
- Director Saad expressed to the board and management to find money, so they could execute the projects to beautify the island and make it safe for all.
- Director Saad stated that JMC has requested a meeting to discuss their concerns and would like to be prepared and have answers.
- Chairman Mesa responded that management has identified funding for certain projects that are high priority.
- Director Saad stated that he was unaware of that.
- Chairman Mesa stated that for FY2012 there was about \$300,000+ allocated for Branding and was not spent. He suggested that possibly the remaining funds could be used to fix the priorities.
- Chairman Mesa commented that Guam is our brand and the need to enhance the branding message.
- Director Camacho responded that this has been brought up two months ago at the strategic meeting. She stated that the appearance and safety of the island is more important than getting visitors in.
- Director Camacho commented that the visitors come to Guam and is not up to par. She stated that she was willing to give up some funds from Sports Tourism.
- Chairman Mesa requested for Director Saad to submit quotations on the projects that are priorities and submit to management.
- Director Kloppenburg inquired about DMC's FY2013 budget.
- Chairman Mesa replied \$675,000.
- Director Fortino commented that they are going around in circles and not committing any money.
- GM Camacho stated that part of the problem is that the different agencies involved are not living up to their responsibility in executing the work.
- Director Saad agreed and stated that funding is the other the problem. He requested for a meeting with management to identify funds, so he could work with D. Ada to get the projects going.
- Director Fortino inquired if funds could be transferred from other committees.
- Director Kloppenburg and GM Camacho replied no.
- Chairman Mesa responded that they could only shift Marketing funds within Marketing.
- Director Kloppenburg asked R. Cunliffe about the restrictions GVB has internally to transfer funds from Marketing to Destination Management.
- R. Cunliffe replied that money cannot be taken out for that purpose, however it could be taken out of Visitor Satisfaction.
- Director Miyashita inquired if there are any excess funds that are not utilized.
- R. Cunliffe replied in Visitor Satisfaction.
- Director Saad asked for GM Camacho to meet with him next week.
- Chairman Mesa commented that everyone in this room shares and understands his frustrations and that management would work in finding funds.
- Director Miyashita suggested for a time frame on that.
- Director Fortino responded that it should be by the next board meeting.
- Director Saad stated that he would attend the JMC meeting next week Tuesday, July 3rd at 9am. to address their concerns and would appreciate to have answers the day before the meeting.
- Director Tayama suggested sending a letter to the Governor Calvo on those agencies not cooperating, because it is important to improve the destination.

I. Membership:

- Nothing to report.

J. Research:

- Nothing to report.

K. Cultural Heritage & Community Outreach:

- Nothing to report.

L. Sports & Events:

- **Motion to approve travel for Governor and First Lady Calvo to lead the Guam delegation at the XXX Olympia games held in London. Dates of travel: July 23 – July 31, 2012. (Estimated cost of travel \$15,497.12, Management to identify account).**
Motion tabled.

Discussion:

- Director Fortino questioned if Guam had any Olympians.
- GM Camacho replied yes. She stated that there were a total of eight that consists of swimmers, runners, and cyclists.
- Director Kloppenburg inquired if the Guam National Olympic Committee (GNOC) had the money to fund the trip.
- Director Fortino stated the need for GVB to handle Destination Management's issues first.
- Director Kloppenburg asked if this motion was approved at committee level.
- Director Camacho replied no, because she was aware of the motion the day before the board meeting.
- Director Camacho stated that she was comfortable to talk to COS Arriola and Rick Blas of GNOC.
- Chairman Mesa suggested amending the motion pending funding from other organizations.
- GM Camacho replied that there is no other funding available.
- Director Kloppenburg stated that this is a significant event, however he recommended holding the motion until Director Camacho makes the calls.
- Director Kloppenburg suggested that prior to submitting the motion through the Executive Committee for approval to discuss it with each board member first.
- Director Miyashita stated that it was a good idea to call GNOC to determine if they could fund at least a portion, because GVB has a responsibility to address Destination Management's concerns.
- Director Fortino stated that the board needed to set priorities and reinforce them.
- Chairman Mesa stated that management would entertain and locate funds within the parameters for Destination Management as well as this motion.
- Director Kloppenburg stated to Director Flores and Director Tayama, members of the Executive Committee, that there are concerns and to discuss with the remaining board members before voting, so when it is time to ratify the motion all votes are lined up.
- Director Flores agreed. She stated the need to prioritize and identify funds first for the long-standing issues.
- Chairman Mesa asked Director Camacho to contact R. Blas.

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|--|--------------------|
| Airfare: 2 pax x \$4,019.41 | \$8,038.82 |
| Per Diem: Gov. Calvo - \$648.70 x 9 days | \$5,838.30 |
| First Lady – (M&IE only) \$180.00 x 9 days | \$1,620.00 |
| TOTAL: | \$15,497.12 |

Background:

The Governor and First Lady Calvo have been requested by the Guam National Olympic Committee to lead our local athletes to the games in London.

Issue: Board approval required for all travel.

❖ **EXECUTIVE SESSION:**

➤ Nothing to report.

❖ **OLD BUSINESS:**

➤ Nothing to report.

❖ **NEW BUSINESS:**

➤ Nothing to report.

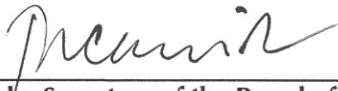
❖ **ANNOUNCEMENTS**

➤ Director Tayama invited all to the Liberation Coronation on Saturday, June 30th at the carnival grounds in Tiyan at 6:00 p.m.

❖ **ADJOURNMENT:**

o Motion made by Director Kloppenburg, seconded by Director Camacho, to adjourn the meeting.
Meeting adjourned at 5:36 p.m.

Attested:



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



Board Minutes prepared by Janel Perez, Executive Secretary