

REGULAR BOARD MEETING  
GVB MAIN CONFERENCE ROOM, 4:00PM  
THURSDAY, July 26, 2012

**Board of Directors Present:**

Chairman Monte Mesa	Vice Chairman Mark Baldyga
Hope A. Cristobal	Bruce Kloppenburg
Judy Flores	N. Oscar Miyashita
Eduardo (Champ) Calvo	Nathan Taimanglo
Rizk Saad	Jennifer Camacho

**Board of Directors Present Telephonically:**

**Board of Directors Absent:**

Carissa Fortino	Carol Tayama
Theresa C. Arriola	

**GVB Management and Staff Present:**

Joann Camacho	Nathan Denight	Tony Muna
Laurette Perez	Sonja Lujan-Sellers	Nadine Leon Guerrero
Felix Reyes	Gina Kono	Regina Nedlic
Brian Borja	Pilar Laguana	Dee Hernandez
Debi Phillips	June Sugawara	Kraig Camacho
Mark Manglona	Josie Moyer	Janel Perez

**Guests:** Regine Lee-Biscoe, Jim Beighley, Bartley Jackson

❖ **Proceedings:**

Meeting called to order at 4:10 p.m. by Chairman Monte Mesa.  
Review of the previous Regular Board minutes dated July 26, 2012.

- o **Motion made by Director Kloppenburg, seconded by Director Miyashita, to approve the minutes of July 26, 2012.**

**Motion approved (subject to correction).**

❖ **Chairman's Report:**

- Chairman Mesa stated that the hard copies of the 2011 and 2012 Routes Asia Airline Meetings Report are available to GVB Board Members only. *Copies could be obtained through GVB Board Secretary.*
- Chairman Mesa informed the Board that the report has sensitive information for airport clients.
- Chairman Mesa stated that he participated in the 99<sup>th</sup> Annual Association of Pacific Ports (APP) Conference last week, which parlays future growth towards Guam's visitor market.
- *Cruise Passenger Ship, Destination Development Slides – Snapshot of Chairman Mesa's initiative for cruise development for Guam and the region.*
- Chairman Mesa reported that there were 23 new vessel deliveries from 2010-2012. He stated that increasing capacity allows cruise lines to expand beyond their traditional markets.
- Chairman Mesa reported that US alone has continued growth of about 14 million passengers. He added that this shows that with the economic conditions, people are looking at cruises for real value.

- Chairman Mesa stated that industry trend is showing that ships are getting bigger, which increases weekly carrying capacity and efficiencies and places requirements on port infrastructure to adequately support port calls.
- Chairman Mesa stated that ships are being deployed from Europe to Asia to diversify the market.
- Chairman Mesa reported that the utilization of ships is at a high rate.
- Chairman Mesa reported that right now 35% of the ships are operating in the Caribbean and only 10% in Asia, which would change in the future.
- Chairman Mesa stated that there are four big cruise companies that own 96% of ships, one is Royal Caribbean. He added that they are the most aggressive in to Asia and moving significant assets in Asia.
- Chairman Mesa added that cruise ship companies are looking for new regional cruising.
- Chairman Mesa commented that there is real potential for growth in source markets like Hong Kong, Japan, and Singapore.
- Chairman Mesa reported on the strategic location and that all of Asia's key markets are within 4 hours.
- Chairman Mesa stated that Hong Kong is undergoing a massive redevelopment with their cruise terminal as well as Singapore to accommodate larger ships.
- Chairman Mesa stated that there are transpacific movement of ships between Asia and Australia. He added that Australia has an average annual growth rate of 19% since 2002.
- Chairman Mesa stated that every year more Australian travelers with disposable income are taking cruises and continuing to make international destinations popular.
- Chairman Mesa proposed for Guam's port infrastructure to be a SeaWalk, which is collapsible pier where pier docking is not available.
- Chairman Mesa stated that the ideal areas for the SeaWalk are in the bay where waters are calm, i.e. Apra Harbor or Hagatña.
- Chairman Mesa commented that ports in the Catalina Island and Norway are utilizing the SeaWalk.
- Chairman Mesa reported on the number of Cruise Ship Arrivals to Guam from 2005 – 2010:
  - 2010: 5; 2009: 5; 2008: 10; 2007: 7; 2006: 6; 2005: 4
- Chairman Mesa ended his report by saying that there is cruise opportunity for Guam and it is achievable.
- Chairman Mesa introduced Mr. Jim Beighley. *Mr. Beighley's report is under New Markets.*

#### ❖ **General Manager's Report**

- GM Camacho reported that Research Dept. has hired two contract staff to assist with arrival numbers and would take about one month for the new hires to start due to various security processing.
- GM Camacho stated that the arrival reports are behind and that next week staff would help to update the reports.
- GM Camacho reported that MTD2012 Arrivals from June 1-6, 2012 is up 27.5%.
- GM Camacho commented that the Hafa Adai Study Tour was successful with approximately 90 participants from nine cities.
- GM Camacho reported that Korea had a successful three-city Roadshow in Busan-Daegu-Gwangju from July 10-14, 2012. She stated overall more than 100 agents and media attended each city event.
- GM Camacho stated that last week the CFO, COO of Jeju Air was in Guam to attend meetings with GVB, GIAA, and a courtesy visit with the Governor.
- GM Camacho reported that September 28<sup>th</sup> is the target date for the inaugural flight from Incheon and that Busan gateway is being closely studied if Incheon gateway is proved to be successful.
- GM Camacho stated that GVB hosted two WWII Guam Liberators from the US and one residing on Guam for the 68<sup>th</sup> Guam Liberation Anniversary. She added that they attended various Liberation events, memorials and ceremonies as well as watched the parade from the grandstand.
- GM Camacho stated that the Liberators were touched and appreciative with all the support they received.

- GM Camacho reported on the upcoming Summer Holiday Charters from Beijing and Shanghai from July 27-August 15, 2012. She stated that 765 seats were sold.
- Chairman Mesa inquired if these flights are United charters.
- GM Camacho replied yes.
- GM Camacho announced that there is a GIFT in the village of Agat on Sunday, July 29<sup>th</sup>, being hosted by the Concepcion family.
- GM Camacho wanted to make the board aware of the recent news of the Governor's spending cuts proposal, which would be allowing employees to retire early. She stated that management would determine what type of impact it would have on GVB.
- GM Camacho stated that she received a letter from the Office of the Attorney General requesting for reimbursement of \$1,300+ on airfare for a Taiwan traveler that was sexually harassed by a hotel employee. She added that the hotel paid for lodging and the AG's office paid the airfare but is seeking reimbursement.
- GM Camacho stated that the victim came to Guam to testify.
- Chairman Mesa recommended that management determine what airline was used and to send a letter to that airline for reimbursement.
- Director Kloppenburg responded that he doesn't recall GVB having to pay that in the past.
- GM Camacho stated that she would request reimbursement from the airline and report to the board.
- *GM Camacho played the Rediscover Guam Campaign promotional video.*
- GM Camacho stated that the campaign was launched on July 16<sup>th</sup> and would be running for the next six weeks.
- Chairman Mesa stated GM Camacho provided the HOT revenue report and is tracking well.
- Chairman Mesa added that the letter to the Governor requesting for the 15% release was sent to him and that he would follow up upon the Governor's return from London.

#### ❖ **Report of the Treasurer:**

##### ○ **Cash Position Report:**

- Cash report as of July 23, 2012.
  - Total cash in banks report (as of 07/23/12) \$11,881,206.14
  - Total allotment received to date: \$12,731,621.12
- 
- Director Cristobal commented that the Cash Position report is looking good.
  - Director Miyashita agreed that the Cash Position is healthy. He stated that he did an analysis of the cash as of July 23, 2012 versus last year and that there was an increase of \$7 million and a reduction of accounts receivables of about \$1.2 million. He added that there was an increase of payables of \$1.8 million net, which is an increase of about \$4 million.
  - Director Miyashita stated that the pass through obligations still needed to be paid, which is not invoiced nor in the payables.
  - Director Kloppenburg inquired about the status of the encumbered column.
  - Laurette Perez responded that the only invoice we could see are the ones in the system and that are already paid out. She stated that Asatsu gave an estimated number on what's forthcoming through September.
  - Director Miyashita stated that any other encumbered amount should be reflected as a footnote to indicate the reason as discussed in the past.
  - Director Kloppenburg commented that when comes time for the budget hearing there might be questions as to why there is so much money in the banks.
  - Chairman Mesa suggested that before the end of FY2012 it should be updated and footnoted for reference and/or explanation.



- Director Kloppenburg commented that hotel revenues are up and the Bureau needs to be spending or we don't need it.

○ **Motion made by Director Kloppenburg, seconded by Director Flores, to approve the Cash Position Report as of July 23, 2012.**

**Motion approved.**

❖ **Report of the Board Committees:**

**A. The Strategic Advisory Council:**

- Nothing to report.

**B. Administration/Government Relations:**

- Director Cristobal stated that since the tour inspection of the Maui Well and Tumon with GEDA and DPW there has been no follow up meeting. She added that it has been discovered that the Federal Government would be opening up the Maui Well that has been closed since 1996 due being contaminated with TCE (trichloroethylene).
- Director Cristobal stated that the Maui Well exists behind the Slingshot and produces below 1 million gallons of water a day.
- GM Camacho stated that the RFP on flooding was released last Thursday.
- Chairman Mesa stated that in regards to GCEF construction, he had a conversation with Speaker Won Pat and Vice Speaker Cruz and assured him that after the budget is completed they would handle Bill 454.
- Chairman Mesa stated that until the land is transferred the fieldwork and construction work would be remained on hold.
- Director Camacho inquired if Skinner Plaza is the confirmed location for the GCEF.
- Chairman Mesa replied yes.

**C. Executive Committee:**

- Nothing to report.

**D. Japan Marketing:**

- Vice Chairman Baldyga stated that he and DGM Denight attended the JGTC meeting. He asked for DGM Denight to report on the meeting.
- DGM Denight stated that JGTC was held at R&C Tours office in Tokyo. He reported that the forecast is looking good with family market strong for the summer period and later in the year group market.
- DGM Denight stated that he updated JGTC on the HOT Bond projects. He stated that one of the major concerns with JGTC is the bus parking at the airport, where they are not allowing the busses to be turned on.
- Director Kloppenburg commented that this is a major issue.
- Director Calvo questioned if it had to do with the noise or fumes.
- Director Kloppenburg responded that it was a combination of both and that there has been a temporary solution to move the busses offsite by Industrial Park, while the airport is working on permanent solutions.
- GM Camacho commented that this was also brought up at the JGTA meeting.
- Director Kloppenburg stated that another major problem is that the bus companies are being charged \$5 per each tourist coming to the island and out of Japan totaling \$4 million. He questioned where the money was going, because nothing is being done with the bus parking area or enhancing the area.

- Director Kloppenburg stated that JGTA and JGTC is taking the position as to why should they pay the airport \$4 million every year.
- DGM Denight stated that the airport is allowing the busses to be turned on 15-20 minutes once the flight arrives.
- Director Kloppenburg responded that this was an interim solution.
- GM Camacho responded that she is working with GIAA on solutions because another issue brought up by JGTA was the lobby area.
- GM Camacho commented that soon GIAA would be sharing their master plan to the community.
- DGM Denight stated that ADK presented their Communication Plan for next year and that overall JGTC had positive reaction to the plan.
- DGM Denight informed the board that JGTC suggested for a closer relationship with all GVB activities, so they could within their offices help promote throughout the year.
- DGM Denight reported that JGTC has one more meeting in September and the meeting with all regions would be in Guam on November 28, 2012.
- Chairman Mesa stated that he has been receiving inquiries from industry members on JATA. He asked that once JATA is solidified to send out the notice to members.

**E. Korea Marketing:**

- Director Miyashita commented that the Jeju Air executives that were on-island last week was impressed with the reception they received.
- Director Miyashita stated that the next level is to ensure they could begin operations on September 28<sup>th</sup>.
- GM Camacho stated Jeju Air is applying as a signature carrier. She added that Jeju Air has originally been given three counters, but requested for a total of six counters.

**F. Existing Markets:**

- Nothing to report.

**G. New Market Development:**

- J. Beighley stated that since March 2011 the issue has been identifying and addressing security concerns.
- J. Beighley stated that in November 2011 there was meeting to get all security concerns in one room between the private industry and the Pentagon, following that meeting Governor Calvo and CW Bordallo was able to reiterate our position and discuss the political ramification and economic ramification of not giving Guam the China Visa Waiver.
- J. Beighley commented that Governor Calvo and CW Bordallo did a great job pushing the issue following that meeting, which led the inclusion of Russia.
- J. Beighley stated that China continues to be held back due to security concerns. He stated that in March 2012 there was an additional briefing to DOD on the impact that any 'notification period' accompanying the Parole Authority extension to China would have. He stated that in this briefing, it was explained that a notification period that was too long wouldn't result into regularly scheduled airlifts and wouldn't have any significant economic benefit for Guam because it would only add charter flights in peak periods. He added that we don't need more travelers during peak times as we are already at capacity.
- J. Beighley added that they took them through what an airline booking curve looks like and what is meant in terms of gathering data of competitive sets of destination outside of China and took the aggregate airline booking data from China out to Hainan, Thailand, Singapore, Bali and other short haul leisure competitive destinations and was able to show that on average, 8-12% of the seats were sold in 7 days or less prior to departure. They thought that was a good thing, but disagreed stating that the airlines cannot operate in losing 8-12% of seats.
- J. Beighley stated that they explained how seasonal pricing works with hotel rooms and tour packages.

- J. Beighley commented that they spent a lot of time understanding the data.
- J. Beighley stated that a couple of weeks ago they learned that there was two options being considered. He stated that there was a meeting recently at the highest levels in DOD and DHS.
  - 1) *Parole Authority issued with reduced notification period.* He stated that it was their understanding that DHS might be able to support no notification period or very short one of 24 hours, however the security concerns with DOD are continuing to push for a longer one, but unsure how long. He stated that the team presented a case to them that all of the databases that they needed to run through could be done in 72 hours and if it was manpower issue they informed them that they could identify funding through Congress. J. Beighley commented that at this stage 72 hours or less is something the industry would welcome.
  - 2) *Revisit of some form such as the Australia model.* Prescreening without an interview prior to departure. He stated that how the Australian model works is that the travel agent selling a package to Australia prescreens the group; travel agent is responsible for sending the application to the Australian Embassy. It is rubber stamped and done electronically, the traveler could leave within 24 to 48 hours to Australia. J. Beighley stated that it is incumbent upon the tour operator to prove to the Australian Embassy to submit verification that everyone they sent actually came back to China and if the performance metrics that were put in place are not met with travelers not coming back then that travel agent loses their license to do business and their ability to sell tour packages to Australia.
- J. Beighley commented that this was good news and that this model is being considered with DHS but requires the State Department's involvement. He added that he was unsure about the State Department's position on how fast it would take them to get it up and running.
- J. Beighley reported that in a meeting several weeks ago in Beijing that the State Department is aware of such a program in which they haven't been for over the last three years.
- J. Beighley commented that he was concerned with the upcoming Presidential Election that nothing might happen and would like to get it through quickly as possible.
- J. Beighley stated that he wanted to make aware to the board of their position and wanted GVB feedback on the options that are on the table. He stated that either way it would be good if they would give something that resulted in regularly scheduled airlifts with American, Chinese carriers or both.
- J. Beighley stated that if the Australia model is the preferred method they want to ensure it could happen quickly. He added that the positive news with the Australia model is that it's a pilot that could be transferred to the Mainland US.
- J. Beighley commented that we have the support from Senator Reid (NV) and Senator Blunt (MO).
- J. Beighley stated that he would be in Washington, DC next week working with the Senate Tourism Caucus.
- Director Miyashita inquired if there was a preapproval process for the Australia model.
- J. Beighley replied that he was not sure if there is a process and is hoping that bonding is not a requirement.
- J. Beighley added that Canada adopted a form of the Australia model. He commented that the threat of losing your business license seems to be enough to keep the performance level at an area that Australia is happy with.
- J. Beighley stated that he was unsure of DOD's response to either the model or the position of the State Department, as it would require their involvement where as Parole Authority, Visa Waiver, or notification doesn't.
- Vice Chairman Baldyga commented that he wasn't sure how Chinese Travel Service (CTS) works, but inquired if the "JTB" of China has a greater risk in handling, i.e. CTS has a vast majority at stake. He questioned what type of an affect it would have for CTS to lose their license.



- J. Beighley responded that nationwide no one has the market share that JTB and H.I.S. have. He stated that CTS nationwide is not owned by CTS Central Holdings.
- Director Miyashita commented that something has to happen quickly.
- J. Beighley added that if they don't have something done and ready to go by September then he fears that they would receive no attention.
- Vice Chairman Baldyga commended J. Beighley for all his work.
- Chairman Mesa inquired about another option by obtaining quotas to manage growth to earn confidence and credibility that the Chinese Market is workable.
- J. Beighley replied that he doesn't think the quota system would sell. He stated that the US private industry is against the precedence of setting a quota system.
- Vice Chairman Baldyga inquired if there was anything else GVB could do to support.
- J. Beighley replied that at this stage no. He stated that the Governor and CW Bordallo are driving this.
- J. Beighley stated that there is great support from Sen. Reid (NV), Sen. Blunt (MO), Sen. Inouye (HI), and Congressman Aderholt.
- Vice Chairman Baldyga inquired what happens if this doesn't go through this time.
- J. Beighley replied that he wasn't sure.
- J. Beighley replied that at this stage it is in the hands of DOD and DHS to make the decision.
- J. Beighley stated that Congress has instructed DHS back to the original intent of the law, to provide a solution that provides economic benefit. He added that it's incumbent by DHS not DOD to find a solution that actually makes economic impact.
- Director Kloppenburg stated that there are expedited visa processes, but without regularly scheduled charters, we're just not moving anywhere.
- J. Beighley reported that before this process, there were 400,000 valid visas holders from China to US, last year 1 million, by the end of this year 1.4 million, and within the next 18 months 2.2 million, then the US system is tapped out.
- J. Beighley stated that the landscape has changed tremendously in the last few years in terms of travelers that could travel to the US.
- Bartley Jackson commented that looking at the last four years we only see charters in August, October, and Lunar New Year and always see charters scheduled and then half of them canceled, effectively the 10-day doesn't do much and if we want year round business then we need to change what we're currently getting and the 10-day period just doesn't change much.
- Chairman Mesa questioned if he COC Armed Forces Committee's comments last year impacted DOD or DHS decision.
- J. Beighley replied that it wasn't a major issue.
- Director Kloppenburg inquired if DOD's position would be in writing.
- J. Beighley replied no and that it would never happen, however their position is that they want to work on a workable solution.
- J. Beighley stated that there are two options on the table and that they would be working through the details.

#### **H. Destination Management:**

- Director Saad stated that Sen. Barnes called for two meetings to discuss the issue of visitor safety. He stated that in attendance was himself, GM Camacho, GPD Chief and staff, General Consuls of Japan and FSM, and GHRA President, Mary Torre and GHRA Chairman, Bartley Jackson.
- Director Saad reported that Sen. Barnes pressed GPD Chief for a scheduled plan of officers, volunteers, CAPE, and officer reserve. He stated that they discussed the areas of coverage from Tumon to the Latte of Freedom Park.

- Director Saad stated that GPD Chief promised that he would present a detailed plan and as of today there was nothing submitted. He added that Sen. Barnes would follow up.
- Director Saad stated that he along with GM Camacho met with Carl Dominguez and one his engineers to discuss the San Vitores culvert cleaning proposal. He stated that he presented the proposal to them and wanted DPW engineer's input where he raised a few questions.
- Director Saad stated that C. Dominguez would meet with MAEDA and finalize within the week to proceed with the work.
- Director Cristobal reported that during the tour inspection of the well, C. Dominguez noticed the many areas of damaged sidewalks. She stated that he noted it down and would send his personnel to work on it.
- Director Saad responded that he has provided a report to him a while ago on the sidewalks and a few has been fixed.
- Director Cristobal inquired about the banners located on government land. She stated that signs of massage parlors are being posted on government land.
- Director Saad responded that DPW would send letters to the wholesalers that sponsors and make the signs as well as the business owners. He stated that if they were not in compliance, they would be fined.
- Director Saad stated that this issue has been on the table since March and there has yet to be any enforcement.
- GM Camacho commented that Doris Ada has been very active in resolving the issues pertaining to the sidewalks and streetlights and is working with DPW on how to best communicate.
- Director Cristobal questioned if GVB was losing the area where the Christmas display is located because of the ongoing construction next to it.
- GM Camacho replied no.
- Director Miyashita inquired on the status of the security cameras.
- Director Saad replied that he has a meeting scheduled next week with GM Camacho and DGM Denight to get it done.

**I. Membership:**

- Nothing to report.

**J. Research:**

- Nothing to report.

**K. Cultural Heritage & Community Outreach:**

- Director Flores commented that the FESTPAC delegation did an excellent job and after the final briefing, Director Arriola would be giving a complete report.
- Director Flores stated that the next goal now is to get the advertising out for FESTPAC 2016.
- Chairman Mesa commented that FESTPAC had great media coverage.
- Chairman Mesa stated that in the Island Times magazine featured Pa'a and the other cultural dance groups. He added that this shows continual exposure for the performing arts on our island.

**L. Sports & Events:**

- Nothing to report.

**❖ EXECUTIVE SESSION:**

- Nothing to report.



❖ **OLD BUSINESS:**

- Director Cristobal stated that the within DOE, Mr. Vince Reyes has written a curriculum to teach dance, which was adopted by the Board some time ago.
- Director Cristobal suggested for GVB to work with Vince Leon Guerrero to assist in placing V. Reyes in the position to become Curriculum Coordinator, which is the program he has written.
- Chairman Mesa added that part of this curriculum is to perpetuate the performing arts within the school system.

❖ **NEW BUSINESS:**

- Nothing to report.

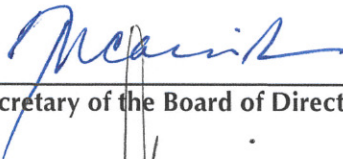
❖ **ANNOUNCEMENTS**

- Nothing to report.

❖ **ADJOURNMENT:**

- Motion made by Director Calvo, seconded by Director Cristobal, to adjourn the meeting. Meeting adjourned at 5:27 p.m.

Attested:



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

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Board Minutes prepared by Janel Perez, Executive Secretary