REGULAR BOARD MEETING
GVB MAIN CONFERENCE ROOM, 3:30PM
THURSDAY; June 13, 2013
Guam Visitors Bureau Main Conference Room

Board of Directors Present:
V. Chairman Bruce Kloppeburg
Jennifer Camacho
Robert Hofmann
Milton Morinaga
Norio Nakajima
Therese Arriola
Judith Guthertz
N. Oscar Miyashita
Annmarie Muna
Nathan Taimanglo

Board of Directors Present Telephonically:

Board of Directors Absent:
Chairman Mark Baldyga
Eduardo “Champ” Calvo
Bartley Jackson

GVB Management and Staff Present:
Rose Cunliffe
Nadine Leon Guerrero
Elaine Pangelinan
June Sugawara
Doris Ada
Antonio Muna
Meriza Peredo
Haven Torres
Kraig Camacho
Mark Manglona
Laurette Perez

Guests:
Proceeding
Meeting called to order at 3:43 p.m. by Vice Chairman Bruce Kloppenburg.

- Review of the previous Regular Board minutes dated May 23, 2013.

Exhibit A
Motion made by Director Guthertz, seconded by Director Taimanglo, to approve the minutes of May 23, 2013.
Motion approved (subject to correction).

- Chairman's Report:

- General Manager's Report

Exhibit B

- PRELIMINARY Visitor Arrivals
  May 2013
  Total: 86,264 (4.1%)

<table>
<thead>
<tr>
<th>% Market Mix</th>
<th>Origin</th>
<th>Pax</th>
<th>% to LF</th>
</tr>
</thead>
<tbody>
<tr>
<td>41.1%</td>
<td>Japan</td>
<td>35,088</td>
<td>-2.2%</td>
</tr>
<tr>
<td>25.1%</td>
<td>Korea</td>
<td>15,553</td>
<td>33.4%</td>
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<td>6.2%</td>
<td>US/Hawaii</td>
<td>4,450</td>
<td>-66.6%</td>
</tr>
<tr>
<td>6.0%</td>
<td>Taiwan</td>
<td>5,643</td>
<td>7.7%</td>
</tr>
<tr>
<td>6.0%</td>
<td>China</td>
<td>4,799</td>
<td>48.3%</td>
</tr>
<tr>
<td>0.5%</td>
<td>Russia</td>
<td>417</td>
<td>55.0%</td>
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- PRELIMINARY FYTD Visitor Arrivals
  October 2012 - May 2013
  Total: 864,172 (8.0%)

<table>
<thead>
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<th>% Market Mix</th>
<th>Origin</th>
<th>Pax</th>
<th>% to LF</th>
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<tbody>
<tr>
<td>43.5%</td>
<td>Japan</td>
<td>165,816</td>
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<td>16.7%</td>
<td>Korea</td>
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<td>6.2%</td>
<td>US/Hawaii</td>
<td>51,966</td>
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<tr>
<td>8.1%</td>
<td>Taiwan</td>
<td>27,779</td>
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<tr>
<td>0.8%</td>
<td>China</td>
<td>7,029</td>
<td>11.0%</td>
</tr>
<tr>
<td>0.8%</td>
<td>Russia</td>
<td>4,605</td>
<td>23.9%</td>
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- PRELIMINARY CYTD Visitor Arrivals
  January 2013 - May 2013
  Total: 522,691 (5.2%)

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<th>Origin</th>
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<th>% to LF</th>
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<tr>
<td>69.3%</td>
<td>Japan</td>
<td>342,857</td>
<td>0.3%</td>
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<tr>
<td>16.0%</td>
<td>Korea</td>
<td>82,095</td>
<td>-43.8%</td>
</tr>
<tr>
<td>4.4%</td>
<td>US/Hawaii</td>
<td>24,881</td>
<td>-6.9%</td>
</tr>
<tr>
<td>3.2%</td>
<td>Taiwan</td>
<td>17,600</td>
<td>-31.2%</td>
</tr>
<tr>
<td>0.9%</td>
<td>China</td>
<td>3,067</td>
<td>19.5%</td>
</tr>
<tr>
<td>0.6%</td>
<td>Russia</td>
<td>3,367</td>
<td>172.0%</td>
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</table>

- PRELIMINARY MTD Visitor Arrivals
  June 1 - 8, 2013
  Total: 17,285 (6.7%)

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<th>Origin</th>
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</thead>
<tbody>
<tr>
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<td>Korea</td>
<td>4,120</td>
<td>-99.8%</td>
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<tr>
<td>5.2%</td>
<td>US/Hawaii</td>
<td>820</td>
<td>-17.7%</td>
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<tr>
<td>1.9%</td>
<td>Taiwan</td>
<td>1023</td>
<td>-41.5%</td>
</tr>
<tr>
<td>0.5%</td>
<td>China</td>
<td>96</td>
<td>13.8%</td>
</tr>
<tr>
<td>0.5%</td>
<td>Russia</td>
<td>92</td>
<td>1.1%</td>
</tr>
<tr>
<td>57.1%</td>
<td>Japan</td>
<td>6,440</td>
<td>-6.1%</td>
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</table>
Extra Flights and Summer Charters Summary
- Seats by Airline:
  - Kanta: 1,950 seats
  - Kansai: 11,996 seats
  - Naha: 23,410 seats
- Seats by Carrier:
  - Eva Air: 712 seats
  - China Airlines: 2,905 seats
  - Korean Air: 9,315 seats
  - Delta: 10,440 seats
  - United: 12,090 seats
- Seats by Month:
  - July: 5,923 seats
  - August: 11,655 seats
  - September: 11,747 seats
- Total Seats: 37,325

Japanese High School Trips
April 2013 - March 2014
139 Schools
(2010-56 Schools, 2011-91 Schools, 2012-109 Schools)

Korea Marketing News
Hana Tour International Fair 2015
Seoul, Korea

1,067 Guam Packages were sold over three days.
May

- Event: 2013 Taiwan Tourism Expo
  - Time: May 24 - 27
  - Attracted 230,465 Visitors: a 10% increase compared to last year, breaking the records in the past. Featured over 400 Organizations, a 10% growth comparing to last year.
  - Veda invited travel agencies to sell Guam packages in Guam booth to promote Guam together. Veda offered gifts for on-lookers promoting Guam and Guam packages in the booth. Over 50 packages were sold.

TAIWAN MARKETING NEWS

May

- Event: "Say Yes Again" Event
  - Time: The election starts from May 22 and will end on July.
  - Highlights:
    - So far, there are 156 couples registering the campaign, attracting over 8,500 votes.
    - With FB page integrated in the campaign, it also attracts over 5,000 new likes to GVB Taiwan page in a week.

June

- Celebrity Co-op: Singer A-Fu
  - A-Fu, an influential singer in Taiwan and China, who received many awards and was nominated "Golden Melody" Award of the 23rd Golden Melody Awards, plans to release her new album, titled "Sky Island," incorporating the Guam image into the promotion.
  - GVB will hold a concert on June 9 and GVB will sponsor 2 Guam flight tickets for the lucky first event in the concert.
  - GVB is offering a booth in its June 9 concert to promote Guam as well as Guam travel products and exposure opportunities on a photo-shooting banner. Cost estimation:
    - 2 Guam flight tickets (as prizes for June 9 concert, $1,500 paid for by GVB)
    - From SHD budget
June

• 3M Co-op
  - 3M will be holding a "3M Ultimate Water Challenge" event as part of CSR efforts on June 9.
  - GV International is a co-sponsor, providing 2 tickets to Guam as a Grand Prize to attract participation.
  - 3M will provide Guam chances of logo exposure on its event websites, promotional materials, and decoration.

  - Cost estimation:
    - $2,500 ticket issuance ($1,000 confirmed by GV International)
    - from SHD budget

June-August

• Find Koko' Global Campaign
  - Taiwan Marketing Plan
    - Release HR targeting media.
    - Host an Information Session for travel agencies and invite local media to participate.
    - Provide samples of rich key chains (60 sets) for TAs to showcase to customers.
  - Give away campaign 3M in Kaohsiung Tourism Exposition (June 14 - 17)
  - Continue to promote on social media

  - Cost estimation: $10,500 (confirmed by GV International)

RUSSIA MARKETING NEWS

• Pacific International Tourism Expo
  - Vladivostok - May 21 - 23, '13
  - GV International Delegation: Bart Jackson, Gino Kono & Havenn Torres
  - Co-Exhibitors: Sheraton, Nikko, IPC, Hyatt, DFS, Guam Trivlla Tours
  - Entertainment: IPC

• Guam Product Seminar
  - June 20, '13
    - 20 travel agents present

Vice Chairman Kloppenburg reported on the factors affecting Taiwan's decrease in arrival numbers:

- Taiwan has been in recession since the second half of 2012. Budgets become one of the most important concerns for travelers and the performances of most destinations decline.
- There have been many destinations in China and Japan opened for direct flights, attracting more tourists to choose.
- More and more budget airlines opened their services to Korea, Japan and Singapore, attracting many tourists who are concerned with budgets.
- Facing the economic recession of Taiwan, South-east Asian tourism markets have been offering lower priced packages to attract consumers. Though Guam TAs also cut the prices, the overall expenses for travelling to Guam is still high because of higher level of consumption.
- Two airlines have adjusted the flight arrangements according to the current market status. They had fewer CNY charters and EVA Air even adjusted the flights to smaller planes.
- North Korea's threats to attack Guam had greatly influenced Guam markets from March and the situation exacerbated in April. The performance of Guam packages sales stagnated; many tourists who had
already bought Guam packages even canceled their trips. The impact continued to present in arrival numbers until early May.

- After the N. Korea issue, Veda devoted a series of active promotions (including information session cooperating with CI, ANTOR table marts, GMIF media fam tour, TTE, Say Yes Again marketing campaign and various social media activities) to boost the market. Also, many tourist who planned to visit Philippine changed to go to Guam instead due to Guang Da Xing issue. The arrival numbers has been increasing from middle May and have kept good performance.

- Reason for decrease in April and May this year compared to last year, is due to Eva air’s change of aircrafts from 209 seat carriers last year to 252 seat carriers this years.

- **Report of the Treasurer:**

  Cash Position Report:
  Cash report as of May 20, 2013.
  Total cash in banks report (as of 06/10/13) $14,586,819.58
  Total allotment received to date: $10,505,884.55

  **Motion to accept cash position. Motion approved.**

- **Report of the Board Committees:**

  A. **EXECUTIVE COMMITTEE:**

  - Vice Chairman Kloppenburg reported that By-law revisions will be ready for presentation.

  B. **MEMBERSHIP DEVELOPMENT:**

  - Vice Chairman Kloppenburg reported that the Quarterly Membership meeting is on June 28 at the Nikko hotel. V. Chairman Kloppenburg encourages attendance of all members to vote on the amendments of the Bylaws. 2/3 of 656 (446 members) members need to be present to ratify By-law amendments.

  C. **NORTH AMERICA & PACIFIC (NAP)**

  - Director Muna reported the monthly committee meeting has been postponed til next month. She assured the Board that the committee will address the reasons and factors for the decrease numbers of US / Hawaii arrivals.

  D. **RESEARCH:**
E. **DESTINATION MANAGEMENT:**

- Director Hofmann reported that the committee is addressing the cleaning of Ypao road.

F. **RUSSIA & NEW MARKETS DEVELOPMENT:**

- Exhibit E

G. **SPORTS & EVENTS:**

- Director Taimanglo reported that the committee will be meeting next week regarding the addition of a 'premiere event'. A subcommittee will be created to explore the costs.

- Vice Chairman Kloppenburg reported on (3) Guam residents (Mr. Richard Lai/Mr. Robert Torres/ Mr. Randy Cunliffe) now sitting upon a FIFA committee. He suggested inviting them to be a guest speaker at the September membership meeting. He also highly encouraged the committee to see how we can utilize this resource and work together.

H. **ADMINISTRATION / GOVERNMENT RELATIONS:**

- Exhibit G/H/I/J

**Authorization to fill TIR position**

Director Guthertz made a motion, seconded by Director Hofmann to authorize GVB management to fill the vacant Tourism Industry Relations Officer position subject to the availability of funds. **Motion approved.**

**Background:**

In 2012, the GVB Management decided to shuffle positions to meet the growing needs of GVB's Marketing Department. The former Tourism Industry Relations Officer (TIR) was moved to Japan Marketing, which left the TIR position open. The duties and responsibilities was then transferred to the Public Information Officer who continues to carry them out.

**Issue:**

While the position is authorized by Law, it is unfunded for FY2013.
V. Chairman Kloppenburg reported TIR position is desperately needed and there have been challenges with issues but don't have staff to support it.

GVB testimonies were submitted to the Legislature in support of the following bills:

- Resolution No. 106-32
  - Relative to Supporting the Development of a Public Policy, Investment and Operational Framework for establishing a Sustainable & Green Cruise Industry Micronesia with Guam Serving as the Regional Hub.

- Bill 113-32
  - Making an appropriation from the TAF to Duk Duk Goose, Inc. to cover Production Costs for a Cultural Children's Television Program

- Bill 114-32
  - Making an appropriation from the TAF to Hurao Academy, Inc. to continue their mission in Promoting and perpetuation the Chamoru Language and Culture.

- Bill 115-32
  - Making an appropriation from the TAF to Inetnon Gef Pa'go Cultural Arts Program, Inc. for the Purposes of developing a Southern Visitor Attraction Venue at the Inarajan Garden House.

V. Chairman Kloppenburg reported that he and GM Pangelinan met with the oversight Chairwoman Senator Tina Muna Barnes regarding their concerns of Bill 115-32. Although they support the intent of the bill to promote the Chamorro culture, the element of direct or indirect beneficial gain to Inarajan Garden House as a for-profit business raises a lot of concerns.

V. Chairman Kloppenburg reported DGM Denight's email regarding GVB's testimony on Bill 115-32:

"We added to the Inetnon Gef Pago (IGP) testimony that 'GVB supports the bill if the funding benefits IGP's non-profit activities, and not Inarajan Garden House, which is a for-profit business.' Speaker Won Pat picked up on this and asked for clarification on the arrangement and what the funds will be used for.

Judy Flores answered that Inarajan Garden House is donating space to IGP to house their non-profit programs - Chamorro dance classes for the community and Chamorro kids summer camp. Basically, it's the new home for IGP. Speaker asked Vince Reyes what the funds would be used for and he said drums, costumes and other supplies needed to teach the kids. Speaker recommended that the bill be reworded to reflect these points."
The Board agreed that a formal letter will be sent to the Legislature that will reflect the Board's concerns and suggestions of the following points:

- A for-profit business directly benefitting from a TAF subsidized program
  - Will set a precedence to more of these requests
  - Unfair to other hoteliers and businesses that promote the Chamorro culture and include this component in their own operational budget.
- A public venue that will allow for the community to access this program for free. (ex: the old Inarajan Elementary school)

V. Chairman Kloppenburg reported that Management is working on a bill for the FY2014 budget requesting for an additional $2 million for capital improvement projects in Destination Management. GVB will also be utilizing some of its existing money from excess funds but needs to ensure that it not be depleted.

I. CULTURAL HERITAGE & COMMUNITY OUTREACH (ChaCo):

- Director Arriola reported the next ChaCo committee meeting is Wednesday, June 19 at 3:30 p.m.

J. GREATER CHINA:

9th International Forum on Chinese Outbound Tourism (IFCOT)
Director Miyashita made a motion, seconded by Director Guthertz to approve travel for one (1) GVB Marketing Staff to attend the 9th International Forum on Chinese Outbound Tourism (IFCOT) from June 23-26, 2013 in Beijing. (Cost approximately $2,450.00 and will come from the FY2013 IFCOT Account CI-TTC075.)
Motion approved.

<table>
<thead>
<tr>
<th>Description</th>
<th>Breakdown</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Airfare:</td>
<td>$1,200 x 1 pax</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Per Diem: GVB  Marketing Staff</td>
<td>Lodging: $258.00 x 3 nights = $774.00  \ MIE: $119.00 x 4 days $476.00</td>
<td>$1,250.00</td>
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<tr>
<td>Total</td>
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<td>$2,450.00</td>
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Background:
On May 23, 2013, travel for five (5) delegates to attend the 9th IFCOT from June 23-26, 2013 in Beijing and two (2) GVB Marketing Staff to conduct meetings and sales calls in Shanghai with U.S. Consulate Shanghai, Korean Airlines, and United from June 27-28, 2013 was approved by the GVB Board of Directors. Five delegates approved to travel included: one (1) Government Official or GVB Chairman, one (1) member of GVB Senior Management, GVB Marketing Manager, one (1) GVB Marketing Officer II, and one (1) GVB China Symposium Delegate.
This motion is for approval to reflect one additional GVB Marketing Staff to travel to attend the 9th IFCOT in Beijing for staff training purposes.

As a major support of IFCOT 2013, GVB will be participating with the organizing committee to arrange an afternoon theme session to solely promote Guam, entitled “Island Tourism Vacation and Guam,” which will include keynote speech, panel discussion, introduction of Guam tour products, etc. Attendees of this session will include top managers who currently sell U.S.A. products, especially island travel destinations as well as travel agencies who are interested in developing the Guam product for their clients.

Shanghai - Due to recent updates in U.S. visa processing, GVB marketing personnel has the opportunity to meet with the U.S. Consulate in Shanghai to discuss updates in faster processing and reduced costs for Chinese residents to travel to U.S. destinations. Furthermore, in light of this scheduled meeting in Shanghai, GVB will meet with partners from tour wholesalers as well as wedding companies.

Issue:
Board approval for travel required.

► V. Chairman Kloppenburg reported that there is no activity with the China Parole Authority although it was noted that the Senate just passed the Immigration bill, in which the parole authority visa waiver language is mixed within it. It will now go before the House.

K. JAPAN MARKET:

Director Morinaga made a motion, seconded by Director Arriola to approve travel for two (2) accounting staff to Tokyo, Japan to conduct audit of GVB Japan Office from August 7, 2013 to August 9, 2013. (Estimated cost of travel is $4,072.00. from Japan Market Budget Account No. SMD-008)
Motion approved.

<table>
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<th>Traveler</th>
<th>Per Diem Rate</th>
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<th>Budget</th>
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<tr>
<td>Controller</td>
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<td>3</td>
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<tr>
<td>Accounting Technician</td>
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<td>3</td>
<td>$1,236.00</td>
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<td>Air Fare GUM-NRT-GUM</td>
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<td>TOTAL BUDGET:</td>
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<td>$4,072.00</td>
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Background:
Periodic audits are conducted at GVB Japan Office and are now due for one.
Issue:
Board approval required for travel.

Director Morinaga made a motion, seconded by Director Arriola to approve travel for four (4) GVB Japan Staff to attend Hafa Adai Study Tour on Guam from June 28 - July 1, 2013. (Estimated cost of travel is $1530.00 from Japan Market Budget Account No. SMD-002)

Motion approved.

<table>
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<td>GVB Japan Manager</td>
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<td>4</td>
<td>$250.00</td>
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<td>GVB Japan PR</td>
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<td>$250.00</td>
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<tr>
<td>GVB East Japan Sales</td>
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<tr>
<td>TOTAL BUDGET:</td>
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Background:
Hafa Adai Study Tour encompasses travel planners and airline representative from eight major regions from Japan who will come to Guam to learn about Guam’s products and offers as well as network with the travel trade industry. HAST is a cooperative program with GVB, United Airlines, JGTA and GHRA. This year’s HAST will comprise of 95 agents and airline staff participating from June 28-July 1, 2013. GVB Japan staff is needed to assist in the facilitation and execution of HAST.

Issue:
Board approval required for travel.

- Director Morinaga reported that Japan will have a visa waiver for Thailand due to an increase of Malaysia visitors. This is to cover the inconsistency and the decrease in the China travel market to Japan. He stressed the importance of Japan’s stable and consistent market to Guam.

L. KOREA MARKET:

- Director Miyashita reported the next KMC meeting is scheduled for June 18.

- Director Miyashita stated that Guam will not see the 45-55% increase in the upcoming months out of Korea but nonetheless will see a significant increase overall from last year’s numbers because of the additional airline.
- Director Miyashita reported there is an interest of attracting another airline to fly directly from Busan.

**OLD BUSINESS**

- Director Nakajima expressed his concern of Bill 128-32 regarding the increase of the Customs fee. This concern was brought up because of the following points:
  - Implementation overlaps the fiscal year of Tourist businesses that begin in April.
  - Increase of fees without an appropriate increase in service

  * The Board may draft a resolution to reflect these concerns. It was also suggested that JGTA draft a resolution of their own and collect the signatures of all their members.

**NEW BUSINESS**

**EXECUTIVE SESSION**

**ANNOUNCEMENTS**

- GVB / GHRA Excellence in Tourism - Latte Awards Ceremony
  - Friday - June 21
  - 11:30am - 1:00pm
  - Hyatt Regency

- Quarterly Membership meeting
  - Friday - June 28
  - 11:30am - 1:00pm
  - Nikko Hotel

**ADJOURNMENT:**

Motion made by Director Arriola, seconded by Director Hoffman to adjourn the meeting. Meeting adjourned at 4:37 p.m.

Motion approved.

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

Board Minutes prepared by Meriza Peredo, Executive Secretary