



# GUAM VISITORS BUREAU

50<sup>th</sup> ANNIVERSARY · 1963 - 2013

REGULAR BOARD MEETING  
GVB MAIN CONFERENCE ROOM - 4:00PM  
THURSDAY; October 24, 2013

**BOARD of DIRECTORS PRESENT:**

Chairman Mark Baldyga  
Jennifer Camacho  
Judith Guthertz  
Bartley Jackson  
Milton Morinaga  
Norio Nakajima

Vice Chairman Bruce Kloppenburg  
Therese Arriola  
Robert Hofmann  
N. Oscar Miyashita  
Annmarie Muna  
Nathan Taimanglo

**BOARD of DIRECTORS TELEPHONICALLY:**

**BOARD of DIRECTORS ABSENT:**

Eduardo "Champ" Calvo

**GVB MANAGEMENT & STAFF PRESENT:**

Karl Pangelinan  
Gina Kono  
Regina Nedlic  
June Sugawara  
Haven Torres

Doris Ada  
Nadine Leon Guerrero  
Elaine Pangelinan

Kraig Camacho  
Antonio Muna  
Meriza Peredo

**GUESTS:**

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❖ **Proceedings:**

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

Review of the previous Regular Board minutes dated October 10, 2013.

Exhibit A

Motion made by Director Guthertz, seconded by Vice Chairman Kloppenburg,  
to approve the minutes of October 10, 2013.

Motion approved (subject to correction).

## ❖ Chairman's Report:

### Strategic Plan:

- A presentation to Legislature will be scheduled soon.

### Russia:

- Met Roman Cherniavskii, founder of Aviacharter-DV. He's associated with Aviacharter (his partner)
- Has been servicing Saipan for a year. Sees more potential in Guam "More things to do" and wants to push Guam
- Will be flying Boeing 737-800 (186 seats) provided by Oren Air. All economy class. Was previously approved for A320 by a different aircraft provider. He's close to approvals for new aircraft now and working with GIAA
- Frequency will be once weekly Vladivostok and once weekly Khabarovsk. At say 85% load factor that's 16,000 pax per year for Guam
- He claims to have spent \$500,000 in advertising on billboards, etc. Wants some consideration
- We confirmed that we cannot provide direct funding nor reimbursement but that we can co-op on fam trips, and advertising
- Pricing now is \$1500 via Korea. His flights will be \$900 for one week incl hotel stay (less 10% for re-selling local agencies) and also including \$30,000 medical insurance. Price subject to increase after things get going (word of mouth etc)
- Local agencies get 10% commission but after 55 pax it goes to 11% and after 75 goes to 12%. He sends his best sellers on a trip as incentive/reward.
- Packages will be sold in other cities using agencies and those pax can connect through his two departure cities
- The Saipan service stopped in July/August because Vladivostok guests prefer to stay in Russia in the summer
- He is also flying to Manila and Bangkok
- HIS will be his ground handler and agency utilizing their room blockages and the Reef Hotel
- Flights start Nov 7 for Khabarovsk and Nov 8 for Vladivostok
- He estimates 80% of his guests will stay one week and the remainder may stay 2 weeks
- Claims Saipan provided funding for him in a sponsored PR campaign but he refused to say how much
- Says that Russians prefer to save money on hotel and airfare and spend on local offerings. Claims \$1500/pp as average spend including roughly \$400-500 on tours, \$500 dining/drinks and \$500 shopping (but seems to be rough estimates)
- Web site visitation is started at 600 pax/day and has grown to perhaps 1000-1200 per day
- Requests that GVB assist by encouraging Russian language signage especially at immigration, perhaps coming up with a set of standardized questions for customs officers, adding Russian menus in hotels and Russian greetings.
- He will be providing some Russian tour guides to HIS initially
- If all goes well he would be like to start adding flights from the capital of Siberia (9 hour flight) using a 777 (364 capacity, 2 cabins) and eventually from Moscow (12 hours) but "Guam is not ready yet".



- He was upset that we have engaged a marketing rep and misunderstood thinking that we are providing funds to that person/company directly whereas he already spent his own funds. We explained that it is our money not theirs and that they are strictly an agent
- In the end, suggested that he join Russia Marketing Committee and influence how the funds are spent. He agreed. He also wants to make a presentation the board of GVB and we agreed he could certainly do that
- Also agreed to co-op with him on a fam trip. MB suggested the possibility of doing an annual program like the Hafa Adai study tour and not just a one time deal
- May be nice to send him an appreciation letter from the board as well as a "feel good" courtesy
- GM Pangelinan feels we need to monitor regarding his statement stated several times during the discussion that Russians do not like spending money on airfare. Discussion ensued about Russian spending.
- Research will look into a per day spend analysis

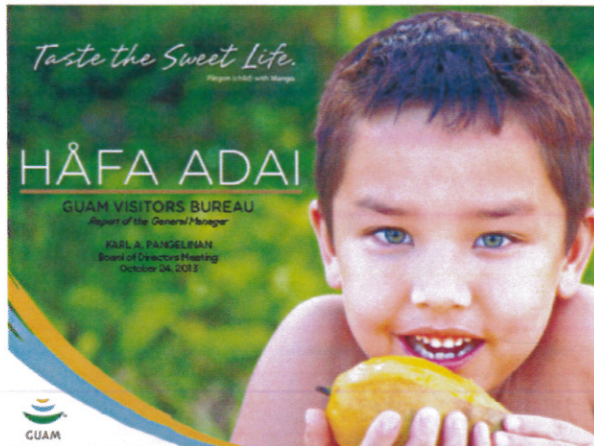
CHINA

- China visa waiver does not look like it will be approved anytime soon.

HICAP

- Travel Team - "Overkill". This was the exact word used by one of our 1:1 meetings with CEO of newly formed Hotels out of London. Other companies had one rep. We had a dozen. Way too many people from our side and something that we were worried about headed in. We adjusted on the fly but for the next showing I'd suggest a much more nimble, A-Team of 2-3 top guns from GVB/GEDA without any staffers or politicians or other dept heads so we can effectively carry the Guam message to the execs in attendance without looking either amateurish or desperate. These are high level biz execs and the bigger/wider we cast the net on our attendees the more it hurts us not helps us
- Reinvestment into product - This conference reminded us of what we are...a lower to mid-tier mass market destination dominated by tour wholesalers. "Guam's not ready for a premium 5-star flag" was a recurring statement heard throughout the conference. What was reassuring was showing our commitment back to the product with additional monies that GVB will use toward the destination (landscape, streetscape, beach cleanup, safety, etc.). We're just beginning year 1 of what we hope is a 10-yr commitment of reinvestment into our product.
- Diversification - This is obvious and something that the Bureau has been and is committed to. China and Russia are keys to this effort as Korea is already leading the diversification charge, reducing our reliance on Japanese market to under current <70% levels. I never like to think that there is a "magic bullet" solution but frankly China Visa Waiver would be that bullet. We're still committed to aggressively market to China without a waiver.
- Gov't Incentives - The QC we currently have isn't anywhere near as attractive as what some other destinations are putting on the table including free land from the government. It's too cumbersome and politically challenging and quite frankly is a turn-off for investors and developers. We need to look hard at what Waikiki has done and adopt an easier to access, short-term incentives that can spur development. We should line up our incentives against what other destinations offer. This coupled with our gov't reinvestment back into the product is a step in the right direction.
- Destination Feasibility Study - This is long overdue and something that GEDA should take the lead on with GVB support. We met several capable firms and investors/developers/flags all swear by these reports. I liken these reports to a S&P or Fitch credit rating. It's completely bankable and something used throughout the industry





### KOREA MARKETING NEWS

- Hana Study tour to Guam for Jin & Jeju Extra Flights**
- Sales & OP staff 21pax from Oct 31 to Nov 4.
  - GVB co-sponsor study tour

**Itinerary**

- Oct 31: Depart with Jeju
- Nov 1: Hotel inspection, PIC, Hyatt, Hilton, Nikko, Sheraton and Sandcastle dinner Show.
- Nov 2: Dream cruise, Outrigger, DFS and Dinner hosted by GVB venue Korean Restaurant.
- Nov 3: Hotel inspection, Reef, Guam Plaza, Santa Fe, Marriot, Lotte, Holiday Resort, Onward etc.
- Nov 4: Depart with Jeju

### GREATER CHINA

Rose Wedding | October 18, 2013

- Rose Wedding Shanghai is a large-scale theme wedding ceremony that has been ongoing since 1998.
- Joint efforts of Shanghai Municipal Tourism Administration and Huangpu District People's Government of Shanghai
- Selected Guam as their wedding destinations for 12 couples.
- Rose Wedding working staff, CYTS Tours, and media will be accompanying the couples
- 50 visitors for this annual event.



### PRELIMINARY MTD Visitor Arrivals October 1 - 18, 2013 Total: 55,407 (-7.1%)

% Market Mix	Origin	Pax	% to LY
66.6%	Japan	36,896	-12.0%
19.7%	Korea	10,902	171%
2.9%	US/Hawaii	1,625	-19.2%
4.2%	Taiwan	2,311	-71%
2.3%	China	1,251	33.7%
0.3%	Russia	156	14.7%

### KOREA MARKETING NEWS

#### Jin Air 3<sup>rd</sup> anniversary sales contest with Travel Agents

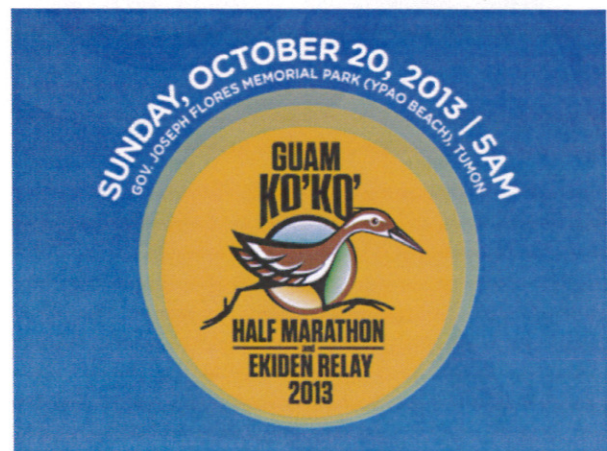
- Period : 2013. 09. 01 - 09.30
- Group & FIT



KHMO Agents



Hana - Group 2<sup>nd</sup> FIT 2<sup>nd</sup> KHMO - FIT 2<sup>nd</sup>



## Tourism Benefits

Proven platform for drawing visitors to Guam

Provides visiting runners a rich cultural experience and positive interaction with the local community

Showcases Guam as a fun, friendly, and safe place to travel

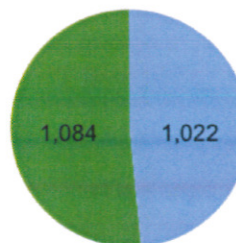
Grows Guam as a prominent destination for sports tourism in the Asia-Pacific region



guamkokoroadrace.com



## Runner Totals



■ Half Marathon ■ Ekiden Relay

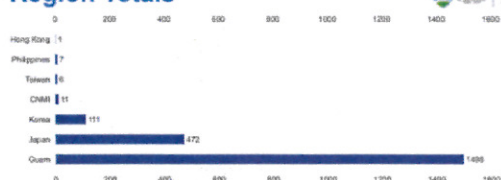
Total Runners: 2,106



guamkokoroadrace.com



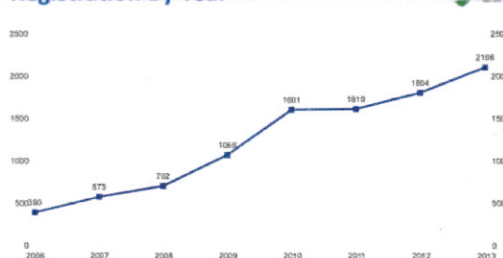
## Region Totals



guamkokoroadrace.com



## Registration By Year



guamkokoroadrace.com



## Notable Successes

- Highest number of registrants to date —up 17% from 2012
- New course separating half marathon and relay runners proved safe and efficient and created excitement in Tumon
- Overall look and appeal of event marketing
- Strong, enthusiastic support from the community as evidenced by in-kind donations and water stop volunteers
- Post-race replenishment concept implemented
- Increased support of local vendors and artisans through post-race booths
- Executed event setup successfully despite inclement weather conditions

guamkokoroadrace.com



guamkokoroadrace.com







❖ Report of the Treasurer:

Exhibit C

**Cash Position Report:**

**Cash report as of October 07, 2013.**

Total cash in banks report (as of 10/07/13) \$16,391,454.16

Total allotment received to date: \$16,789,973.59

- Director Miyashita reported a healthy cash position.

❖ Report of the Board Committees:

**A. EXECUTIVE COMMITTEE**

Vice Chairman Kloppenburg made a motion, seconded by Director Jackson, to ratify the Executive Committee's approval of costs to cater a VIP mixer in Hong Kong during the HICAP conference on October 17, 2013. Approximate cost of this was \$4500.00 and will be taken from the FY2013 Excess funds.

**Motion approved.**

**Background:**

HICAP offers the premiere hotel investment conference and networking opportunity in the region. Attendees include CEO's and VP's of business development from around the region.

DFS has offered the use of its junk (Chinese boat) for a VIP mixer following the event networking mixer on a complimentary no cost basis as an in-kind contribution for the vessel, fuel, captain, etc.

A list has been developed of prospective hotel investors, presidents and banks who have indicated an interest in Guam. This event will provide an outstanding opportunity for Guam to further its mission and objectives at HICAP.

**Issue:**

Time sensitive motion needing Board approval.

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**B. SPORTS & EVENTS**

- Director Camacho reported on the Body Building competition press conference and reported that there are (18) competitors from overseas with a total pax of (30) coming from overseas.
- GM Pangelinan reported on the meeting with Leo Palace and stated they are committed to the marketing with GVB and will be looking into Government subsidies.

**C. RUSSIA & NEW MARKETS DEVELOPMENT**

- Discussion ensued on holding a mini Russia symposium for the next Membership meeting to educate the Membership and community. All companies that do work with Russian visitors will be invited (optional tours, etc..)

**D. KOREA MARKET:**

#### E. JAPAN MARKET:

Exhibit D

Director Morinaga made a motion, seconded by Director Hofmann, to approve travel for Deputy General Manager to attend the Cycle Mode inspection and interview for Senior Sales Manager in Japan from November 4-6, 2013. (Estimated cost of \$1,810.00 from Japan Budget Acct#TBA)

**Motion approved.**

Airfare		\$ 800.00
Per Diem	Deputy GM \$505.00 x 2 Nights	<u>\$1,010.00</u>
Total:		<b>\$1,810.00</b>

#### **Background:**

On January 19, 2014, Guam will mark the third "Guam Long Ride" cycling event. In order to further promote this international event, the bureau is planning to participate in a cycling fair held in Tokyo, Japan.

#### **Issue:**

BOD approval required for travel.

#### F. DESTINATION MANAGEMENT:

- Director Hofmann reported that now that budget has been approved, an action list is being worked on to decide which projects to tackle. DMC will revive the adopt a beach program since it is only being done (4) times a week.
- Director Hofmann reported that paint laws need to be followed and has caused a delay in the graffiti issue. Chairman Baldyga wants a letter written to private businesses regarding the graffiti issues.

#### G. ADMINISTRATION / GOVERNMENT RELATIONS:

- Discussion about the level of support GVB feels it needs to take part in supporting a resolution by the Legislature to the federal government about deportation of habitual offenders who are not originally from Guam. The Board decided that it is best to send a letter thanking Senator Rory Respicio for initiating this resolution to protect our visitors.
- Director Guthertz informed the Board of an initiative to revise the GEDA law about no more hotels.

#### H. GREATER CHINA:

Exhibit E

- Vice Speaker Kloppenburg reported on the meeting with China Airlines/Eva Airlines and discussion ensued on the change of flight times to Guam. Eva Airlines was very receptive to the change. Eva Airlines also confirmed (4) charters coming out of Shanghai.



I. NORTH AMERICA & PACIFIC (NAP)

Director Muna made a motion, seconded by Director Jackson to approve travel for Board Member Therese Arriola, Marketing Manager and Marketing Officer (3 pax) to attend the upcoming 3<sup>rd</sup> PATA Micronesia Chapter Tri-Annual Meeting to take place in Koror, Palau from December 10-13, 2013. Estimated Cost is \$5,043.75 from the FY2014 Pacific Tri-Annual Micronesia Meetings Account (Acct#PA-SMD024 and the FY2014 Cultural Heritage Account #CPO-001)

**Motion approved.**

Airfare	\$950 x 3 pax	\$2,850
Per diem	\$287 x 25% (\$358.75) x 5 days	\$1,793.75
B Per diem		
A Misc Expenses:		\$400
TOTAL EXPENSES:		\$5,043.75

**BACKGROUND:**

The Guam Visitors Bureau being an active member of the PATA Micronesia Chapter and holding the position of the chapter's Chairmanship, will organize the 3<sup>rd</sup> Tri-Annual Micronesia Chapter Meeting in Koror, Palau from December 10-13, 2013. In addition to the chapter meetings, the bureau will be meeting with the President of Palau, hold a training/education session, and work on the chapters upcoming 2014 regional marketing and training programs. The bureau would also like to take an active role in promoting the Festival of the Pacific Arts 2016 taking place on Guam in April-May.

**ISSUE:**

BOD approval needed travel

J. CULTURAL HERITAGE & COMMUNITY OUTREACH (CHaCO)

- Director Arriola reported that the grant cycle is open and closes up on October 31 for this quarter. Gearing up to build the artisans and other trades for the Fest Pac 2016.

K. RESEARCH:

Exhibit F

- Director Taimanglo reported on an online in country research in Japan of MICE and upon completion will be sent to the Board.

L. MEMBERSHIP:

- Vice Speaker Kloppenburg reported that Membership renewals are being received by the Bureau and is encouraging all existing members to renew their membership.
- Vice Speaker reported on the membership survey and the difficulties of completing it with a lot of money spent and the results of feedback was few and maybe a different approach would have to be considered.

## ❖ OLD BUSINESS

- Chairman Baldyga reported on the Bus stops, with H.I.S. and Lam Lam finalizing their tweaks.

## ❖ NEW BUSINESS

- Chairman Baldyga clarified he had no involvement in decision to celebrate 50<sup>th</sup> Anniversary Gala at the Sandcastle.
- Director Miyashita wants to consider sending more positive public messages and educate the community about the benefits of tourism with a campaign going on year round. Management will come up with a proposal.

## ❖ EXECUTIVE SESSION

- None

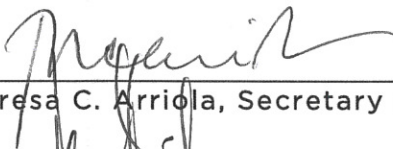
## ❖ ANNOUNCEMENTS

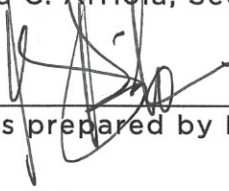
- GVB's 50<sup>th</sup> Anniversary Gala
  - Wednesday - November 20 6-10pm
  - Sandcastle
  - Attire: Island Formal
  - RSVP by Nov 06
  - Proceeds will benefit Micronesia Chef's Association
- Michelob Ultra Bodybuilding and Body Fitness International Invitational Championships
  - Saturday - October 26 7pm
  - Leo Palace Resort \$25 / \$30 at the door

## ❖ ADJOURNMENT:

Motion made by Director Arriola, seconded by Vice Chairman Kloppenburg to adjourn the meeting. Meeting adjourned at 5:27 p.m.

Motion approved.

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

  
\_\_\_\_\_  
Board Minutes prepared by Meriza Peredo, Executive Secretary