BOARD OF DIRECTORS REGULAR MEETING
Thursday, August 25, 2016 - 3:00 p.m.
Guam Visitors Bureau - Main Conference Room

BOARD of DIRECTORS PRESENT:
Director Bruce Kloppenburg
Director Milton Morinaga
Director Sam Shinohara
Director Theresa Arriola
Chairman Mark Baldyga

Director Bart Jackson
Director Katarina Sgro
Director Hong Soon Im
Director Robert Hofmann

BOARD of DIRECTORS TELEPHONICALLY:

BOARD of DIRECTORS ABSENT:
Director Eduardo “Champ” Calvo - Work matter
Director Clifford Guzman - Work matter
Director Norio Nakajima - Off island

GVB MANAGEMENT & STAFF PRESENT:
Dara Roberto
Antonio Muna Jr.
Nakisha Garrido
Nicolas Yasuhiro
Doris Ada
Kraig Camacho
Rose Cunliffe

Karida Brennan
Jon Nathan Denight
Colleen Cabedo
Lisa Linek
Ana Cid
Nadine Leon Guerrero
Mark Manglona

Telo Taitague
Meriza Peredo
Brian Borja
June Sugawara
Joshua Tyquingco
Derek Camacho

GUESTS:
Bernice Rivera - Office of Senator Tina Muna Barnes
Alan Cepeda - Office of Senator Tina Muna Barnes
Lara Ozaki - Glimpses Publications

I. CALL TO ORDER

Chairman Baldyga called the meeting of the board to order at 3:38 pm.

II. MINUTES OF THE PREVIOUS MEETING

III. CHAIRMAN’S REPORT

IV. GENERAL MANAGER’S REPORT
Guam Visitors Bureau
President's Report
August 25, 2016

PRELIMINARY Visitor Arrivals
JULY 2016
Total: 122,996 (6.5%)

<table>
<thead>
<tr>
<th>% Market Mix</th>
<th>Origin</th>
<th>Pax</th>
<th>% To LY</th>
</tr>
</thead>
<tbody>
<tr>
<td>44.4%</td>
<td>Japan</td>
<td>54,428</td>
<td>-7.5%</td>
</tr>
<tr>
<td>39.7%</td>
<td>Korea</td>
<td>49,083</td>
<td>28.1%</td>
</tr>
<tr>
<td>5.4%</td>
<td>US/Hawaii</td>
<td>6,517</td>
<td>8.8%</td>
</tr>
<tr>
<td>3.3%</td>
<td>Taiwan</td>
<td>3,063</td>
<td>-37.1%</td>
</tr>
<tr>
<td>1.7%</td>
<td>China</td>
<td>2,062</td>
<td>-10.8%</td>
</tr>
<tr>
<td>1.3%</td>
<td>Philippines</td>
<td>1,851</td>
<td>94.6%</td>
</tr>
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PRELIMINARY Visitor Arrivals
CYTD 2016 (January 2016 - July 2016)
Total: 866,671 (10.2%)

<table>
<thead>
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<th>% Market Mix</th>
<th>Origin</th>
<th>Pax</th>
<th>% To LY</th>
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</thead>
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<tr>
<td>46.4%</td>
<td>Japan</td>
<td>418,619</td>
<td>-5.0%</td>
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<tr>
<td>34.8%</td>
<td>Korea</td>
<td>261,992</td>
<td>33.5%</td>
</tr>
<tr>
<td>8.3%</td>
<td>US/Hawaii</td>
<td>45,899</td>
<td>10.7%</td>
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<tr>
<td>2.9%</td>
<td>Taiwan</td>
<td>23,254</td>
<td>-2.5%</td>
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<tr>
<td>2.0%</td>
<td>China</td>
<td>17,726</td>
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<tr>
<td>1.3%</td>
<td>Philippines</td>
<td>11,540</td>
<td>75.5%</td>
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PRELIMINARY MTD Visitor Arrivals
August 1 - 23, 2016
Total: 109,025 (6.5%)

<table>
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<th>% Market Mix</th>
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<th>% To LY</th>
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</thead>
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<tr>
<td>56.7%</td>
<td>Japan</td>
<td>61,580</td>
<td>8.6%</td>
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<tr>
<td>31.9%</td>
<td>Korea</td>
<td>34,429</td>
<td>6.3%</td>
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<tr>
<td>9.7%</td>
<td>US/Hawaii</td>
<td>4,069</td>
<td>13.6%</td>
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<tr>
<td>2.3%</td>
<td>Taiwan</td>
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<tr>
<td>1.6%</td>
<td>China</td>
<td>1,766</td>
<td>-36.6%</td>
</tr>
<tr>
<td>0.9%</td>
<td>Philippines</td>
<td>955</td>
<td>45.7%</td>
</tr>
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Sports & Events

Guam Summer Beach Fest
Closing Weekend

- Japanese sushi chef will perform Friday evening
- Fitness on the beach (featuring Synergy Studios)
- Andy's, Baja Grill and DJ LA XD perform Saturday evening with the last fireworks show
- The Dallas and Phoenix Steeple Chapel perform on Sunday
- Guam Night Market will continue Saturday night
- 4-7 p.m., Friday - Sunday at the Ypao Beach Parking Lot
Sports & Events

GUAM renamed to United Airlines Guam Marathon
- Press conference was held on Tuesday at 1PM in GVB to announce United as official airline sponsor and the new change
- United to dedicate resources to boost marathon growth and awareness
- Registration is now open at new website: guammarathon.com
- Race is scheduled for April 9, 2017
- Guam will celebrate the 9th year for the marathon
- Goal is to strive for 5,000 runners
- Events to be held in Japan, Hong Kong, and possibly Taiwan

2 YEAR STRATEGIC PLAN FY17-18
JAPAN MARKET

CURRENT SITUATION
- Decline in Arrivals
  - Challenges: Weak Yen, Decreased Outbound, Increase in Guam Pricing, Inconsistent Cuts from Asia & Hawaii
- Decline in Seat Capacity
  - 12% of Flights from Secondary Cities, Only 1 Flight from Japan, a few cuts, increase in Airlines
- Market Share: Guam dropping below 5%

OPPORTUNITIES
- Increased Air Service
  - Flights and new carriers
- More PR, More Online Advertising
- Grow Targets
- FITs, Group/MICE, SEMERF, Event
- Partner with industry on Sales, Marketing and PR opportunities

FY 17/18 TARGETS (KPI'S)
- Arrival Targets
  - FY16 (Total): 740,000
  - FY17: 750,000 | FY18: 500,000
- 31M: Outbound, represents 5% market share
- Air Seat Capacity: 1.1M seats
- @50K: 73% Load Factor
- MICE/Group Target:
  - FY16 (Total): 110,000
  - FY17: 500,000 | FY18: 120,000

BUSINESS NOT AS USUAL
JAPAN OPERATIONS REALIGNMENT

- New Japan Office Manager start late September
- Japan Office management audit by Business Development Manager
- Staff interviews — assess how each is using time
- Document duties and processes, create flow charts
- Important to establish baseline, find efficiencies
- Accounting conduct Japan Office audit

JAPAN MARKET STRATEGIC PLAN

YOU CAN'T GROW ARRIVALS WITH LESS AIR SEATS.

Nate

AIR SERVICE DEVELOPMENT

TAKE SEATS

AIR SERVICE DEVELOPMENT INITIATIVES

- Support current carriers with FP and Marketing Co-op Program
- Airline Charter Incentive Program
- Provide marketing funds to your additional carriers
- Communicate with existing carriers about additional service
- Continue meeting with potential new carriers with GIAA
- Vanilla, Peach, Air Asia, Silk, Mark, JetStar Japan, ANA
- Request GIAA for special Japan rules to encourage more flights

JAPAN MARKET STRATEGIC PLAN

ADVERTISING AND PR STRATEGY

- Sell paid advertising to online
- TV's great but limited budget, difficult to measure
- Yahoo, travel websites, OTAs, Expedia, YouTube, etc.
- Create engaging online content like the GOG video
- Increase Marketing Co-op and PR budgets
- Partner with TA's and airlines
- TV/movie spots on Guam
IDEA
IN 2017, CELEBRATE THE 50TH ANNIVERSARY OF JAPAN TOURISM ON GUAM AND VISIT GUAM 2017: YEAR OF LOVE WITH VISITORS SHARING THEIR GUAM STORIES AND COMING BACK TO GUAM WITH THEIR FAMILIES.

SALES AND MARKETING STRATEGY
- Guam Tourism Summit: Launch Visit Guam 2017
- 3 D-Cities in Japan in November
- Grand Shows and other in-market activities
- Japanese travel shows, expand to activity expo
-ula trainings for forming activities
- Travel Agent Training Program, 2017 launch
- Online training program, integrate with Staria Travel

SALES AND MARKETING STRATEGY
- MICE/Group Initiatives
- Dedicated website, help desk, sales team, paid plan
- MICE/Group Incentive Program
- Wedding
- Develop strategy together with major wedding companies on PR and marketing
- Do a much better job of promoting Guam Events

INCENTIVE AND MARKETING CO-OP SUMMARY
- Annual Incentive Program
- Annual Incentive Program: $500-$1000 in FY16, $5000-$10,000 in FY17
- $3,000-$5,000 in FY17, $5000 to $10,000
- $200 per charter flight, $5000 per charter flight
- $200 per charter flight for new charter support
- MICE/Group Incentive Program
- MICE support fund
- Onsite hotel salesinitiative
- Marketing Campaign
- Major GDS Tier 3 in PH - $500K of support for visitor development campaign
- Increase regular marketing co-op fund
V. TREASURER'S REPORT

VI. REPORT OF THE BOARD COMMITTEES

A. EXECUTIVE COMMITTEE

Director Kloppenburg made a motion, seconded by Director Hofmann, to ratify Executive Committee's approval for KMC Chairman Bart Jackson to travel to Seoul to conduct follow-up administrative meetings with GVB Korea marketing representatives and the Korea MICE Association staff and members from Tuesday, July 25 - 26, 2016. Cost is approximately $951.00 from the FY2016 Korea Budget, Acct. No. SMD023. Motion Approved

Per Diem:

$366/day x 25% = $91.50 + $366.00 = $475.50 x 2 days = $951.00

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GUAM ART EXHIBITION

Director Kloppenburg made a motion, seconded by Director Morinaga, to ratify Executive Committee's approval for one marketing staff and two musicians to participate in the opening ceremony of the Guam Art Exhibition at Lotte Department Art Gallery in Seoul, Korea from August 25-27, 2016. Cost is approximately $6,026.00 from FY2016 budget accounts KOSMD023 ($1,942.00) and DM-CP0002 ($4,084.00). Motion Approved

<table>
<thead>
<tr>
<th>Korea Marketing:</th>
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<tbody>
<tr>
<td>Airfare</td>
<td>1</td>
<td>1,200.00</td>
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<tr>
<td>Per Diem</td>
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<tr>
<td>Lodging</td>
<td>1</td>
<td>$230.00</td>
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<tr>
<td>M&amp;E</td>
<td>1</td>
<td>$141.00</td>
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| $1,942.00       |

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<thead>
<tr>
<th>Cultural Delegation:</th>
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<tbody>
<tr>
<td>Airfare</td>
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<tr>
<td>Per Diem</td>
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<tr>
<td>Lodging</td>
</tr>
<tr>
<td>M&amp;E</td>
</tr>
<tr>
<td>Prof Fee</td>
</tr>
<tr>
<td>Musician</td>
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</table>

| $4,084.00       |

Background: During the Fest Pac in May, GVB hosted 4 artists, 1 photographer, 2 Lotte gallery curators, and 1 art project coordinator for a Guam Drawing Project Fam Tour. The objective for the group was to experience Guam and Fest Pac to come up with Guam/Chamorro inspired artwork to be featured at Lotte Department Stores.
There will be two "Guam Art Exhibitions" at Lotte's top department store locations. The first exhibit will be held for 17 days from August 26 - September 11, 2016 at the Lotte Tower Gallery in Jamsil. The second exhibit will be held for 19 days from September 28 - October 16, 2016 at the Yeongdeungpo Lotte Gallery. Will produce over $50 million in publicity for this exhibit utilizing Lotte's smart coupon APP, Lotte's website, direct mail advertising, and other social media channels.

To promote the exhibitions and the Guam destination, GVB plans to bring the Marketing Manager - Korea Market, Culture & Heritage Officer, and two musicians to perform at the Opening Ceremony located at the Lotte Department Jamsil.

Action: Board approval needed.

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**PATA BOARD MEETING**

Director Kloppenburg made a motion, seconded by Director Jackson, to ratify Executive Committee's travel approval for the GVB President and CEO Nathan Denight to attend the PATA Board Meeting, September 9-11, 2016 (Estimated cost of travel: $4,110.00 from the FY2016 Pacific Market Meetings/Events Account #PA-SMD025).

Motion Approved

| Airfare: $1,800 x 1 pax | $1,800.00 |
| Per diem: $452.50 ($362 + 25%) x 4 days x 1 pax | $1,810.00 |
| Misc Expense: | $500.00 |

**TOTAL: $4,110.00**

Background: Guam Visitors Bureau President and CEO Nathan Denight serve as a current Board Member for the PATA Int'l Board 2016-2017 and will be attending the last board meeting of 2016. The Guam delegation will be attending the PATA Travel Mart right before his attendance to the board meeting. The GVB Director of Global Marketing who also attends as part of the PATA Executive Board will be in Indonesia for the PATA Travel Mart and the Guam delegation will be represented at the board meetings concluding PTM2016. Guam's active role and participation in the board meeting has elevated our image and we will continue to push Guam at the forefront of PATA events/activities for more opportunities for our Micronesia

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**Korea Trade Mission**

Director Kloppenburg made a motion, seconded by Director Jackson, to ratify Executive Committee's travel approval for the Honorable Governor Eddie B. Calvo, First Lady Christine M.S. Calvo, GVB Board Chairman, GVB President & CEO, and GVB Vice President to conduct meetings with KGTC and Korean airlines in Seoul, Korea from September 16-20, 2016. Cost is approximately $16,715.00 from FY2016 budget account KO-SMD019.

Motion Approved

| Korea Marketing: |  |
| --- | --- | --- | --- |
| Airfare | 1,500.00 | 5 | $7,500.00 |
| Protocol |  |  | $4,225.00 |
| Lodging | 4 | $230.00 + 30% | 2 | $2,392.00 |
| M&E | 5 | $141.00 + 30% | 2 | $1,833.00 |
| GVB Board Chairman |  |  | $927.50 |
Background:

GVB is planning the following high-level meetings with Governor Calvo in Korea:
- Meet with executives of the Korean Guam Tourism Council (KGTC) to thank them for their support of Guam in 2016 and discuss plans for FY17.
- Meeting with Korean Air to discuss their decision to cease service from Osaka (KIX) to Guam and see if there is support that GovGuam/GVB can offer to keep flight.
- Meet with US Commercial Service to talk about business and investment: opportunities in the tourism sector from Korea.
- Will also reach out to other airline partners for meetings

B. ADMINISTRATION & GOV’T RELATIONS

C. DESTINATION MANAGEMENT

D. GREATER CHINA
Committee minutes dated August 12, 2016

E. JAPAN

Director Morinaga made a motion, seconded by Director Hofmann, to approve additional per diem for 12 pax for various events in Japan to be held immediately after JATA Tourism Expo. (Estimated cost $21,798.25 from Account # Account #JA-TTC001 ($5,565.75), DM-CPO001 ($14,836.50) and Account # AS-ESP001 ($1,086.00)).

Motion Approved

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<thead>
<tr>
<th>Japan Marketing</th>
<th>Per Rate</th>
<th>Diem</th>
<th>No. of Days</th>
<th>Total</th>
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<td>$2,036.25</td>
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<td>JMC Chairman</td>
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<td>2</td>
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<td>$1,357.50</td>
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<td>Marketing Officer II Japan</td>
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<th>Per Rate</th>
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<td>$1,357.50</td>
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<td>CHC Officer</td>
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<td>$1,086.00</td>
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F. KOREA
Committee minutes dated August 9, 2016

G. MEMBERSHIP & COMMUNITY OUTREACH

H. MEMBERSHIP & COMMUNITY OUTREACH
Committee minutes dated August 3, 2016

I. RESEARCH

J. RUSSIA & NEW MARKETS

K. VISITOR SAFETY & SATISFACTION
Director Im made a motion, seconded by Director Morinaga, to approve travel for the GVB Vice President to attend the Global Sustainable Tourism Conference in Seoul, Korea from October 05 – 08, 2016. (Cost approximately $2232.44 - Account Number VSS001). Motion Approved

<p>| | | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Airfare</td>
<td>Round trip : $748.44 x (1) pax</td>
<td>$748.44</td>
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<tr>
<td>Per Diem:</td>
<td>Hotel lodging : $230.00 x (4) nights</td>
<td>$920.00</td>
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<tr>
<td></td>
<td>Guam M&amp;E : $141.00 x (4) days</td>
<td>$564.00</td>
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<tr>
<td>TOTAL:</td>
<td></td>
<td>$2232.44</td>
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The VP will attend the first Global Sustainable Tourism Conference, to be held in Suwon City, South Korea. This conference will feature prominent speakers, updates on GSTC’s activities, themed sessions and panels.

In the FY2017 budget, the Legislature has approved a budget that itemized Eco Tourism which falls right in line with this sustainable tourism conference. Networking of best practices with the global tourism market is crucial for a successful implementation. The GVB team has begun to internally implement through the go green email among other things.

Conference themes are: marketing sustainable tourism, urban tourism, cultural heritage destinations, and sustainable MICE. Simultaneous translation to Korean and Chinese will be available. The global conference has been planned to coincide with the Suwon City Cultural Festival.

L. CULTURE & HERITAGE

M. SPORTS & EVENTS

VII. OLD BUSINESS

VIII. NEW BUSINESS

IX. EXECUTIVE SESSION

X. ANNOUNCEMENT

Upcoming Board Meetings:

- Thursday, September 8, 2016 at 3:00pm, GVB Main Conference Room.
- Thursday, September 22, 2016 at 3:00pm, GVB Main Conference Room.
XI. ADJOURNMENT

Chairman Baldyga made a motion, seconded by Director Shinohara, to adjourn the meeting. Meeting adjourned at 5:00 p.m. Motion Unanimously Approved.

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

Board Minutes respectively submitted by Dara Roberto, Executive Secretary
Action Item:

- Update Tourism 2020 Plan

- Management to follow up on Board vacancy

- Management to craft a letter opposing Bill 338

- Management to provide the Board with FestPac close out report

- Management to set up meeting with DPW regarding Westin and Archbishop Flores intersections

**Tumon Masterplan Task Force**

- Finalize signage / touting / abandoned-building / hand-billing legislation No internal experience to draft this → need to outsource
- Incorporate into a capital request for funding via a bond
- Submit draft plan → Director Guzman / Doris Ada
- Adjust the bill we are putting forward to include a budget for MasterPlan

**Sports & Events Recap** → next BOD meeting

- Money spent
- Arrivals
- Return on Investment

**Immigration wait time / CBP** → Lt. Gov. Task Force

- Report from Lt. Governor's Office

- Management to set up workshop regarding GuestHouse issue - open to public

- Staff to provide a short recap of 2016 Smart Goals: Where we are at and where we are going → next BOD meeting

- Management to craft Resolution congratulating Takagi-san on his award from the Emperor of Japan → PIO working with Japan Consulate
- Special meeting to discuss ideas for 2016 → GVB plans by Fiscal Year - Plan FY17 now