

**BOARD OF DIRECTORS REGULAR MEETING**

Thursday, October 27, 2016 - 3:00 p.m.

Guam Visitors Bureau - Main Conference Room

**BOARD OF DIRECTORS PRESENT:**

Chairman Mark Baldyga	Director Bruce Kloppenburg
Director Norio Nakajima	Director Milton Morinaga
Director Theresa Arriola	Director Hong Soon Im
Director Sam Shinohara	Director Robert Hofmann
Director Katarina Sgro	Director Bart Jackson

**BOARD OF DIRECTORS TELEPHONICALLY:****BOARD OF DIRECTORS ABSENT:**

Director Clifford Guzman                      Director Eduardo "Champ" Calvo

**GVB MANAGEMENT & STAFF PRESENT:**

Jon Nathan Denight	Telo Taitague	Karida Brennan
Nicolas Yasuhiro	Brian Borja	Rose Cunliffe
Regina Nedlic	Colleen Cabedo	Nadine Leon Guerrero
Lisa Linek	Mark Manglona	Doris Ada
Meriza Peredo	Antonio Muna	June Sugawara
Ana Cid	Nico Fujikawa	Kraig Camacho
Dee Hernandez	Josh Tyquiengco	

**GVB MANAGEMENT & STAFF TELEPHONICALLY:****GUESTS:**Aurelia David - Thai Airways  
Christian Taitano - GVB Marketing Intern

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**I. CALL TO ORDER**

Chairman Baldyga called the meeting of Board to order at 3:08 p.m.

**II. MINUTES OF THE PREVIOUS MEETING**

Exhibit A

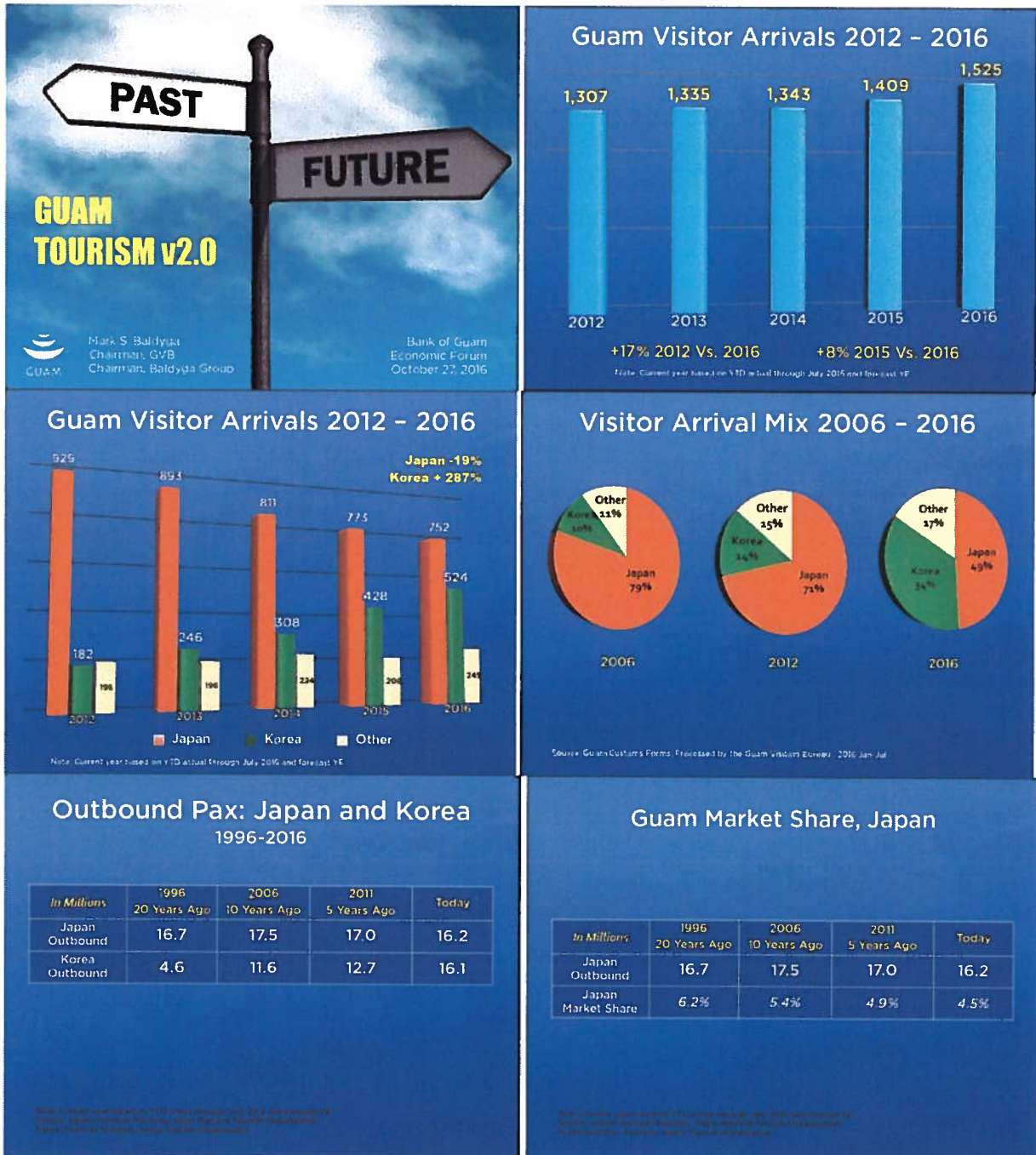
Chairman Baldyga made a motion to approve the minutes of the previous Board of Directors meeting dated October 13, 2016.

**Motion unanimously approved (Subject to minor revisions)**

**III. CHAIRMAN'S REPORT**

- o Chairman Baldyga gave his "Guam Tourism v2.0" presentation (also presented at the Bank of Guam Economic Update on Thursday, October 27, 2016).
- o With the impending Board election, he also touched on Article 6 Section 5 of Guam Visitors Bureau By-laws regarding the nomination of elected directors. The deadline to make a nomination is December 1 and the deadline to accept nominations is December 8. To date, nominations have been received for Roy Abraham, Mary Rhodes, and Roberto Fracassini. Chairman Baldyga asked Director Kloppenburg to lead the team and to work with Director Guzman to get notice out to all members regarding nominations.
- o Chairman Baldyga also thanked the Japan Consul General for hosting him and the GVB management team for dinner at his personal residence. During this dinner, the Japan Consul

General voiced his concern that the equivalent to the Korean Concierge program is not being done for the Japan market. The GVB team explained to him that the Legislature initiated the program and we are just administrating it. They reassured him that if the pilot program does well, they will advocate for concierge programs for all markets. Chairman Baldyga also mentioned that the vendor for the program will assist all who approach the concierge, not just those from the Korean market.



### Guam Market Share, Korea

In Millions	1996 20 Years Ago	2006 10 Years Ago	2011 5 Years Ago	Today
Korea Outbound	4.6	11.6	12.7	16.8
Korea Market Share	4.9%	1.0%	1.2%	2.4%

Source: Korea Statistical Service, U.S. Census Bureau, U.S. Department of Commerce, Bureau of Economic Analysis, Bureau of Economic Analysis, Bureau of Economic Analysis

### Japan Visitor Profile 1996 Vs. 2016

	1996	2016		1996	2016
Male	48%	50%	First Timer	75%	56%
Female	52%	50%	Repeater	25%	44%
18-24	22%	32%	Full Package	60%	22%
25-34	37%	31%	Free Time	26%	60%
35-49	33%	24%	FIT	7%	10%
50+	8%	12%	Other	7%	7%
Single	55%	58%	1+ Tours	80%	58%
Married	45%	42%	No Tours	20%	42%
Avg Stay	3.33	3.08			

Source: GVB Japan Exit Surveys

### Korea Visitor Profile 1996 Vs. 2016

	1996	2016		1996	2016
Male	61%	50%	First Timer	94%	85%
Female	39%	50%	Repeater	6%	15%
18-24	25%	5%	Full Package	93%	38%
25-34	32%	46%	Free Time	—	43%
35-49	34%	45%	FIT	7%	16%
50+	9%	4%	Other	—	3%
Single	21%	81%	1+ Tours	21%	81%
Married	79%	19%	No Tours	79%	19%
Avg Stay	4.33	3.63			

Source: GVB Korea Exit Surveys

### Average Spend: 20 Year Comparison

	1996 20 Years Ago	2006 10 Years Ago	2011 5 Years Ago	Today
Japan	Yen = 106	Yen = 116	Yen = 81	Yen = 114
Prepaid	\$ 904	\$ 622	\$ 927	\$ 776
On Island	\$ 702	\$ 666	\$ 559	\$ 443
Total	\$ 1,606	\$ 1,288	\$ 1,486	\$ 1,219
Korea	KRW = 789	KRW = 981	KRW = 1,104	KRW = 1,171
Prepaid	\$ 800	n/a	\$ 961	\$ 743
On Island	\$ 480	n/a	\$ 424	\$ 423
Total	\$ 1,280	n/a	\$ 1,385	\$ 1,166

Source: GVB Japan and Korea Exit Surveys, Exchange rate US For Yen

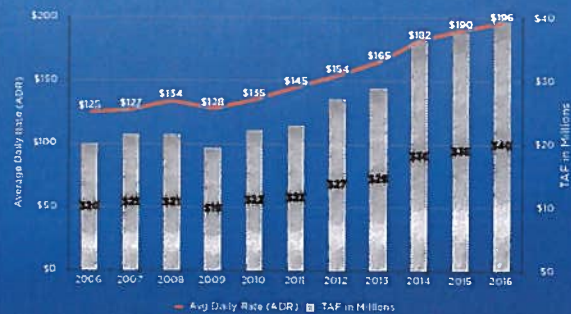
### Japanese Average Spend in USD 2012-16

	2012	2013	2014	2015
Pre Departure	900	751	774	731
On Island	596	498	488	443
Total	1,496	1,249	1,262	1,174

### Japanese Average Spend in YEN 2012-16

	2012 Y=80	2013 Y=98	2014 Y=106	2015 Y=121
Pre Departure	72,000	73,598	82,044	88,451
On Island	47,680	48,804	51,728	53,603
Total	119,680	122,402	133,772	142,054

### Hotel ADR & TAF Collections 2006-2016



Source: 2006-2016 Japanese Exit Surveys, U.S. Census Bureau, U.S. Department of Commerce, Bureau of Economic Analysis, Bureau of Economic Analysis, Bureau of Economic Analysis

**Winners & Losers  
in the New Tourism Economy**

<p><b>Winners</b></p> <ul style="list-style-type: none"> <li>• Hotels</li> <li>• Rental Cars</li> <li>• Local Restaurants</li> <li>• Outside Tumon</li> </ul>	<p><b>Losers</b></p> <ul style="list-style-type: none"> <li>• Travel Agents</li> <li>• Optional Tours</li> <li>• Bus Companies</li> <li>• Old Guard</li> </ul>
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**Risks**

<p><b>Short Term</b></p> <ul style="list-style-type: none"> <li>• Korea Volatile</li> <li>• China Off Switch</li> <li>• Currency Fluctuation</li> <li>• Military Perception</li> <li>• Competition</li> <li>• Natural Disasters</li> </ul>	<p><b>Long Term</b></p> <ul style="list-style-type: none"> <li>• Technology</li> <li>• Long Haul Shortens</li> <li>• New Destinations</li> <li>• Stuck in The Old World</li> <li>• Fail to Reinvest</li> <li>• Singularity = Virtual Reality is Indistinguishable</li> </ul>
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**IV. GENERAL MANAGER'S REPORT**

**V. TREASURER'S REPORT**

**Exhibit B**

- o Director Shinohara asked President Denight for a FestPac update. President Denight stated that the FestPac Organizing Committee will be meeting on November 17. The OPA and AG will also be invited to attend. During this meeting, the committee members should be able to wrap everything up and begin the post audit. He mentioned that he presented the FestPac report that he previously presented to the Board, to the Festival Director. There are a few pending items, such as the DOE request. These pending items will be presented to the organizing committee on the 17<sup>th</sup>. He also reported that there is roughly \$300k remaining in the FestPac Trust account and there is an outstanding balance of about \$100k in bills that have yet to be paid out. President Denight also stated that there was an article reporting that CAHA made claims that some artists have not been paid. He assured the Board that GVB has been working very closely with CAHA to process payments in a timely manner, but requests for payment were still coming in just last week. He mentioned that the GVB team is planning to meet with CAHA to clear everything up.



VI. REPORT OF THE BOARD COMMITTEES

A. EXECUTIVE COMMITTEE

B. KOREA

Committee minutes dated October 11, 2016

Exhibit C

- o Director Jackson reported that Mode Tour was successful. The show was well-attended and the team had productive meetings and interviews.
- o He stated that HIC continues to make positive adjustments and upgrades and they just hired a new head of sales who is very knowledgeable about the market.

C. MEMBERSHIP & COMMUNITY OUTREACH

- o President Denight reported that there will be a membership mixer in December (date TBD) and the next membership meeting is the first Tuesday of January.

D. NORTH AMERICA & PACIFIC MARKETS

Committee minutes dated October 12, 2016

Exhibit D

- o Director Arriola reported that the most recent North America and Pacific marketing committee meeting was well-attended and very interactive. All travel motions for FY2017 were entertained.
- o President Denight stated that we just attended IMEX, the largest MICE show in the world. During IMEX, our team met with United and we may be hosting their regional sales meeting for Asia Pacific. Three hundred to four hundred people are expected to attend.

E. RESEARCH

- o Director Shinohara reported that there is an RFP out for the post data analytics for the new customs forms. It will close on November 14.
- o He stated that we are in contract negotiations for the STAR report.
- o He mentioned that the research team is working diligently on the year-end report.

F. RUSSIA & NEW MARKETS

- o Director Jackson reported that our Russian reps attended a road show on our behalf. Guam based participation was cancelled in an effort to save money.
- o He mentioned that although there is an increase in arrivals, we still face some challenges. The team is trying to decrease spending while remaining effective.

G. VISITOR SAFETY & SATISFACTION

- o Director Im reported that we are preparing for live entertainment to start up at the airport again next year.
- o He mentioned that last month he made a report about a hand billing issue but is has yet to be resolved. Chairman Baldyga suggested having GPD aim cameras in the areas where hand billing occurs most. President Denight stated that he will be meeting with the new commander of Tumon Precinct and he will bring it to his attention then. Director Im



suggested fining business owners for hand billing. Chairman Baldyga recommended amending the law to include this idea.

- o Chairman Baldyga inquired about legislation to allow VSOs to issue citations. President Denight reported that the Legislature wasn't very receptive. It is the Legislature's opinion that VSOs cannot be security guards and CAPE simultaneously. Chairman Baldyga asked President Denight to develop a draft to amend legislation regarding this issue. Director Hofmann said allowing VSOs to issue citations is possible, as he is able to deputize his employees to issue them.
- o Directors discussed what they would like VSOs to be able to issue citations for. Suggestions: ADA parking violations, fire lane parking violations, littering, beach parking, smoking violations, and beach fires.
- o Director Im commented on water pipe issues being fixed in Tumon, but the quality of the job is typically subpar. President Denight stated that the main issue is the old pipes but that will not be resolved for a couple of years. In the mean time, he said we try to remain active with GWA and DPW whenever repairs are made in Tumon.
- o Director Im reported that he will be meeting with the new commander of the Tumon Precinct next week where he will bring up the hand billing issue and possibly aiming security cameras at the problem areas.

#### H. CULTURE & HERITAGE

#### I. SPORTS & EVENTS

- o Director Sgro announced that the Ko'ko' Road Races is this weekend. Currently, there are 1,262 participants and about 260 are coming from overseas. Kraig Camacho reported that about 2,000 runners participated in last year's event. The decrease may be due to the race falling on Halloween weekend. Lower numbers could also be a result of conflicting events such as a run hosted by the Veterans Task Force and a MagPRO event taking place the same weekend. He mentioned that next year, the Ko'ko' Road Races may be scheduled for the week before or the week after Halloween.
- o President Denight reminded the Board about the Sports and Cultural Ambassador fund. Any sports or culture related non-profit organizations in need of funding should apply.

#### J. ADMINISTRATION & GOV'T RELATIONS

Travel motions for review

Attachments A and B

#### TRAVEL AUTHORIZATION

Motion to approve the travel calendar for the rest of FY2017 as presented. Changes made are subject to board approval.

- o Chairman Baldyga and Director Shinohara recommended entertaining travel motions for November 2016 and December 2016 only and the remaining motions at the next Board meeting.

Chairman Baldyga made a motion, seconded by Director Jackson, to approve the travel motions on Attachment B as distributed for the months of November and December.

**Motion approved**

#### *Discussion*

#### **November 2016**

- Planning Meetings (Japan): No discussion





- Guam Tourism Summit: President Denight stated that we are trying to have as many stakeholders from Guam as possible attend the summit. He mentioned that we are creating a Håfa Adai Study Tour type event in Japan where we can reach out to core markets. The cost for this mission is seemingly high because the trip will last two weeks covering six cities with direct flights to Guam. There is an increase in the cost because this year we are bringing cultural entertainment. Director Morinaga feels the amount is reasonable as we need to be aggressive in this market. Director Nakajima fully supports this mission. He feels we need to show our presence and this will give us good exposure.
- Japan Guam Tourism Council – Annual Guam Meeting: No discussion

#### December 2016

- PATAcademy HCD: Director Arriola expressed that although we have fulfilled our duty in hosting the PATA Annual Summit, we need to continue showing commitment to PATA.
- 85<sup>th</sup> Hong Kong Wedding Fair 2016: Brian Borja reported that Guam is marketed as a romantic destination in Hong Kong but we have not attended a wedding fair in the last several years. Many of our wedding agents have asked to attend with us and we want to be more aggressive. Mr. and Miss Guam will be the couple feature for the fair.
- Guam 30K Cum Shek Hong 10K Run in Hong Kong/"Guam Run" Sports Tourism Promotion: President Denight reported that we started this last year with over 1,000 people joining. We were able to attract 150 runners from Hong Kong for the Guam International Marathon, which is a large percentage in comparison to overall arrivals. Director Shinohara reported that 160 runners have signed up from Hong Kong for next year's marathon, surpassing numbers from the most recent one.
- Korea Administrative Meetings: Director Jackson stated that a new group is running the market for us and he feels we need to be more active to keep them moving in the right direction.

#### K. DESTINATION MANAGEMENT

- o Director Hofmann stated that in preparation for the Ko'ko' Road Races, the mayors have been assisting with grass cutting as we are still waiting for the contract regarding landscaping in Tumon.
- o President Denight mentioned that as a short-term solution, we contracted someone to fix the lights in Tumon. Another crew will make last minute repairs before the Ko'ko' Road Races.
- o President Denight tested power on the medians along Tumon Bay and only three out of twenty-two are working. We are currently researching solar lights to use for the Christmas illumination. We are also going to reach out to businesses in the area. A letter has been sent to members to decorate their property if they are located along Tumon. Doris Ada reported that the cost of using solar lights comes out to over \$100k. Directors said we need to consider load shedding and how it may be an issue for the Christmas illumination. Director Kloppenburg said that even if we aren't able to have a light display, we should still have daytime decorations.

#### L. GREATER CHINA

##### Committee minutes dated October 14, 2016

Exhibit E

- o Director Kloppenburg reported that there was a committee meeting last week where members recommended not to cut the budget. The current budget will be used to improve direct air service to Guam. Director Kloppenburg feels we must maintain a presence in the market. Reducing the budget now would drastically affect efforts to



revamp in the future. He stated that there is a program in place to increase frequency out of Shanghai beginning next year.

- o Director Kloppenburg mentioned that the International Travel Fair in Taiwan and the Mainland China International Travel Mart are coming up. Additionally, Chinese media will be coming to Guam in the next 2 weeks.

**M. JAPAN**

**Committee minutes dated October 11, 2016**

**Exhibit F**

Director Morinaga made a motion, seconded by Director Jackson, to approve authorization of the President and Chief Executive Officer as Chief Procurement Officer of GVB to enter into negotiations with the highest-ranking qualified Offeror in response to GVB RFP 2016-019 JAPAN IN-COUNTRY MARKET RESEARCH, and if successful, to contract.

**Motion approved**

**Background:** The Guam Visitors Bureau "GVB" seeks to retain the services of an established and qualified professional research service ("Firm") with specialties in the Japan market for the purpose of assisting GVB in studying Japanese visitor attitudes toward Guam as a leisure destination on a quantitative and qualitative basis. The information collected should also assist GVB to refresh certain baseline data to better understand the nature and economic value of each Japanese visitor market segment. The budget amount may vary from project to project and is subject to change. The contractual obligation of both parties shall be for a one-year period, with two one-year options to renew, total of three (3) years (FY2017, FY2018, and FY2019) and is subject to fiscal year-end performance reviews, availability and certification of funds from fiscal year to fiscal year.

**Issue:** Board approval required.

**VII. OLD BUSINESS**

**VIII. NEW BUSINESS**

**IX. EXECUTIVE SESSION**

**X. ANNOUNCEMENTS**

- o Chairman Baldyga extended invites to all Directors for the grand opening of Zubrick on November 4.

**Upcoming Board Meetings:**

- o Thursday, November 10, 2016 at 3:00 p.m., GVB Main Conference Room
- o Wednesday, November 23, 2016 at 3:00 p.m., GVB Main Conference Room
- o Thursday, December 15, 2016 at 3:00 p.m., GVB Main Conference Room

**Announcements:**





XI. ADJOURNMENT

Chairman Baldyga made a motion to adjourn the meeting. Meeting adjourned at 4:03 p.m.  
**Motion unanimously approved**

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

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Board Minutes respectively submitted by Karida Brennan, Executive Secretary



**Action Items:**

- Management to identify a solution for Christmas lights
- Staff to provide a short recap of 2016 Smart Goals: Where we are and where we are going → Management and staff to submit 3<sup>rd</sup> quarter calendar year recap and in December, a 4<sup>th</sup> quarter calendar year recap to be used as transition tools for new Board
- Management to work with GPD and Legislature to create legislation enabling VSOs to issue citations for hand billing, illegal beach activities, etc.
- Research Department to produce a key statistics report at the end of the year to distribute to membership
- Management to set up workshop regarding GuestHouse issue - open to public → Management will schedule a meeting with DRT and 2 new hires in the next few months
- GM to follow up with DOA about payment for DRT auditors
- Update Tourism 2020 Plan → Working session held on 9/29/16 → Chairman Baldyga will work with management to update plan based on comments from working session and submit back to Board to finalize
- **Tumon Masterplan Task Force**
  - o Finalize signage / touting / abandoned-building / hand-billing legislation **No internal experience to draft this → need to outsource**
  - o Incorporate into a capital request for funding via a bond
  - o Submit draft plan → **Director Guzman / Doris Ada**
  - o Adjust the bill we are putting forward to include a budget for MasterPlan