



**BOARD OF DIRECTORS REGULAR MEETING**

Wednesday, December 14, 2016 - 3:00 p.m.  
Guam Visitors Bureau - Main Conference Room

**BOARD OF DIRECTORS PRESENT:**

Chairman Mark Baldyga	Director Bruce Kloppenburg
Director Sam Shinohara	Director Katarina Sgro
Director Theresa Arriola	Director Hong Soon Im
Director Clifford Guzman	Director Robert Hofmann
Director Bart Jackson	Director Eduardo "Champ" Calvo
Director Milton Morinaga	

**BOARD OF DIRECTORS TELEPHONICALLY:**

**BOARD OF DIRECTORS ABSENT:**

Director Norio Nakajima

**GVB MANAGEMENT & STAFF PRESENT:**

Jon Nathan Denight	Antonio Muna	Karida Brennan
Rose Cunliffe	Brian Borja	Russell Ocampo
Regina Nedlic	Nico Fujikawa	Dee Hernandez
Mark Manglona	Doris Ada	Lisa Linek
Meriza Peredo	June Sugawara	Gina Kono
Josh Tyquiengco		

**GVB MANAGEMENT & STAFF TELEPHONICALLY:**

**GUESTS:**

---

I. CALL TO ORDER

Chairman Baldyga called the meeting of Board to order at 3:05 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 November 23, 2016.

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

III. CHAIRMAN'S REPORT

- o Being the last Board meeting of the year, Chairman Baldyga thanked the team for all their hard work.
- o He stated that his term is coming to an end and as Director Kloppenburg has served almost every position on the Board except Chairman, he resigned from his position as Chairman and made the following motion:

Chairman Baldyga made a motion, seconded by Director Jackson, to accept the resignation of the Chairman and nominate Director Kloppenburg officially as the Chairman of the Guam Visitors Bureau for the next two weeks.

**Nomination unanimously approved. Director Kloppenburg accepted.**



IV. GENERAL MANAGER'S REPORT

- o On behalf of the Board, management, and staff of GVB, President Denight presented Chairman Kloppenburg with a photomontage depicting some of his time and service with the bureau, as his final term is coming to an end. Chairman Kloppenburg thanked the team. He stated that as long as he's been with GVB, he's been fortunate to work with strong boards and strong management teams. He also touched on the exceptional leadership of Director Baldyga as Chairman. He wished all the best for the team moving forward.
- o As Director Baldyga tendered his resignation, President Denight presented him with a stained glass Guam seal to commemorate his time and leadership with the bureau. Director Baldyga mentioned that he interviewed President Denight for the Deputy General Manager position and he has come a long way since and has done a tremendous job. He thanked everyone for all their hard work and expressed how proud he is to be apart of the team.
- o Lastly, President Denight presented everyone with a short video presentation in honor of all the Directors.



V. TREASURER'S REPORT

Exhibit B

FY 2016					
	Appropriation	Received to Date		Balance	
Operations	\$ 21,044,191.00	\$ 20,753,941.00	99%	\$ 290,250.00	1%
Destination Development	\$ 1,235,000.00	\$ 1,015,000.00	82%	\$ 220,000.00	18%
Rainy Day Fund	\$ 200,000.00	\$ 200,000.00	100%	\$ -	0%
Cultural & Sports Ambassador Fund	\$ 200,000.00	\$ 160,000.00	80%	\$ 40,000.00	20%
Pass-Thru	\$ 750,000.00	\$ 683,750.00	91%	\$ 66,250.00	9%
Guam Football Association	\$ 400,000.00	\$ 400,000.00	100%	\$ -	0%
Pilot Program Korean Visitor Market	\$ 250,000.00	\$ 250,000.00	100%	\$ -	0%
FESTPAC	\$ 1,300,000.00	\$ 1,300,000.00	100%	\$ -	0%
Capital Improvement Projects	\$ 1,000,000.00	\$ 1,000,000.00	100%	\$ -	0%
<b>TOTAL</b>	<b>\$ 26,379,191.00</b>	<b>\$ 25,762,691.00</b>		<b>\$ 616,500.00</b>	

**TOTAL RECEIVABLES FY 2016** \$ 616,500.00

FY 2017					
	Appropriation	Received to Date		Balance	
Operations	\$ 21,282,472.00	\$ 2,433,185.00	11%	\$ 18,849,287.00	89%
Destination Development	\$ 1,085,000.00	\$ -	0%	\$ 1,085,000.00	100%
Rainy Day Fund	\$ 200,000.00	\$ -	0%	\$ 200,000.00	100%
Cultural & Sports Ambassador Fund	\$ 200,000.00	\$ -	0%	\$ 200,000.00	100%
Pass-Thru	\$ 885,000.00	\$ 113,750.00	13%	\$ 771,250.00	87%
<b>TOTAL</b>	<b>\$ 23,652,472.00</b>	<b>\$ 2,546,935.00</b>		<b>\$ 21,105,537.00</b>	

**TOTAL RECEIVABLES FY 2017** \$ 21,105,537.00

**TOTAL RECEIVABLES** \$ 21,722,037.00

**Accounts**

**RESTRICTED**

Bank of Guam - Rainy Day Fund	\$ 2,084,038.34
Bank of Guam - FESTPAC Trust Account <sup>1</sup>	\$ 371,532.88
Cultural & Sports Ambassador Fund	\$ 329,250.00
<b>TOTAL</b>	<b>\$ 2,784,821.22</b>

**UNRESTRICTED**

Bank of Guam - Operations	\$ 10,204,725.89
First Hawaiian Bank - Membership	\$ 141,000.40
Resona	\$ 153,361.59
Bank of Guam - TAF	\$ 2,379,128.71
Raymond James - CD value as of 11/30/2016	\$ 2,525,773.44
<b>TOTAL</b>	<b>\$ 15,403,990.03</b>

**TOTAL as of 12/13/2016** \$ 18,188,811.25

**Current Payables**

Asatsu Invoices	\$ 234,119.05
Japan Invoices	\$ 50,231.72
Guam Invoices	\$ 454,986.76
FY 2016/FY 2017 Pass-thru appropriations	\$ 56,250.00
Encumbered Contracts	\$ 4,806,042.73
Encumbered Purchase Orders	\$ 100,834.46
FESTPAC Trust Account	\$ 371,532.88
<b>TOTAL as of 12/13/2016</b>	<b>\$ 6,073,997.60</b>

**NOTES**

**NOTE 1**

\$371,532.88	FESTPAC
(\$72,635.19)	FESTPAC expenditures - reimburse Operations
<b>\$298,897.69</b>	

**NOTE 2**

\$1,407,282.57	Morgan Stanley/Raymond James CD
(\$86,542.00)	Board approved \$86,542 on 07/23/15 for Department Revenue & Tax Auditors
(\$700,000.00)	Board approved \$700,000 on 02/25/16 for Pale San Vitores Road Bus Shelter Project
(\$150,000.00)	Board approved \$150,000 on 07/14/16 for Pale San Vitores Road Bus Shelter Project
<b>\$470,740.57</b>	







- o Director Shinohara reported that we are on track for 2017. We have a few outstanding items but the accounting team is working with DOA to get the balance of our allotments. We are hoping to receive the balance before the end of the year.
- o He also asked to briefly talk about closing out FestPac. President Denight stated that the team had the opening meeting with the Public Auditor where they were provided with all requested documents. He also mentioned that the final FestPac Organizing Committee meeting is scheduled for December 23. President Denight stated that meeting has proven to be a challenge as four senators are committee members. He reported that we have over \$300k in the bank. He wants to present the committee with a few final details on the 23<sup>rd</sup> but he foresees a clean audit from the time GVB took over. The only outstanding item is with Healing Hearts, which will be addressed at the final committee meeting.

## VI. REPORT OF THE BOARD COMMITTEES

### A. EXECUTIVE COMMITTEE

Director Baldyga made a motion, seconded by Director Jackson, to ratify Executive Committee's approval to authorize the President & CEO to sign the Only On Guam Trademark Coexistence Agreement and to identify the funding for the monetary payment of \$10,000 included in the agreement.

**Motion approved**

### B. MEMBERSHIP & COMMUNITY OUTREACH

- o Director Guzman reported that the Board of Directors Election Meeting is scheduled for January 3<sup>rd</sup> from 11:30am-1:30pm at Sheraton. He said that we need to encourage members to attend the meeting and vote.
- o He asked for clarification regarding the election ballots. Director Jackson stated that the team agreed the ballots will be numbered for the upcoming election.
- o Director Guzman announced the names of the Board nominees: Roy Abraham, Roberto Fracassini, Brad Kloppenburg, Satoru Murata, Sam Shinohara, and Tak Takano.
- o President Denight stated that the annual Membership Mixer is tentatively scheduled for Friday, December 30. Director Shinohara's only concern is that we may not get the turnout we are hoping for with the mixer being so close to the holidays.

### C. NORTH AMERICA & PACIFIC MARKETS

- o Director Arriola congratulated DoGM Pilar Laguana on retaining the chairmanship of PATA Micronesia for 2017-2018.
- o She also reported that Paula Monk from United Airlines is an alternate director for the officers of PATA Micronesia.

### D. RESEARCH

### E. RUSSIA & NEW MARKETS

- o Director Jackson reported that there was a committee meeting yesterday. He stated that the price of oil is continuing to rise which is good for the Russian economy and the Ruble and for Guam. He believes this positive Ruble environment will continue to attract Russians to Guam.

**F. VISITOR SAFETY & SATISFACTION**

- o Director Im reported that we have 22 CCTV cameras in Tumon but two are out of commission. Areas lacking surveillance are the Kmart/JFK hill (Route 14A), across Hilton, and the road near Westin. He stated that he will bring this up to Commander Santos from the GPD Tumon Precinct at an event tomorrow. President Denight stated that Docomo provided the cameras wherever there was existing infrastructure. He said he will work with Docomo and GPD on this.
- o Director Im also reported that the live entertainment will start at the airport again sometime around January 1. He is hoping we can share the cost with the airport (7 months paid by GVB, 4 months paid by the airport, 1 month hiatus). The airport's Board will also be meeting today where he hopes they will discuss funding. Chairman Kloppenburg suggested that Director Im discuss this with his committee then bring a proposal back to the Board. Director Morinaga inquired about the cost of live entertainment. Director Im stated that initially, GVB paid \$40,000. He also mentioned that if we do not have the budget, we can decrease the frequency of the entertainment to cut costs.

**G. CULTURE & HERITAGE**

**H. SPORTS & EVENTS**

**I. ADMINISTRATION & GOV'T RELATIONS**

**J. DESTINATION MANAGEMENT**

Director Hofmann made a motion, seconded by Director Jackson, to approve Signage Law Modifications drafted by Dan Swavely and for submission to the Executive and Legislative branches for review and approval. Signage recommendations, as presented, are subject to further stakeholder and GovGuam input.

**Motion approved**

**Background:** The DMC Tumon Bay Improvement District subcommittee has worked on objectives to create a plan that aligns with the GVB 2020 Plan. The signage issue is a precursor to establishing Covenants, Conditions & Restrictions (CC&Rs) and engaging property owners and businesses a part of a collective effort to improve Tumon.

- o Director Shinohara asked what the next step should be. Director Guzman stated that it can be submitted directly to the Governor's office. From there, he believes the Governor will share it with other agency heads before turning it over to the Legislature. Director Baldyga suggested that Management first sends it to the Chamber of Commerce and other stakeholders to have them modify it and then submit it to the Legislature. Director Guzman recommended discussing it at Board level first. Director Arriola feels it would be beneficial to entertain all suggestions now; from the Board and other appropriate parties. The Board was unanimous that the modifications are ready for circulation. President Denight agreed with Director Guzman that the next step should be to submit it to the Governor's office and disseminate it to the appropriate agency heads and the Chamber of Commerce.





Director Hofmann made a motion, seconded by Director Jackson, to approve authorization of the President and CEO as Chief Procurement Officer of the Bureau to enter into a contract with the most responsive and lowest responsible bidder for the Tree Mitigation Project.

**Motion approved**

**Background:** Due to a lack of "true standards-based" tree management plan, trees in Tumon have degraded in structure, health and vigour to a state where many now pose a threat to public safety and infrastructure. Large trees are now coming into full form and are beginning to damage the surrounding infrastructure. It is necessary that they are removed or trimmed to prevent further damage.

**Issue:** Board approval required.

- o President Denight stated that basic tree trimming (10 feet from the sidewalk) in Tumon is part of GVB's contract with LMS but this bid is for a more comprehensive and extensive process to be performed by an arborist.
- o Director Hofmann reported that these trees are located on easements and it will take about a week to complete the job.

#### K. GREATER CHINA

Committee minutes dated December 12, 2016

Exhibit C

Director Baldyga made a motion, seconded by Director Jackson, to transfer \$100,000 from FY2017 China marketing budget to the FY2017 Hong Kong marketing budget resulting in total budget changes: (1) China - \$1.8 million and (2) Hong Kong - \$312,000 for Fiscal Year 2017.

**Motion approved**

**Background:** Hong Kong market conditions will change with increased airlift direct from HK to Guam. HK Express will begin 4x a week direct flights on December 15, 2016. Opportunity for an increase in visitor arrivals from HK and its surrounding area will drastically improve. Travel from HK does not only include HK residents, but has the potential to reach Chinese citizens from the Pearl River Delta in China. This potential will require increased sales and marketing resources in order to compete in this mature market.

- o Director Baldyga reported that with HK Express now servicing to Guam, discussions about being able to support the airline have been coming into the market. The committee Chair advised the team to be cautious because United Airlines will be coming with more frequency. At the end of the discussion, the team felt this was the best choice.

---

#### HONG KONG TRADE MISSION - AVIATION DEVELOPMENT

Director Baldyga made a motion, seconded by Director Hofmann, to approve travel for the Governor, (1) Governor Security Staff, and GVB President & CEO to participate in the Hong Kong 2017 trade mission from January 5-8, 2017. Cost is approximately \$12,000 to come from Acct No. HK SMD-023.

**Motion approved**

Airfare:	\$1,000 x 3 pax	\$3,000.00
----------	-----------------	------------



	Hong Kong	Lodging	Nights	M&E	Days	
Per Diem:	Governor	\$461.50	4	\$234.00	4	\$2,782.00
	Governor Security Staff	\$355.00	4	\$180.00	4	\$2,140.00
	GVB President & CEO	\$443.75	4	\$225.00	4	\$2,675.00
Misc. Expenses:	Business communication costs & excess baggage fees					\$1,403.00
					Total	\$12,000.00

**Background:** Aviation development for direct service to Guam remains a priority of GVB as we intend to strengthen our current presence in the travel industry and diversify our source markets. The Governor and GVB President & CEO will have scheduled meetings with United, HK Express and Peach Air. Each meeting will involve strategic discussion about improving or starting direct air service to Guam. Markets of discussion will include Japan, Hong Kong and China:

- United currently provides direct air service these three markets and improving the frequency and flight schedule will be the main topic of discussion.
  - HK Express is the first low-cost carrier to fly to Guam from Hong Kong. Main discussion point will be the expansion of their target customers to include areas of southern China (Pearl River Delta) as well as Taiwan. Of course, the need to improve promotions in Hong Kong will also be addressed.
  - Peach Air is a low-cost carrier that GVB continues to work with to start direct service from Japan to Guam. High-level executives are based in Hong Kong and this is the most opportune time to meet with them again and discuss plans to begin flying to Guam.
- o President Denight stated he that wants to use this time with the Governor to meet with United Airlines to work more closely with them in Hong Kong. They also have the opportunity to meet HK Express executives and the primary investor for Peach Air as they plan to expand their fleet. He stated that we will also be extending an invitation to the airport.

**Issue:** Board approval needed for all travel.

**L. JAPAN**

- o Director Morinaga reported that Japan is experiencing a high level of norovirus symptoms and numbers are rising everyday. He advised everyone to be cautious, especially those in the food and beverage industry. If cases arise locally, we should notify Public Health.

**M. KOREA**

- o Director Jackson reported that the team recently attended a tour agent seminar appreciation party in Korea. They had a good year end session with HIC and he feels they are doing a good job. He stated that arrivals continue to do well as the market moves forward.

**VII. OLD BUSINESS**





VIII. NEW BUSINESS

IX. EXECUTIVE SESSION

X. ANNOUNCEMENTS

**Upcoming Board Meetings:**

- o **Annual and Regular Meeting:** Thursday, January 12, 2017 at 3:00 p.m., GVB Main Conference Room
- o Thursday, January 26, 2017 at 3:00 p.m., GVB Main Conference Room

**Announcements:**

- o Chairman Kloppenburg encouraged all Directors who won't be sitting on the Board beginning in January to continue to be active within the committees. He plans to play a role in the Japan Marketing Committee.

XI. ADJOURNMENT

Chairman Kloppenburg made a motion to adjourn the meeting. Meeting adjourned at 3:41 p.m.

**Motion unanimously approved**

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

  
\_\_\_\_\_  
Board Minutes respectively submitted by Karida Brennan, Executive Secretary





Action Items:

- President & CEO to talk to Docomo about installing CCTV cameras along JFK hill and the road near Westin.
- Vice President to work on having the rusty, sunken vessels removed near Atlantis/Apra Harbor.
- Staff to look into sinking a vessel and creating a natural wreck diving pathway.
- ~~- Director of Global Marketing/Marketing team to determine if they can make one trip to Korea for HANA Tour and KOTFA instead of two separate trips. The team will determine if other business can be conducted between the two events. → Per Marketing team, events are scheduled for the same time so we will send two separate delegations~~
- 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 → Partial recap given during November 23<sup>rd</sup> Board Meeting
- Management/staff to work with GPD and Legislature to create legislation enabling VSOs to issue citations for hand billing, illegal beach activities, etc. → Met with GPD; GPD raised serious concerns regarding liability and training; need to meet with AG
- 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 → Planning for 1<sup>st</sup> quarter
- 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 District Improvement Plan
  - 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
  - o Management to develop a budget, timeline, and action plan for each item on the "JGTA Concerns relates [sic] to Visitor Safety/Capital Improvement" list.
  - o Management/staff to develop a proposed budget to update signage to include Korean language.