

# **BOARD OF DIRECTORS REGULAR MEETING**

Thursday, August 24, 2017 - 3:30pm Guam Visitors Bureau - Main Conference Room

# BOARD OF DIRECTORS PRESENT:

Director Milton Morinaga
Director Brad Kloppenburg

Director William Nault
Director Bart Jackson

Director Young Hong

**Director Monte Mesa** 

Director Theresa Arriola Director Sam Shinohara

Director Eduardo "Champ" Calvo

Director Robert Hofmann

## **BOARD OF DIRECTORS TELEPHONICALLY:**

GVB MANAGEMENT & STAFF PRESENT:

## **BOARD OF DIRECTORS ABSENT:**

Director Satoru Murata Director Tak Takano Director Katarina Sgro

Jon Nathan Denight Brian Boria

Lisa Linek Rose Cunliffe Meriza Peredo

Russell Ocampo Gabbie Franquez Antonio Muna Doris Ada

Nico Fujikawa Dee Hernandez

Regina Nedlic June Sugawara Pilar Laguana Karida Brennan Josh Tyquiengco Colleen Cabedo

Nakisha Onedera Garrido Nadine Leon Guerrero

Mark Manglona

# **GVB MANAGEMENT & STAFF TELEPHONICALLY:**

## **GUESTS:**

Joe Mesngon – Senator Dennis Rodriguez's Office Lara Ozaki – Glimpses Publications Jackie Hanson – Senator Regine Biscoe Lee's Office

#### I. <u>CALL TO ORDER</u>

Chairman Morinaga called the meeting of the board to order at 3:37pm.

## II. MINUTES OF THE PREVIOUS MEETING

Exhibit A

Director Jackson made a motion, seconded by Director Shinohara, to approve the minutes of the previous board of directors meeting dated August 10, 2017.

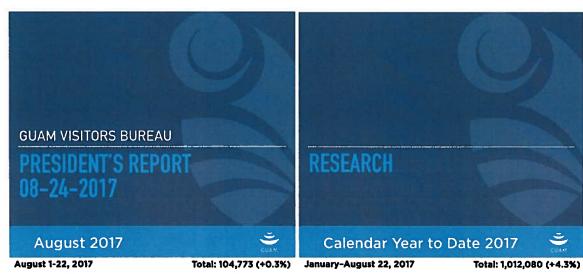
Motion unanimously approved (Subject to minor revisions)

# III. CHAIRMAN'S REPORT

- Chairman Morinaga stated that it has been a hectic few weeks with regard to the North Korea threats. There has been both negative and positive media coverage surrounding the issue.
- There was a recent drowning incident that Director Hong will report on further under Visitor Safety and Satisfaction (VSS). That being said, Chairman Morinaga expressed the importance of educating tourists about child safety. Director Jackson feels it would be more effective to reach out to all hotels and encourage them to be more diligent. Chairman Morinaga agreed and said he would reach out to the Guam Hotel and Restaurant Association (GHRA) as well.

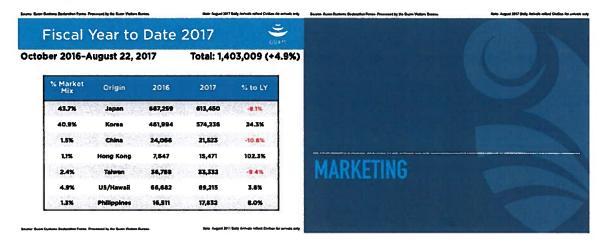


# IV. PRESIDENT & CEO'S REPORT



Market Mix	Origin	2016	2017	% to LY
49.0%	Japan	58,974	\$1,317	-13.0%
40.2%	Korea	33,658	42,095	25.1%
1.4%	China	1,695	1,415	-16.5%
0.5%	Hong Kong	421	520	23.5%
1.6%	Tehran	2,208	1,707	-22.7%
3.8%	US/Hawali	3,856	4,005	3.9%
0.7%	Philippines	897	725	-19.2%

Market Mix	Origin	2016	2017	% to LY
42.7%	Japan	478,593	431,850	-9.8%
41.7%	Korea	335,519	422,230	25.8%
1.6%	Chine	19,421	16,136	-16.9%
1.2%	Hong Kong	5,128	11,973	133.5%
2.3%	Taiwan	27,762	23,611	-15.0%
5.1%	US/Hawali	49,755	51,314	3.1%
1.1%	Philippines	12,437	10,805	-13,1%







## Japan Marketing News



## Japan Marketing News



#### Lt. Gov & GVB hold three press conferences in Japan



- "We remain in a state of normalcy" - Lt. Gov. Tenorio
- "Tourism is a fragile industry" -President & CEO Denight
- Message to reassure Japanese people that Guam remains safe, protected and peaceful
- Press conferences were held at the Japan National Press Club and Foreign Correspondences Club of Japan
- Multiple interviews with individual Japanese media

#### **Number of exposures**

- TV 5
- Newspaper -10
- WEB 259
- Total: 258



## Japan Marketing News



# **Japan Marketing News**



## Examples of news coverage in Japan of Guam



## Meetings with various officials & organizations in Japan

- Lt. Governor Tenorio and GVB President and CEO Denight met with Japan Association of Travel Agents Ministry of Land, infrastructure, Transport and Tourism Vice Minister Hinshil Tabata
- Hiroshi Tabata

  Japan Tourism Agency Commissioner
  Akhiko Tamura

  United Airlines Japan sales team

  Ministry of Economy, Trade and Industry
  Director-General for Commerce and
  Service Industry Policy Toshimit su Fujiki
  Ministry of Education, Culture, Sports,
  Science and Technology International
  Education Division Director Yashimo
  Obata

  All committed to help Guam share its
  message of safety and gave advice on how
  to grow the Japan market



# Japan Marketing News



# Meetings with various officials & organizations in Japan









# V. TREASURER'S REPORT

Exhibit B

		F	Y 2016				
Pass-Thru	Appropriation 5 750,000.00		ceived to Date 712,500 00	95%	s	Balance 37,500.00	5%
TOTAL RECEIVABLES FY 201	5				\$	37,500,00	
		F	Y 2017				
· · · · · · · · · · · · · · · · · · ·							
	Appropriation		ceived to Date			Balance	
Operations	\$ 21,282,472.00 \$ 1,085,000.00		19,509,000.15	92%	\$	1,773,471.85	8%
Destination Development Rainy Day Fund	\$ 1,085,000.00 \$ 200,000.00		994,583.32 183,333.32		\$	90,416.68 16,666.68	8%
Cultural & Sports Ambassador Fur			183,333.34	92%	Š	16,666,66	8%
Pass-Thru	\$ 1,085,000.00		1,021,249.88	94%	Š	63,750 12	6%
TOTAL	\$ 23,852,472.00		21,891,500,01		\$	1,960,971.99	
TOTAL RECEIVABLES FY 201	7				\$	1,960,971,99	
TOTAL RECEIVABLES					\$	1,998,471.99	
Accounts							
RESTRICTED		s	7.750 #2.50				
Bank of Guam - Rainy Day F		-	2,269,112 59				
Cultural & Sports Ambassadi TOTAL RESTRICTED	or Fund	\$	527,860.88 <b>2,796,973,47</b>				
UNRESTRICTED							
Bank of Guam - Operations		5	14.745.511.11				
First Hawaiian Bank - Membe	ership	Š	116,722.89				
Resona	17 27 HP	Š	142,818.05				
Bank of Guam - TAF		Š	787 149 36				
Raymond James - CD value	as of 07/31/2017	Š	2,535,259,20				
TOTAL UNRESTRICTED		\$	18,327,460.61				
TOTAL CASH as of 08/21/201	7	\$	21,124,434.08				
Current Payables							
Asatsu invoices MAY - JUN		\$	B45 130.24				
Japan Invoices		\$	52,451.83				
Guam Invoices		\$	784,080.35				
Pass-Thru Encumbered Contracts		\$	32,500 00				
Encumbered Contracts Encumbered Purchase Orders		\$	2,192,377 96 155,998.05				
TOTAL as of 08/21/2017		<u>\$</u>	4,062,538.43				
NOTES							
NOTE !							
	Rainy Day Fund						
	Reimbursable Rainy D	ay Ex	penses - Japan				
\$2,011,811.68							
NOTE 2							
	Cultural and Sports Ar	mbass	ador Fund				
			ador expenses - reimb	urse Operatio	ons		
\$470,510.88			and the state of t				
NOTE 3							
	Raymond James - CD						
		rentiv	e program and market	advertising			
	PAID - Sponsorship G			advertising.			
	PAID - GEDA Imagine						
(\$548.802.8#)	PAID - Pale San Vitore	s Roa	d Bus Shelter Project				
(\$28,783.57)	PAID - Planning, Arch	itectu	ral and Engineering Se	rvices for Tu	mor	Bay Improvement	
(\$75,000 00)	PAID - Sponsorship G	uam 8	asketball Federation F	BA U17 Char	mpi	nship	
			e and streetscape proj				
			s Road Bus Shelter Pro				
	BALANCE - Planning	Archi	tectural and Engineering	ng Services f	or T	umon Bay Improvemen	t
0.00							

August 21, 2017

- o Director Shinohara reported that we are on track with allotments received.
- o President Denight reported that the Legislature is currently in session discussing our budget. We were able to get an additional \$1.5 million added to the marketing department. We were also able to add a provision to allow us to receive collections over appropriation for this fiscal year. This is not specific to a category.
- o President Denight went on to report that we have been very active in seeking support from the Legislature. The team met with Speaker Cruz and Senator Rodriguez. Director Jackson reported that Speaker Cruz instructed us to specify our ask and we did, so senators are aware of what we want. The next step may be to begin actively promoting senator by senator.



# VI. REPORT OF THE BOARD COMMITTEES

## A. EXECUTIVE COMMITTEE

Vice Chairman Mesa made a motion, seconded by Director Shinohara, to ratify Executive Committee's travel approval for the Lieutenant Governor of Guam and GVB Public Information Officer to conduct a press conference in Tokyo, Japan from August 21-22, 2017. Estimated cost of travel is \$3,919.20.00 to be paid from JA-SMD008.

Motion approved

Airfare:	\$1,000 x 2 pax					
	Tokyo	Lodging	Nights	M&IE	Days	
Per Diem:	Lt Governor	\$345.80	1	\$284.70	2	\$915.20
	Public Information Officer	\$266.00	1	\$219.00	2	\$704.00
Miscellaneous: Business communication costs						\$300.00
					Total:	\$3,919.20

Background: GVB Japan will coordinate a press conference with respective tourism partners in Japan to discuss travel and safety to Guam in light of the recent North Korea threats. Negotiations are underway to utilize the resources of the Foreign Press Club in Japan. GVB has also activated its Japan PR agency to invite media to the conference. The Lieutenant Governor will lead the conference along with the GVB President & CEO (previously approved travel) and GVB Public Information Officer to reassure Japan audiences that Guam remains a safe tourism destination, with an array of family-friendly and unique travel experiences. This is part of GVB Japan's efforts to address the PR situation and provide more positive messaging to the Japan market.

Issue: Board approval required for all travel.

## B. **KOREA**

- Director Jackson reported that numbers are still good in the Korean market.
- The team is preparing for a road show in October and Mode Tour in November.
- o The team is trying to create a destination space at Mode Tour, similar to what we do at JATA. Instead of having hotels, optional tours, and rental car companies spread out, we are trying to plan for a unified Guam pavilion.
- Director Jackson also reported that we are still anticipating the Air Seoul inaugural flight in September.
- He also brought up the extended homestay issue and reminded the board that we need to take serious action to resolve it. Funding for this effort could come from GRT, HOT, or business license revenues. What we have been advocating for is not an elimination of these establishments, but proper handling and for all those involved to abide by the laws. Director Shinohara stated that we have already made the effort and set aside money for Department of Revenue and Taxation (DRT) to do some work in this area. Director Jackson shared that that effort predates this issue. DRT requested for Korean speaking auditors to assist them with tourism-related issues that were not specifically related to this homestay issue. Nonetheless, Director Jackson tasked management to help push forward on this as it is a matter of personal safety. Director Hong suggested creating guidelines and safety tips and distributing them to the Korean community. Director Jackson stated that this is not just a Korean problem. More than 200 extended homestay units are being rented right now. He recommended that President Denight meets with DRT management. Vice Chairman Mesa





agreed and suggested formalizing this initiative with a resolution. President Denight then gave an update on his efforts. He reported that the team met with Senator Barnes to update the laws related to this issue. Individuals partaking in this business are now required to have a business license and clearances just like any other business owner. DRT is responsible for the enforcement of these laws but they are strapped for resources. Currently, we are trying to work with DRT to provide outreach to the community. Management will continue to push for their support. Chairman Morinaga reported that there have been scams in Hawaii where visitors book extended vacation rentals online but the owner of the unit does not meet them at the airport upon arrival. Furthermore, renters are unable to press charges because they have no way of getting in touch with the owner. He proposed making an example out of a local individual who fails to operate in accordance with the law. This should deter others from operating their business illegally.

#### C. MEMBERSHIP & COMMUNITY OUTREACH

- Director Kloppenburg reported that a quarterly membership meeting was held on August 15 with guest speaker David Gossack from the US Embassy in Seoul, Korea. His presentation was shared with members via email.
- Our next quarterly membership meeting will be on October 6 with international speaking professional Barbara Wold as the guest speaker.
- Lastly, we will be accepting membership renewals until the end of the fiscal year.

#### D. NORTH AMERICA & PACIFIC MARKETS

## **GUAM-CEBU PRODUCT UPDATE IN CEBU, PHILIPPINES**

Director Hofmann made a motion, second by Vice Chairman Mesa, to approve travel for GVB President & CEO or his designee and one GVB Marketing Staff to attend the Guam-Cebu Product Update in Cebu, Philippines in partnership with Cebu Pacific on September 4-6, 2017. Total cost is approximately \$4,509.75 from the Philippine Market Acct. No. PI-SMD023. Motion approved

# Marketing Budget Breakdown:

Airfare:	\$1,000 x 2 pax	\$ 2,000.00
President & CEO	Manila: \$291 x 1 days + 25%	\$ 363.75
Per Diem:	Cebu: \$190 x 2 days + 25%	\$ 475.00
Marketing Staff Per Diem	Manila: \$291 x 1 days x 1 pax	\$ 291.00
	Cebu: \$190 x 2 days x 1 pax	\$ 380.00
Unanticipated Expenses:	Communications, excess baggage, meetings, etc.	\$ 1,000.00
Estimated Total:		\$4,509.75

**Background:** In an effort to strengthen the relationship between GVB and its industry partners, GVB has organized a Guam Product Update seminar in Cebu, Philippines. The seminar will include media partners and travel trade professionals to promote Guam as the nearest US destination to the Philippines.

Cebu is one of the most developed provinces in the Philippines and the main center of industry, commerce, trade, and education in the central and southern parts of the archipelago. The goal of this mission is to increase flight bookings of Cebu Pacific to Guam not only from Manila, but also from the south of the Philippines. Cebu Pacific's current flight schedule to Guam is 3 times a week.

 Director Hofmann stated that this is an ongoing Guam product update with Cebu Pacific. We work with the US Commercial Service and key travel agents to update them on promotions to include the Shop Guam Festival and others and also



address visa questions. Chairman Morinaga feels this mission comes at a good time to reinforce that Guam is a safe destination. President Denight added that our efforts here are to attract traffic from another large city (in addition to Manila). Director Hofmann stated that we are also trying to have Philippines officials return the gesture and visit Guam to show that it is a safe destination. They can then bring that message home and share it with their communities. Chairman Morinaga shared that he is reaching out to a Japan actor for the same reason.

## E. RESEARCH

o Acting Director of Tourism Research (DoTR) Fujikawa gave an update on the new customs forms. The team is planning to begin using the new forms in November. Our technician will be coming to Guam in October so this will serve as the transition period. A letter was sent to members, industry partners, and airlines to inform them that this project is in the works. We will work with them individually to return the old forms. Acting DoTR Fujikawa also met with Customs to go over the timeline. He also shared that along with the new forms, we will be using a dashboard that uses active charts that can be customized based on individual needs.

## F. RUSSIA & NEW MARKETS

- Director Jackson reported that he was interviewed by a national TV station from Russia. He learned that in light of the North Korean threats, Russians are inclined to cancel their travel, but as they prepay for everything, they would lose money so they opt not to cancel.
- In other news, Air Seoul will be providing connecting service from two Russian cities. In addition, Jeju Air will begin flying from Vladivostok to Seoul. Jeju Air also flies from Seoul to Guam creating another route for Russians to travel to Guam. We could have a much better year next year out of the Russian market.
- Vice Chairman Mesa asked if the team is looking to grow outbound travel to include India or Singapore. Director Jackson feels that unless we find a market that travels during the off season (April, May, June, or September, October, November), we are setting ourselves up for failure. China, Japan, and Korea generate the most business; all other markets come after. However, he agreed that the team should conduct research on India, the next largest country. Vice Chairman Mesa noted that there is opportunity for destination weddings out of this market and it is definitely something worth looking into.

## G. VISITOR SAFETY & SATISFACTION

Director Hong stated that currently, there are many young parents coming to Guam from the Korean market. She shared that many of them are careless enough to leave their children unsupervised in their hotel, by the pool, or at the beach. As mentioned earlier, she suggested that we develop a list safety guidelines and distribute them to rental car companies and hotels. Chairman Morinaga recommended creating a safety publication to include safety related laws that visitors might not be aware of. Director Calvo feels it would be most effective to reach out to the rental car companies and hotels and get their commitment to share this information with their customers at every point of sale. Chairman Morinaga is concerned about the businesses that operate illegitimately. Director Calvo said we should start by reaching out to legitimate businesses first. Chairman Morinaga agreed and said that we could start with members. He also added that we could display these safety tips on monitors in the immigration area at the airport. Director Shinohara feels it would be best to share these guidelines where transactions close. Director Calvo thinks each rental car employee should go over these tips with every customer they assist. Director Arriola noted that all directors agree about what should be done to resolve the issue and the first step should be to meet with all rental car companies. President Denight agreed and noted that the team would work on this.



# H. CULTURAL & HERITAGE

## SPORTS & EVENTS

- Director Nault reminded the board that the Ko'ko' Half Marathon will move to Agana this year and it will take place on October 29.
- Director Calvo shared that with the Olympics approaching, we should reach out to participating nations to consider Guam as a training spot. In years past, there was a concern that Guam did not have adequate facilities, but now we do. We could develop a program with Leo Palace or Guam Football Association to host these nations. President Denight shared that people have already been reaching out to Leo Palace to acclimate to the weather before heading to Japan. He added that the Guam National Olympic Committee (GNOC) could share this information within their network.
- President Denight reported that Guam put in a bid to host the 2019 Pacific Games, along with Tahiti and Samoa. In total, we would need around \$8 million to host. Director Arriola mentioned that we spent \$6 million to host the games in 1999. She is concerned about hosting this kind of event in our current financial situation and in such a compressed amount of time. Director Calvo added that GVB should consider if hosting this event would be beneficial for the industry. President Denight stated that around 3,500 and 4,000 athletes and officials are expected to attend the games. The final decision will be made within the next two weeks.
- J. ADMINISTRATION & GOV'T RELATIONS
- K. DESTINATION MANAGEMENT

# L. GREATER CHINA

## Committee minutes dated August 14, 2017

Exhibit C

- Director Shinohara directed the board to Exhibit C. The team has done good work on the social media front with Facebook and Instagram promotions in all the different markets. We just had trade shows in Taiwan and Hong Kong recently and we have been making a lot of effort to attract the wedding market from both locations. A charter from Taiwan was on schedule for the middle of October, but due to conversations with North Korea, it has been cancelled. Director Shinohara noted that with 155 seats, this would have been a great opportunity for us. Now he feels it is important to hone in on the message that Guam is a safe destination for all markets.
- He went on to report that the visa issue in China has slowed down. The process has gone from two to six weeks to six to seven months just to get an appointment. There has not been any real feedback as to why that is. He also shared that US visas in general have declined. Director of Global Marketing (DoGM) Laguana stated that there are currently around 3.8 million visa holders. President Denight stated that visas are valid for ten years, but every two years, visa holders are required to re-register for a nominal fee. DoGM Laguana added that visa holders are required to provide their residential address and most feel that this part of the process is very intrusive.
- o Director Shinohara then reported on the Fliggy promotion. We had 712 million total impressions with 127 million page views. We are currently working on the impact of sales. He added that our investment for this promotion was fairly trivial.

## M. JAPAN





## Committee minutes dated August 8, 2017

Exhibit D

- Director Nault reminded the board that the GVB Japan Manager, Satomi Yamamoto, tendered her resignation.
- He reported that beginning on September 1, for two months, we will lose Delta's night flight and early morning departure out of Guam. Delta will be reconfiguring seats and will return during the second week of November. Chairman Morinaga stated that through this reconfiguration, we will lose some seats as the aircraft will be smaller, but the plane will be upgraded meaning a more comfortable ride for all passengers. The load factor is expected to increase.
- Director Nault thanked management and Lieutenant Governor Tenorio for their efforts with the Japanese media regarding the North Korea threats. However, it is still an ongoing issue in regard to cancellations. President Denight shared that he will be attending JGTC meetings in Nagoya and Osaka and during this trip, he plans to meet with schools to deliver the message that Guam is a safe destination.
- o Director Nault then touched on the upcoming 50<sup>th</sup> anniversary for GVB Japan. Chairman Morinaga feels this is a good opportunity to market Guam.
- Director Arriola asked for an update on the strategy to address the decline in Japan arrivals. President Denight stated that we have a two-year strategic plan but we still need more air seats. Director Arriola suggested using the anniversary to launch the new strategy. She also asked if we have found a replacement for Satomi yet. Preident Denight shared that we are using a head hunting firm to screen candidates to ensure that we hire the right person. Chairman Morinaga added that the Japan market is fragile and consistency is important. When in transition, they need to know that everything is being done properly, and that is what we are doing as we look to hire a new manager.
- Lastly, Vice Chairman Mesa tasked management to revisit the goals set in the Tourism 2020 plan, especially for Japan. He feels we need to reestablish real expectation levels that will commensurate the current market conditions. President Denight concurred and said he would make it a point to look into those numbers.
- VII. OLD BUSINESS
- VIII. NEW BUSINESS
- IX. EXECUTIVE SESSION
- X. ANNOUNCEMENTS

Announcements:

**Upcoming Board Meetings:** 

- Thursday, September 14, 2017 at 3:30pm, GVB Main Conference Room
- o Thursday, September 28, 2017 at 3:30pm, GVB Main Conference Room
- XI. ADJOURNMENT

Director Shinohara made a motion, seconded by Director Kloppenburg, to adjourn the meeting. Meeting adjourned at 5:00pm.

Motion unanimously approved





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

Board Minutes respectively submitted by Karida Brennan, Executive Secretary





- **Action Items:** 
  - 1. Assignment of the Chairperson for the Administration and Government Relations Committee
  - 2. Management to facilitate meeting with GVB, GIAA, and GEDA regarding the current situation in the Japan market
    - → President Denight and Director of Global Marketing Laguana participate in a weekly call with GIAA and ASM World Route Development Consultants
    - → Chairman Morinaga, President Denight, and Vice President Muna met with GIAA Chairman Ricardo Duenas and Executive Manager Charles Ada on August 2
  - 3. Management to work with DRT on extended homestay issue
    - → Letter sent to DRT Director on August 29 requesting to appoint a DRT representative to work with GVB TIR to establish and implement an outreach program
  - 4. Develop list of safety tips/guidelines for car rental companies to review with all customers at every point of sale
    - → Letter sent to DRT Director on August 29 requesting for a list of car rental companies

