

BOARD OF DIRECTORS REGULAR MEETING

Thursday, October 12, 2017 - 3:30pm Guam Visitors Bureau - Main Conference Room

BOARD OF DIRECTORS PRESENT:

Director Milton Morinaga Director Brad Kloppenburg

Director Tak Takano
Director Bart Jackson

Director Robert Hofmann

Director Monte Mesa

Director Satoru Murata Director Theresa Arriola

Director Sam Shinohara

BOARD OF DIRECTORS TELEPHONICALLY:

BOARD OF DIRECTORS ABSENT:

Director William Nault

Director Eduardo "Champ" Calvo

Director Katarina Sgro Director Young Hong

GVB MANAGEMENT & STAFF PRESENT:

Jon Nathan Denight

Brian Boria

June Sugawara Elaine Pangelinan

Gabbie Franquez Sydney Leon Guerrero

Josh Concepcion

Lisa Linek Doris Ada

Nico Fujikawa Dee Hernandez

Regina Nedlic Nakisha Garrido

Breeana Quitugua

Karida Brennan

Josh Tyquiengco Colleen Cabedo Kraig Camacho

Frances Aguon Nadine Leon Guerrero

GVB MANAGEMENT & STAFF TELEPHONICALLY:

GUESTS:

Senator Regine Biscoe Lee – Guam Legislature James Perez Servino – Senator Regine Biscoe Lee's Office Joe Mesngon – Senator Dennis Rodriguez's Office

I. CALL TO ORDER

Chairman Morinaga called the meeting of the board to order at 3:48pm.

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 September 28, 2017.

Motion unanimously approved (Subject to minor revisions)

III. CHAIRMAN'S REPORT

- o Chairman Morinaga reported that Guam has received a great deal of negative media coverage with recent airline rescheduling, suspending, and canceling, as well as the North Korea threats. He wants to ensure that all statements made on behalf of GVB are coordinated with President Denight so that we are on the same page and sharing the same information.
- o He reminded the team that we need to continue to work hard to bring the Japan market back to normal. Director Shinohara added that we shouldn't be shy about sharing that the next three months will be challenging from a visitor perspective and we need to do all we can to manage that low point of the travel season. Chairman Morinaga agreed, adding that



he explained to his businesses that we should use this time to regroup and prepare for the next wave of visitors.

IV. PRESIDENT & CEO'S REPORT



September 1-30, 2017

% Market Mix	Origin	2016	2017	% to LY
37.4%	Japan	65,130	43,870	-32.6%
50.3%	Korea	44,185 58,880		33.3%
1.1% China		1,822 1,294		-29.0%
0.3% Hong Kong		518 366		-32.0%
2.0% Talwan		3,490	2,345	-32.8%
4.4%	4.4% US/Hawaii		5,151	-27.2%
1.2%	Philippines	1,622	1,404	-13.4%

% Market Mix	Origin	2016	2017	% to LY
42.2%	Japan	564,091	492,754	-12.6%
42.6%	Korea	392,955	497,426	26.6%
1.5%	China	21,626	17,791	-17.7%
1.1% Hong Kong		5,878	12,554	113.6%
2.3%	Talyran	32,508	25,549	-18.3%
5.0%	US/Hawali	59,800	58,390	-2.4%
1.1%	Philippines	14,630	12,796	-12.5%

19,537

16,931

1,329

1.083

1,563

523

11,569

24,018

301

813

1,584

395

Fiscal Year to Date 2017



October 2017

Origin

Japan

Korea

US/Hawali

Philippines



October 2016-September 30, 2017

Total: 1.559.395 (+3.2%)

October 1-11, 2017

% Market Mix

28.4%

59.1%

2.0%

2.0%

3.9%

1.0%

Total: 40,667 (-4.3%)

% to LY

-40.8%

41.9%

40.0%

-24.9%

1.3%

Market Mix	Origin	2016	2017	% to LY
43.2%	Japan	752,757	674,343	-10.4%
41.6%	Korea	\$19,430	649,435	25.0%
1.5%	China	26,271	23,178	-11.8%
1.0% Hong Kong		8,397	16,053	91.2%
2.3% Talwan		41,834	34,270	-12.7%
4.9%	US/Hawali	76,727	76,296	-0.6%
1.3%	Philippines	18,704	19,818	8.0%

-24.5%







Calendar Year to Date 2017



January-October 11, 2017

Total: 1,209,146 (+1.9%)

% Market Mix	Origin	2016	2017	% to LY
41.7%	Japan	583,628	504,323	-13.6%
43,1%	Korea	409,886	521,444	27.2%
1.5% China		22,955 18,590		-19.0%
1.1% Hong Kong		6,093 12,855		111.0%
2.3%	Talwan	33,591	27,362	-18.5%
5.0%	US/Hawali	61,363	59,974	-2.3%
1.7%	Philippines	15,153	13,191	-12.9%



Sales Support: Travel Trade



Overview

- · Japan outbound market is sensitive to the uncertainty of the current situation with North Korea
- · Goals are to incentivize sales channel. advertise, and educate front line sales
- · Promote 50 years of friendship between Japan and Guam
- Timeline: mid-November 2017 January 2018
- Co-op with traditional regional travel agents through JGTC (50% cost share)
- Conduct joint promotions with online travel agents: Rakuten, Expedia, TripAdvisor and DeNa
- Provide added value to increase attractiveness of the Guam product

Mega FAM Tour



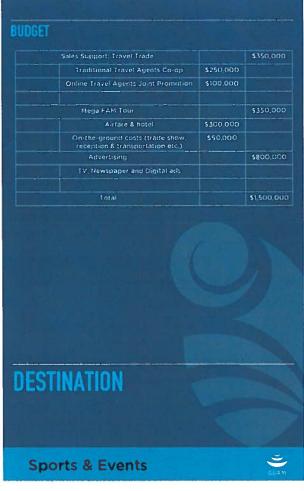
Advertising



- · Host travel agents and media FAM tour
- -420 pax
 - 100 Tokyo
 - 100 Kansai
 - 60 Nagoya
 - 40 Hokkaido/Tohoku
 - 20 Kyushu
 - 100 media
- Target front line sales team and social media influencers
- Visit Guam November 30 December 3, 2017
- Send unified brand messages celebrating the 50th anniversary of the first Tokyo-Guam flight
- Digital advertisement and some newspaper for Kanto region
- Other regions will focus on television and newspaper placement









Membership News





Quarterly meeting

- Held October 6, 2017 at Westin Resort Guam
- Guest speaker: Barbara Wold Topic: "Meet the millennials -
- the tourists to change it all" Shop Guam e-festival seminar also provided to vendors and
- members by Wold FY2018 membership renewals
- & applications ongoing Contact Javde Bello at jayde bello@visitguam.org

Ko'ko' Weekend Press Conference

- Press conference held at the Guam Museum on Thursday, October 5 Presentation held at the indoor theater followed by light refreshments for sponsors and media
- am Ko'ko' Half Marathon will take on October 29 in historic Hagatha
- ____ az et nistoric Hagătha on-going at adrace,com or in person at is Club
- inds Citib ts will get finisher tee, medal, sunglasses, chance to win a h United to anywhere in Asia or and breekfast
- Finisher party at Pacific Pavilion at Paseo Powerade hydration stations ongoing in Tumon leading up to Ko'ko' weekend





President Denight opened the floor to Senator Biscoe Lee. Senator Biscoe Lee stated that she was just attending the meeting to listen, but she thanked the team for their continued hard work. She agreed with Chairman Morinaga that we need to get in front of the current situation. She looks forward to hearing more about how the Legislature can further assist the bureau.





V. TREASURER'S REPORT

Exhibit B

	FY 2	016 & FY 2017	-				
	Appropriation	Received to Date	Balance				
FY 2016 Pass-Thru	\$ 750,000.00		95% \$ 37,500.00	5%			
FY 2017 Operations	\$ 21,282,472,00	\$ 21,142,472.00	99% \$ 140,000.00	1%			
TOTAL PRIOR FY RECEIVABLES			\$ 215,000.00				
		FY 2018					
F	Appropriation	Received to Date	Balance				
Operations	\$ 22,750,216.00	\$	0% \$ 22,750,216.00	100%			
Destination Development	\$ 1,085,000.00	s 🗐	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 TOTAL RECEIVABLES FY 2018	\$ 840,000.00 \$ 25.075.216.00		0% \$ 840,000.00	100%			
	\$ 25,075,216.00	\$	\$ 25,075,216.00				
TOTAL RECEIVALBES			\$ 25,290,216.00				
RESTRICTED							
Bank of Guam - Rainy Day Fund		\$ 2,025,140 02					
Cultural & Sports Ambassador Fu	ınd²	\$ 478,777.90					
TOTAL RESTRICTED		\$ 2,503,917.92					
UNRESTRICTED							
Bank of Guam - Operations		\$ 12,398,414,44					
First Hawaiian Bank - Membershi	p	\$ 106,000.48					
Resona		\$ 874,605,46					
Bank of Guam - TAF	2V 2X 😼	\$ 604,665,68					
Raymond James - CD value as of TOTAL UNRESTRICTED	OB/31/2017*	\$ 2,536,610,36 \$ 16,520,296.42					
TOTAL CASH as of 10/10/2017		\$ 19,024,214.34					
Current Payables	_						
Asatsu invoices (Aug) Japan Invoices		\$ 830,329.31 \$ 482,540.59					
Guam Invoices		\$ 813,257.35					
Pass-Thru		\$ 35,833.34					
Encumbered Contracts		\$ 5,480,577.81					
Encumbered Purchase Orders		\$ 176,599.55					
TOTAL as of 10/10/2017		\$ 7,819,137.95					
NOTES							
NOTE 1	•						
	Rainy Day Fund						
	Reimbursable Rainy Da	y Expenses - Japan					
\$2,025,140.02							
NOTE 2							
\$478,777.90	Cultural and Sports Am	nbassador Fund					
	Cultural and Sports Arr	nbassador expenses - reimbi	urse Operations				
\$468,252.90							
NOTE 3							
	Raymond James - CD						
		entive program and market	advertising				
(\$1,169,250,98) PAID - China airline incentive program and market advertising (\$300,000,00) PAID - Sponsorship Guam Football Association							
(\$20,000 00) PAID - GEDA Imagine Guam Masterplan Overlay							
	(\$608.514.82) PAID - Pale San Vitores Road Bus Shelter Project						
(\$28,783.52) PAID - Planning, Architectural and Engineering Services for Tumon Bay Improvement							
		am Basketball Federation Fi					
(\$10,000 00) PAID - Hagatna maintenance and streetscape project for GMIF							
(\$203,844.56) BALANCE - Pale San Vitores Road Bus Shelter Project (\$121,216.48) BALANCE - Planning, Architectural and Engineering Services for Tumon Bay Improvement							
0.00	DUCKLICE . KINDING	michitectural and Engineerir	is services for rumon Bay improvement				
0.00							

October 10, 2017





VI. REPORT OF THE BOARD COMMITTEES

A. EXECUTIVE COMMITTEE

TESTIMONY ON BILL 167-34

Exhibit C

Vice Chairman Mesa made a motion, seconded by Director Jackson, to ratify Executive Committee's approval of GVB's testimony on Bill 167-34, "An act to add a new Article 5 to Chapter 9, Title 12, Guam Code Annotated relative to directing the Guam Visitors Bureau to develop and publish a Request For Information relative to developing Guam as a Homeport Cruise Ship Industry."

Motion approved

B. RESEARCH

- Director Shinohara reported that there is a lot of activity in the Research Department but the biggest project right now is the new customs forms which will be implemented during the second week of November. Chairman Morinaga referred to the new form and asked what travelers should do if they have more than three items to declare. Acting Director of Tourism Research Fujikawa stated that in the event that that happens, travelers will be given a second customs form.
- Chairman Morinaga then mentioned that there is a portion of the Japanese exit surveys with inaccurate translation. President Denight informed him that this part of the survey is not given to travelers; officials verbally ask the travelers for the information and then fill it in to the forms. In any case, President Denight stated that the team asked Anthology to double check the translation.

C. RUSSIA & NEW MARKETS

Committee minutes dated October 3, 2017

Exhibit D

- Director Jackson reported that Pacific Islands Club is the lone Guam based property that will be attending the upcoming road show next week.
- o He stated that we are looking forward to a better year with Air Seoul and Jeju Air.
- Chairman Morinaga shared that he met with FBI agents recently. They are willing to conduct a seminar for people traveling to Russia and China.

D. VISITOR SAFETY & SATISFACTION

- o Director Shinohara asked if there is any concern about the recent drowning incident. President Denight shared that in our budget request, we proposed to have additional funding to add lifeguards throughout Tumon, but it was not approved. Director Shinohara then asked what our current lifeguard situation is for Tumon. President Denight stated that one lifeguard is posted at Ypao Beach and another is posted at Matåpang Beach through Department of Parks and Recreation (DPR). We added another lifeguard near the Hyatt area through the Visitor Safety Officer (VSO) Program. Director Shinohara ask if any research has been done on standard spacing between lifeguard posts. President Denight mentioned that he is not sure exactly what the standard is, but as Tumon Bay is about four miles long, it was decided that one would be posted in the north, one in the south, and one in the middle. He also shared that DPR is trying to make improvements in this area.
- President Denight reported that we are still trying to retrieve a list of rental car companies from Department of Revenue and Taxation (DRT). Once we receive the list, we will send each company a letter to remind customers not to leave their children in their cars, as this has been a big issue recently.





- o President Denight shared that the Korean Concierge Program has been assisting in these types of situations. Chairman Morinaga asked if they can create a monthly summary detailing the number and types of cases they facilitate with. President Denight said that this can be shared at the next board meeting.
- o Director Arriola asked if GVB does any outreach or makes hospitality efforts in these situations. President Denight stated that we do, especially when they are brought to our immediate attention. We also have help from our partners such as JGTA. Chairman Morinaga mentioned that if these incidents happen on hotel property, the hotel offers assistance as well.
- o Director Hofmann shared that he met with the Talofofo Mayor recently regarding the intersection in Talofofo connecting Ipan, Talofofo, and Inarajan. The Mayor would like a simple sign translated into Japanese/Chinese/Korean posted before each stop sign warning drivers of a stop sign ahead. President Denight said that the team will look into it.
- President Denight reported that all crosswalk signs will be replaced throughout Tumon. We had to run everything through Department of Public Works (DPW) so that they meet federal standards.
- E. CULTURAL & HERITAGE
- F. SPORTS & EVENTS

Committee minutes dated September 12, 2017

Exhibit E

G. ADMINISTRATION & GOV'T RELATIONS

o President Denight directed the board to Exhibits F & G. He mentioned that as practice in years past, a summary of all travel motions for the year is presented to the board for approval. He noted that they can be adjusted as needed. Director Shinohara suggested entertaining only motions with travel dates during October and November, and tabling the remainder until the next meeting. Director Arriola suggested entertaining all first quarter motions (October through December). Vice Chairman Mesa agreed.

TRAVEL AUTHORIZATION

Exhibits F & G

Director Hofmann made a motion, seconded by Director Arriola, to approve October, November, and December travel motions as presented.

Motion approved

Issue: Board approval required.

NEGOTIATIONS FOR RFP 2017-014

Director Hofmann made a motion, seconded by Director Shinohara, to authorize 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 2017-014 DIGITAL MEDIA STRATEGY AND EXECUTION SERVICES, and if successful, to enter into a contract. Motion approved

Background: GVB RFP 2017-014 was issued on August 30, 2017 and closed on September 22, 2017. GVB has utilized the services of a digital media strategy and execution service under the title Global Media Strategist since 2011 and that the last contract expired on September 30, 2017. The name was changed due to today's ever changing technology that has diversified the methods by which information is dispersed and broadcast, opening a realm of opportunities that influences behaviours and decisions. GVB is in search of a movement that define and



deliver marketing communication technology utilization that enables GVB to generate a competitive advantage in meeting the increasing demands for technology, digitalization and implementation. The services of a digital media strategist will also include the management and measurement of marketing initiatives through marketing automation platforms and other tools.

Issue: Board approval required.

o President Denight reported that currently, our Digital Media Strategist is Jason Lin from Talent Basket. He provides social media strategy for all markets and helps execute the Shop Guam e-Festival since we utilize an app. He also coordinates global monitoring of our social media activity and implements social media strategies for each individual market.

TRANSFER OF FUNDING TO KOREA

Director Hofmann made a motion, seconded by Director Jackson, to transfer \$250,000 from Visitor Safety & Satisfaction, \$250,000 from Japan and \$100,000 from Printing Promotion to the Korea Marketing Budget.

Motion approved

Background: The FY2018 budget law passed for GVB, carved out \$4Million for the Korea Market. Based on legal opinion, this is not subject to the Board's transfer authority. Therefore, GVB seeks to restore the Korea Marketing Budget by transferring \$250K from VSS, \$250K from Japan and \$100K from Printing Promotion.

Issue: Board Approval Required.

President Denight stated that at the last meeting when discussing the budget, he informed the board that we had transfer authority given by the Legislature. He also reminded the board that this year's budget bill allocated a sum of \$4 million specifically to the Korea market. At the time, he thought the transfer authority applied to that \$4 million, but after discussing it with legal counsel, he was advised that that sum must be spent in the Korea market. That said, his plan is to transfer \$250k from Visitor Safety and Satisfaction (VSS) as the Korean Concierge Program comes from VSS and it is specific to the Korea market; \$250k from Japan; and \$100k from Printing and Promotion, in order to bring the budget back to \$4 million and to be in compliance with the law. Director Jackson was under the impression that the Korean Concierge Program had to be expanded to all markets. President Denight stated that that was his hope if we received additional funding, but we did not. The program was not funded in this year's budget at all, but he carved it out of VSS. He then asked that if we receive additional funding, we give back to VSS for programs that were cut out, such as water safety. President Denight shared that he has had discussions with Speaker Cruz about this and he shared that he wants up to support the Korea market as a growing market. Director Takano asked about the other markets. President Denight stated that in his time with GVB, the marketing budget is approved as a lump sum and the Legislative Branch, Executive Branch, and membership decide how the money is spent. In this case, they felt \$4 million should be specified for Korea. Director Takano asked if the \$250k will come back to the Japan market. President Denight said that we can look into the Rainy Day Fund and other options. Director Shinohara mentioned that the Rainy Day Fund is currently at an unprecedented level of \$2 million. In closing, President Denight said that we are at the beginning of the fiscal year so we have time to adjust as needed. Furthermore, Senator Rodriguez is open to the board coming to him with their recommendations.





H. DESTINATION MANAGEMENT

- o Vice Chairman Mesa reported that the streetlight installation is complete however, cars have run into five different poles. They are currently being repaired at an estimated cost of almost \$19k. The committee is looking to make claims with the driver's insurance whenever possible.
- Vice Chairman Mesa then touched on security cameras in Tumon and whether they are placed strategically and if we have enough. President Denight reported that the cameras were donated by Docomo, but he will reach out to them to see if they are open to installing more.
- Chairman Morinaga asked whose responsibility it is to maintain Fort Soledad, as there is foliage that needs to be trimmed. President Denight stated that it is DPR's responsibility, but he would report it.

I. GREATER CHINA

- o Director Shinohara reported that numbers are a challenge for obvious reasons.
- The team will be attending the Taipei International Travel Fair (ITF) from October 23 to October 30 with Governor Calvo, GEDA, and GIAA.
- o There is an ongoing RFP in the Hong Kong market for marketing services.
- o The China team is working on aggressive plans attached to the marketing plans which are potentially at risk with the reduction of funding. He will have a specific request for the board at the next meeting. This will include a visa rebate program for Chinese families. 73% of visitors last year were families traveling together, so we are trying to capture that market.

J. JAPAN

 Director Murata reported that the next Japan Marketing Committee (JMC) meeting is scheduled for next Tuesday. During this meeting, the team will discuss the next recovery measures from January through March.

K. KOREA

- Director Jackson reported that the Busan, Gwangju, and Daegu Road Show is scheduled for next week. There will be a number of agents in each city so it should be a great tour. Director Kloppenburg, President Denight, Director of Global Marketing (DoGM) Laguana, and Marketing Manager Cabedo will be attending along with several other delegates.
- Mode Tour is scheduled for next month and he expects it to be another great show.

L. MEMBERSHIP & COMMUNITY OUTREACH

o Director Kloppenburg thanked all who attended the membership meeting last Friday featuring guest speaker Ms. Barbara Wold. Chairman Morinaga asked who the guest speaker is for the next membership meeting. Director Kloppenburg reported that that is still pending, but he hopes to have an update by the next board meeting.

M. NORTH AMERICA & PACIFIC MARKETS

Committee minutes dated October 4, 2017

Exhibit H

VII. OLD BUSINESS

VIII. NEW BUSINESS





IX. EXECUTIVE SESSION

X. ANNOUNCEMENTS

Announcements:

Roundtable meeting conducted by the Committee on Tourism on Friday, October 20, 2017 at 1pm, Public Hearing Room of the Guam Congress Building

Upcoming Board Meetings:

- o Thursday, October 26, 2017 at 3:30pm, GVB Main Conference Room
- o Thursday, November 9, 2017 at 3:30pm, GVB Main Conference Room

XI. ADJOURNMENT

Vice Chairman Mesa made a motion, seconded by Director Kloppenburg, to adjourn the meeting. Meeting adjourned at 4:35pm.

Motion unanimously approved

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

Board Minutes respectively submitted by Karida Brennan, Executive Secretary





- 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
 - ightarrow Governor Calvo has created a working group of GVB, GIAA, and GEDA to work on Japan air service
 - 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
 - 5. Management to look into lack of restrooms at Plaza de Espana and surrounding area
 - -> Management reached out to the Guam Museum; their restrooms are open to the public
 - 6. Overgrown trees along Ypao Road
 - → Flame tree to be trimmed within the next few weeks
 - 7. Stray dog issue
 - → Destination Specialist Ada reached out to Mayor Rivera on September 22
 - → Mayor Rivera is working with Animal Control Division and the Governor's Office
 - 8. Streetlights out near California Pizza Kitchen
 - → Resolved

