Chamorro Land Trust Commission

(Kumision Inangokkon Tano' Chamoru)

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Governor of Guåhan

Ray Tenorio
Lieutenant Governor of Guåhan

Commission Members

Oscar A. Calvo
Commissioner

David J. Matanane
Commissioner

Michael J B. Borja
Commissioner

Amanda L.G. Santos
Commissioner

(Vacant)
Commissioner

Monte Mafnas
Administrative Director

COMMISSION MEETING MINUTES
Department of Land Management Conference Room
3rd Flr., ITC Building, Tamuning
Thursday, August 18, 2011; 1pm - 4:45pm

I. CALL TO ORDER
Meeting was called to order at 1pm by Acting Chairman Oscar Calvo.

II. ROLL CALL
Present were Acting Chairman Oscar Calvo, Vice-Chairman David Matanane, Commissioner Michael Borja, Commissioner Amanda Santos and Administrative Director Monte Mafnas.

III. APPROVAL OF MINUTES (June 16, 2011)
Commissioner Michael Borja moved to approve the minutes of June 16, 2011 subject to the correction on Page 45, first line, to correct the name of Commissioner Michael Torres to Commissioner Michael Borja. Commissioner David Matanane seconded the motion. There were no objections, MOTION PASSED.

IV. PUBLIC COMMENTS
None.

V. OLD BUSINESS
None.

VI. NEW BUSINESS
1. Guam Housing Corporation - Request for portion of Lot 10114, Dededo

Martin Benavente (President, Guam Housing Corporation) - Good morning Mr. Chairman and members of Chamorro Land Trust and Monte. I'm here to submit a request for Guam Housing Corporation to utilize a portion of Lot Number 10114. This is the upper left corner of the ponding basin in Dededo across Benavente Middle School for the purpose of we wanted to expand our space to build a small warehouse, workshop, storage for the rental units. This property in particular that we're requesting for is sitting directly abutting Lada Gardens which is the hundred and fifteen units that we in Guam Housing own. So it's a perfect location, perfect lot size and we can even as Monte suggested earlier that we might not be able to use the entire portion that we're looking at but we're willing to either share it with somebody else that wants to use it or whatever. Our footprint shouldn't be as large as that property there but it's you know that property has been sitting there for over a hundred years

and nobody has used it so this is why we plan to utilize it if you would allow us to.

Acting Chairman Oscar Calvo - Martin that school that Benavente that's on the by the back side of the field right of Angels field right?

Martin Benavente - No. The other side of Lada Gardens is what abuts Wettengel and Wettengel abuts the..(interrupted).

Acting Chairman Oscar Calvo - I know there are housings there around that area yeah and from what you're requesting here is because of the ponding area there.

Martin Benavente - (depicting off map) This is the property I'm talking about right here it's separated by this road it's called Tan Elena and this is Lada Gardens, this is Lada Estates, this is Lada Avenue, this is Benavente Middle School.

Acting Chairman Oscar Calvo - And that piece of property that Guam Housing wants to build this right.

Administrative Director Monte Mafnas - That corner lot.

Martin Benavente - And you know this is a natural subdivision because the road was cut into there to service Lada Estates but you know like I told Mr. Monte here that I would share that property with another Government agency if you wish.

Vice-Chairman David Matanane - With Chamorro Land Trust.

Martin Benavente - Or Chamorro Land Trust or anybody, build you a warehouse. But we're prepared to build a..(interrupted).

Acting Chairman Oscar Calvo - That warehouse that you guys are contemplating in building I can understand the..(interrupted).

Martin Benavente - We call it a workshop.

Acting Chairman Oscar Calvo - Well so basically it's used like for a maintenance shop that's what you really you guys..(interrupted).

Martin Benavente - Yes and office space for our rental people and office space for our maintenance people. We have like eight people up there assigned since time began.

Acting Chairman Oscar Calvo - And so the building of the warehouse is really more or less for all your I guess to put your equipments and so forth to be put in there.

Martin Benavente- Yes, we have a lot of maintenance equipment and workshop where these guys can actually be there to fabricate the different items.

Vice-Chairman David Matanane - How big is that property?

Administrative Director Monte Mafnas - It's over a hundred thousand square meters.

Vice-Chairman David Matanane - You know since you were mentioning Mr. Benavente that you have rental adjacent to it.

Martin Benavente - Yes sir Lada Gardens right here.

Vice-Chairman David Matanane - And Guam Housing is making money.

Martin Benavente - We try to sir.

Vice-Chairman David Matanane - And Chamorro Land Trust is going to lose a deal on this one huh? Maybe we can contemplate this thing.

Martin Benavente - You mean somebody is interested in that thing?

Vice-Chairman David Matanane - Well Chamorro Land Trust owns that piece of property and there's already a development on the other side.

Martin Benavente - I know where you're going with it and it's up to you guys.

Vice-Chairman David Matanane - All I'm saying is according to the letter that we received it's addressed to the Senator, it just specified the area that you guys wanted. Good that you're communicating and of course Chamorro Land Trust you know like I was saying we have only (inaudible) properties here and so maybe Guam Housing and Chamorro Land Trust can work together and maybe get..(interrupted).

Martin Benavente - We're just willing to do whatever what needs to be done.

Vice-Chairman David Matanane- I was talking to Monte about that I said where? Next to Lada I said and if Guam Housing is willing to (inaudible) with us maybe some sort of lease agreement for that piece of property?

Administrative Director Monte Mafnas - To effectuate a more legal transaction a lease would be needed and for defining the term too but also we requested I want to go on record that I requested Mr. Benavente's participation in qualifying our inventory. For example the veterans, we have over six hundred and six veterans that we want to qualify for future development that we have in mind to accommodate veterans and the military people who have prior military service. So we have over thirteen thousand applicants in Chamorro Land Trust and we want to start qualifying, quantifying their income capacity as to what they can afford in the event we start building affordable homes and he's agreed to assist us diligently in prequalifying any and all the applicants.

Martin Benavente - We have already established a partnership with Chamorro Land Trust. That's something I thought you guys were aware of but whatever services that we have that's within Guam Housing Corporation of course we can share some of the resources. You know the people that we service there are below income, Chamorro Land Trust recipients qualifies.

Administrative Director Monte Mafnas - Very good Mr. Benavente because it's our duty to protect the beneficiaries of the Trust.

Martin Benavente - I understand.

Commissioner Michael Borja - How large of a building are you looking to build?

Martin Benavente - You know right now we don't have any specifically we're just sitting in one of the Lada Gardens unit so I'm thinking 40 by 40 maybe something like that.

Administrative Director Monte Mafnas - That's sixteen hundred square feet.

Martin Benavente - Plus we have existing containers that we need to move.

Acting Chairman Oscar Calvo - So you're looking overhaul more than half an acre at least.

Martin Benavente - Yes.

Acting Chairman Oscar Calvo - Basically because if it's just I mean you know just the warehouse 40 by 40 to put and then of course you're going to put..(interrupted).

Martin Benavente - We have about four containers on one site.

Commissioner Michael Borja - So you don't need that whole area.

Martin Benavente - No at this point no. I just saw the natural cut there with that Tan Elena Road the property is not being utilized. In fact you know let me explain the reason why we wrote to the legislature first is because in the beginning Land Management led us to believe that it belongs to Public Works that's why we went that route. Then when we did a PTR we discovered that the property belonged to Chamorro Land Trust so that's why we kind of did a back step reverse and we're here today to ask you for your consideration.

Administrative Director Monte Mafnas - Some of these properties are natural swamp area to accept the overflow from the road.

Martin Benavente - That property was intended as ponding basin right across the Dededo Middle School.

Acting Chairman Oscar Calvo - I know where that is now. That's a big ponding basin but they never used that right Mart?

Martin Benavente - There's some people there doing some games like motorcycle stuff in the weekends other than that it's just a big boonie area and its right in the middle of Dededo and it's intended to receive water overflow.

Acting Chairman Oscar Calvo - Because I know adjacent to that is where your, the Guam Housings.

Martin Benavente - The Lada Gardens.

Vice-Chairman David Matanane - I suggest you Mr. Benavente and Mr. Mafnas get together and then you know iron out the details then we can hash it out from there then we can present it in the agenda so we can look into it. But work out the details.

Acting Chairman Oscar Calvo - Mart just understand one thing that we have to protect the Chamorro Land and that's the only thing the bottom line is.

Martin Benavente - We service the same kind of people also and I'm just saying that hopefully remember Guam Housing Corporation is a Government entity so it's not Martin.

Acting Chairman Oscar Calvo - No I know that but you know. Just get together with Monte and whatever the details.

Martin Benavente - I want you to know that we have a very aggressive plan working with Chamorro Land Trust to try and put infrastructure. We're using some of our funds and putting people, financing people that are qualified for Chamorro Land Trust using Guam Housing Corporation's mortgage monies.

Vice-Chairman David Matanane - But you're not going to use that piece of property to do..(interrupted).

Martin Benavente - Not for that it's to keep the rental units up..(interrupted).

Vice-Chairman David Matanane - Just so we're clear on that.

Administrative Director Monte Mafnas - It's for maintenance purposes actually.

Vice-Chairman David Matanane - Thank you Mr. Benavente.

2. International Bridge & Construction Marianas, Inc. - demand letter
William Toelkes - My name is William Toelkes.

Administrative Director Monte Mafnas - Are you the President of IBC Marianas?

William Toelkes - I am the President of IBC Marianas.

Administrative Director Monte Mafnas - As we all know IBC is occupying 12 acres up in the municipality of Yigo and they've been there for a little over three years, correct?

William Toelkes - That's correct.

Administrative Director Monte Mafnas - Just about and initially what was construed to be legal was an in-kind work as provided by IBC on behalf of Chamorro Land Trust opening

up roads for certain different parcels of lands around Guam and unfortunately the Attorney General deemed it to be illegal. So only the Governor of Guam has the power and authority to issue out in-kind services so that's when I called in Mr. Toelkes in January if he can pay for the additional appraisal. That way we can establish fair market value and the fair return value, the capitalization rate and address the remaining balance because the previous Board and Director accepted in-kind services in the amount of four hundred thirty five thousand dollars and that equated to so much rental and we needed to go forward and cure the deficiencies. So I wrote down, Mr. Toelkes did finally provide a second appraisal and I took the median of the appraisals and multiplied it at eight percent capitalization rate and also included the rate and I amortized it over three years and came out with an amount less the in-kind services that was provided by IBC. It came out to a total amount of two hundred seven thousand dollars four hundred and fifty four dollars. I submitted the demand letter to Mr. Toelkes and I requested for his presence to present his case.

William Toelkes - This is a significant change for us because in the beginning our understanding was that we were going to exchange in-kind services. I wasn't aware of the ruling by the Attorney General until recently.

Administrative Director Monte Mafnas - I think I provided you copy in our first meeting in January.

William Toelkes - Right. It makes a big difference to us.

Administrative Director Monte Mafnas - Well we are aggressively in the affordable housing mode and what we can do is once you pay this amount we're going to have an RFP to other places to open up roads and we would love to have you bid on it. But we must go forward with a request for proposal to be fair to everybody. But this is what I came about and you've occupied that place for over three years and it's only right that you pay what you use.

Commissioner Michael Borja - What was the date of the AG's letter?

Administrative Director Monte Mafnas - It was dated December 2010. I don't have the copy in front of me but I can provide it.

Commissioner Michael Borja - So in 2010, December 2010 that's when the ..(interrupted).

Administrative Director Monte Mafnas - A decision a legal opinion.

Commissioner Michael Borja - Wasn't to do in-kind so part of that understanding with this company was that they would do an in-kind work.

Administrative Director Monte Mafnas - That is correct.

Commissioner Michael Borja - So would it be fair then to go back that far to ask for enumeration on those fees for a period of time that was prior to the AG's letter when they were under the understanding before that that they could do in-kind?

Administrative Director Monte Mafnas - Well there was a progress report and a billing provided by Mr. Toelkes. A very descriptive billing as to who did the work, how many hours and how much they charged for the services so it was a pretty detailed billing for different project sites and the bill was accepted by the board then.

William Toelkes - The billings were all checked and approved by a representative.

Administrative Director Monte Mafnas - Yeah I just said that we didn't question your billing whatsoever, everything was accepted.

William Toelkes- I don't think there was any question about the billings.

Administrative Director Monte Mafnas - I'm not saying that sir. I'm just saying that there was a legal opinion as provided by the Attorney General of Guam that that in-kind service is illegal, it's not legal.

Acting Chairman Oscar Calvo - I think in general what the issue on that is and what Mike here is alluding is the amount has already been rendered. The work that was done has been paid so technically it's really what the balance of the time frame that you're in now because of the legality from the Attorney General coming forward that it's not you know that the Governor is the only one that can give that in-kind service for that matter.

William Toelkes - It can you said can go through the Governor's office for in-kind services.

Acting Chairman Oscar Calvo - Well at this point in time there is you know a billing that needs to be clarified and I think in all honesty Mr. Toelkes if we were to do that at this it becomes a very un-acceptation for other individuals that want to do the same token. But I don't know how, what the board feels at this point in time but you know I think the services that was rendered by your company has already been off-set.

Administrative Director Monte Mafnas - That is correct.

William Toelkes - According to my records the off-set should go until February of this year.

Administrative Director Monte Mafnas - That's a very good point Mr. Toelkes according to your records.

William Toelkes - Yeah that's based on the most recent appraisal.

Administrative Director Monte Mafnas - Well based on my records this is not true. You were granted and rendered a billing that was accepted and based on those two appraisals identified the medium the high and the low establishing that fair market value times an eight percent return of investment equals so much. Equals two point five million dollars less that amount equals the remaining balance of two hundred seven thousand four hundred and fifty four dollars.

William Toelkes - Well according to our records and according to the appraisal that we received on the property the four hundred and ten thousand should cover it up to February.

Administrative Director Monte Mafnas - Well it all depends on which appraisal you used because there were two. Did you use the medium or did you use the low value?

William Toelkes - Well I'm talking about the most recent appraisal.

Administrative Director Monte Mafnas - Yes and that's the lower value.

William Toelkes - But that's the most recent so it should be the most accurate.

Administrative Director Monte Mafnas - That's not what we understood in our conversation in January and that's not the previous acceptance by the previous Directors. We take to be fair in all fairness we take the high and the low and we get the medium. Now if you chose the lower appraisal I could have chose the higher amount, right? So that's not what happened. We took the high and we took the low and we came at the fair amount.

William Toelkes - Well I feel that the most recent should be the most accurate because that's taking in the consideration the conditions that they are at the present time.

Administrative Director Monte Mafnas - You are entitled to your opinion sir. I have a fiduciary responsibility to the beneficiaries of the Trust and that's a normal procedure. I didn't invent it it's been handled in the previous Directors and Board retrospectively speaking for quite some time. So we can agree to disagree but I'm saying to you the demand letter plus the unpaid real estate taxes of three years equates to two hundred and seven thousand four hundred and fifty four dollars.

Acting Chairman Oscar Calvo - Monte, if he went on that low just hypothetically right now and if we stage at that amount today just example the amount of money already the work that has been done would that off-set still the same amount?

Administrative Director Monte Mafnas - Well there's a difference of about a million bucks in the appraisal.

Acting Chairman Oscar Calvo - So that's even higher.

Administrative Director Monte Mafnas - Yeah but Mr. Toelkes wanted to stick to the first appraisal and I suggested to him to get the second appraisal. He didn't want to pay the twelve percent rate. I told him why don't we use your appraisal but I want to use a capitalization rate of twelve percent and then he said no. So I said the only way to be fair is to get another appraisal which happens to be in his favor. But I was willing to accept the first initial appraisal as prepared by Micronesian Appraisals for Mr. Toelkes of IBC and that was that fair market value of three million dollars. The only discrepancy was meeting on the capitalization rate and I told him I'm asking for twelve and he said it's too high so I said okay get an appraisal.

William Toelkes - That's what we did.

Administrative Director Monte Mafnas - That's right. So I took the mean which is three million and two million is five million divided by two to the mean is two million five hundred and ten thousand dollars and I think that is very fair.

Commissioner Michael Borja - What is the amount of the last appraisal?

Administrative Director Monte Mafnas- Two million twenty thousand dollars.

Commissioner Michael Borja - And when was the three million?

Administrative Director Monte Mafnas - About two years ago.

William Toelkes - Yes, over two years ago. The most recent appraisal comes up with a figure of thirteen thousand four hundred and sixty seven dollars a month.

Acting Chairman Oscar Calvo - What are you asking actually off on this appraisal Mr. Toelkes?

William Toelkes - Pardoned?

Acting Chairman Oscar Calvo - What are you actually asking right now?

William Toelkes - Well what I would like to do is to be able to continue.

Acting Chairman Oscar Calvo - But you know we can't continue that at this point in time right now because of the AG's opinion.

William Toelkes - But would it be, would you object to our trying to go to the legislature and get a change on that?

Administrative Director Monte Mafnas - Change into what sir?

William Toelkes - So we do could go back to our original agreement.

Administrative Director Monte Mafnas - But was that agreement ever reduced into writing? Was it memorialized into a form of a contract?

William Toelkes - Memorialized in a meeting that we had with the board of Directors.

Administrative Director Monte Mafnas - So it's only the minutes but no legal contract executed by you or CLTC. That's correct right? No legal contract.

William Toelkes - No one ever got around to writing a contract. We went through what two different Directors and we could never get a contract finished. Matter of fact we never even got a draft of a contract.

Acting Chairman Oscar Calvo - Monte you want to table this one?

Administrative Director Monte Mafnas - Yes.

Acting Chairman Oscar Calvo - Okay, all right. What we'll do is we'll table this out and then Monte will get back and then we'll because there's a lengthy discussion to this issue.

William Toelkes - Okay.

Acting Chairman Oscar Calvo - Okay? In that way then we'll in the next Board meeting or maybe..(interrupted).

Administrative Director Monte Mafnas - September 15.

Acting Chairman Oscar Calvo - Yeah.

Administrative Director Monte Mafnas - September 15 will be the next Board meeting.

William Toelkes - September 15 I'll be off-island then. When is the next one after that?

Acting Chairman Oscar Calvo - Not until October.

Administrative Director Monte Mafnas - The third Thursday of the month.

William Toelkes - I'll be there. I can be at the October meeting.

Administrative Director Monte Mafnas - Yeah.

Acting Chairman Oscar Calvo - So what you're saying you're not going to be in the next meeting on September.

William Toelkes - I can't, I can't.

Acting Chairman Oscar Calvo - Okay.

Administrative Director Monte Mafnas - Okay, but you do understand that the rent is accruing as we speak.

William Toelkes - I understand.

Administrative Director Monte Mafnas - Very good.

William Toelkes - I'm not here to argue with anybody I just want to come to some kind of understanding.

Administrative Director Monte Mafnas - And we appreciate that Mr. Toelkes.

William Toelkes - That is fair for both sides.

Acting Chairman Oscar Calvo - And that's the reason why I'm going to go ahead and have this tabled out and then have Monte restructure whatever has to be done. But I think it's good too Monte if by the time, when are you leaving if I may ask? When are you contemplating on leaving?

William Toelkes - I'm leaving this Saturday.

Acting Chairman Oscar Calvo - Oh, just this weekend.

William Toelkes - Yes.

Acting Chairman Oscar Calvo - Okay, I was thinking maybe next week.

Administrative Director Monte Mafnas - Do you have any time Friday afternoon? Tomorrow afternoon?

William Toelkes - Yeah alright.

Administrative Director Monte Mafnas - Can you come over here?

William Toelkes - Here or to your office?

Administrative Director Monte Mafnas - Here.

William Toelkes - Yeah what time?

Administrative Director Monte Mafnas - How about 1:30?

William Toelkes - That will be fine.

Administrative Director Monte Mafnas - Very good at the Director's office on the seventh floor okay.

William Toelkes - On the seventh floor?

Administrative Director Monte Mafnas - Yes sir.

William Toelkes - Oh, okay thank you.

3. Younex International Inc. - demand letter

Attorney Cynthia Ecube - Good afternoon Mr. Chairman and Board members. If I may prior to starting the meeting if I can pass out and present certain documentation I have available for the Board members review as I'm going through my presentation at this time. I apologize I think I only made five sets of these.

Administrative Director Monte Mafnas - I requested Attorney Ecube to present her rebuttal of the demand letter as submitted by me as Counsel for Younex, Attorney Ecube please proceed.

Attorney Ecube - Thank you Mr. Director and good afternoon Mr. Chair and members of the CLTC. As the Board is aware at the last meeting I believe it was sometime in the latter part of May I came before the Board on behalf of Younex Corporation because of the initial demand letter and the notice to vacate that was issued by Mr. Mafnas concerning a portion of the property known as Oka Point property located in near the old Guam Memorial Hospital area. And as a result of the meeting, that particular meeting before this Board the Board had instructed Mr. Mafnas to try to work together with myself on behalf of Younex to try to seek a resolution of this particular matter. I come before the Board at this time on behalf of my client with the purpose of really trying to resolve this matter fairly and amicably between the parties. During the course of the last two months both myself and Mr. Mafnas have been exchanging correspondences in fact on one occasion in June I physically went to go see him and to discuss certain issues concerning the temporary use of the portion of Oka Point for Younex. Mr. Chairman I know that you and also Chairman Matanane were present at the time in 2008. I'm very familiar with the Board minutes and as a result for the benefit of the other members who are new members essentially what Younex's position is, is really to try to comply fully and completely with the Board's direction and approval of the use of that particular property. As the Board recognizes and is aware Younex came before the Board in June of 2008 asking the CLTC Board to approve a temporary commercial license to use a portion of that property specifically as a staging area. The Board is familiar with the fact there was an ongoing construction of a high rise towers that was being built near the area. As part of the construction one of the purposes that Younex came before this Board was to request permission in order to use a portion of the Oka Point property to store certain water pipe lines in that area. I had spoken to Mr. Mafnas to try to see number one, if we can get some type of resolution reduced to writing and part of the problem I think that the Board may be aware of and I understand that the prior gentleman came and presented his case and one of the difficulties I've had in this particular case since I've represented Younex in 2008 has been trying to reduce this matter to writing in an agreement. When I took over this case in 2008 at the time this particular Commission was represented by Lujan Aguigui Perez. I communicated with Attorney Rebecca Santo-Tomas now Rebecca Perez asking her to formulize the agreement in writing. Unfortunately, as I've presented to the Board a couple of months ago we were never able to sign an agreement. Part of that problem has been when the prior firm left this organization and the Attorney General's office took over I had worked diligently to try to reduce everything to writing. What I presented to you before the Board is number one what we proper to the Commission today to try to resolve this matter amicably. Attached to it I've also attached exhibits of which as marked as exhibit D is my drafts of the license agreements that I personally have undertaken since 2009, the beginning of 2009, to send over to the Attorney General's Office based on what this Board approved reducing everything to writing. Ultimately, it was my concern as legal counsel and counsel for Younex that this should be reduced in writing. Part of the problem that I experienced from 2008 June to 2009 of February was trying to get copies of the minutes of the meeting of the Board in order to reduce this to writing. It took me months communicating with the CLTC until we finally procured the minutes. Sometime in February or March when I got the minutes I forwarded a draft initially to then Acting

Director Jesse Garcia. Mr. Garcia took the agreement and informed me in writing that this matter has since been referred to the Attorney General's Office because the Attorney General's Office was now going to be representing the CLTC. From 2009 up until the beginning part of 2010 I had sent emails, redrafts, communications with three different attorneys at the Attorney General's Office. It was only until the beginning of this year of 2011 when my client Younex got notice of an eviction issued by the CLTC and indicating that the agreement and or such whatever agreements between Younex and the CLTC was rendered invalid based on an opinion issued by the Attorney General's Office. I want the Board to know that I never received a copy of that particular opinion despite emails to Attorney Pat Mason who is the head of the Civil Division, despite emails to a former counsel Tom Keeler who then left the firm or the organization and then to the late Steve Newman who actually issued the opinion and now has since passed away. So in the opinion that was given to myself that was provided by Mr. Mesa I believe in January or February of this year it clearly reference that I was legal counsel for Younex so I was gravely disappointed number one. Number two, in reviewing the opinion I would certainly out of due respect to the Attorney General's Office beg to disagree with respect to this particular case. And as Mr. Mafnas has interpreted this although Mr. Mafnas was not privy or involved in the discussions previously he really didn't know he's just coming in to try to move these cases along. But upon review of it and under Public Law 25-179 the legislature gave authority to this Commission to utilize the Oka Point property and to administer or issue leases temporary permits to those individuals, licensees, tenants, developers for the property. As I reviewed the opinion as it relates to my particular client Mr. Mafnas has indicated that based on the opinion CLTC cannot take in-kind contributions from any developer or lessee, tenant, whatever the case may be. However, after review of the particular law I would beg to differ. Number one, the AG's opinion is simply an opinion. It is not a legal decision issued by a court recognized under this jurisdiction. Number two, I would point out specifically as I referenced in my proposal under paragraph b, Public Law 25-179 provides for the CLTC to lease the old hospital point property at a fair market value to the general public specifically section 4f of the law provides that all revenues generated by the lease shall be approved to the Commission and that all revenues realized from the lease shall be earmarked for the following and I note subsection 1, infrastructure improvements to include road and I highlight water, power, telephone and sewer lines on the CLTC lands. What I've indicated and I presented to Mr. Mafnas was and I believe at least Mr. Matanane and of course Mr. Calvo was here at that meeting because they have heard arguments and presentation by Younex representatives was Younex agreed to oversize the water lines to include from the Bishop Circle area all around to CLTC property.

Acting Chairman Oscar Calvo - There's only one part of that issue there, I was there in that Board and everything but and the responsibilities and duties of the Younex okay it would have had to go through that area to run the water lines for that matter. Regards of what because that also, that's the only way that would have to connect so that has to be clarified.

Attorney Ecube - That is correct.

Acting Chairman Oscar Calvo - Okay so it is not, it wasn't that us that gave that approval because they would have to get that clearance from Public Works for that matter because

you know to run that pipe there but we had nothing to do with that that was part of their development that they need to in order for that three towers to go up they had to go through there. So in essence to that our responsibility basically is on that piece of property that was being leased out for a staging area. But I want to clarify that portion okay we were aware but I did distinctly remember because that meeting was done down there at the old Corn Building okay and that the project itself the development itself okay in order to get that project done they would have had to run that so we had nothing to do with the water, power for that matter. We have nothing to do with that so I want to clear that part.

Attorney Ecube - Sure and again for the benefit Mr. Calvo I want to point out you're correct in that. The only difference was instead of from an 8 inch it went up to a 12 inch in order to accommodate certain lines and specifically what I wanted to point out in addition to that is that Younex was also part of that meeting or that before the meeting on June 2008 installed laterals on the CLTC properties. There's two different distinctions here that we're making. We're not only saying that the water lines had to go through that area because it was part of the development. One is they supersized the pipes to address the inadequate water issues already on the property and number two, Younex also to detriment installed these laterals on the CLTC property on Oka Point which essentially allows any licensee, tenant, developer who utilizes the property to have immediate water hook up. That did not exist before.

Acting Chairman Oscar Calvo - I guess ideally the reason why they needed to expand that pipe was because the three towers needing that size of water pipe and what needs to be done. So objectively to that issue what they did Younex is that's their responsibility that's the contractors. The Chamorro Land Trust has nothing to do with that. Now even if they provided a piece, a line to accommodate the future that was probably what the agency that told them that you they need to provide this in order to get that. So in reality we have nothing to do with that portion and I want to clarify that because you know I mean ideally yes it would have benefit us okay but the benefactory of that is more or less to the three towers that's being built because that's the only way that place could have functioned and they say hey you can't put a 2 inch or an 8 inch for that matter you need to expand that because of the high rise of that tower. So you know I want to make that statement clear to you.

Administrative Director Monte Mafnas - I have a question Attorney Ecube in respect to the water please. Do you know where the source of water is coming from?

Attorney Ecube - My understanding is number there were two connections that were made and I want to clarify this part Mr. Chairman. There was a water line to adequately service the towers however, as I understand from my client they could have stopped where ever it was at the Bishop Circle area but they took it a step further and expand it all the way past the CLTC property. They didn't have to do that so what they did I understood they connected water service coming from a Tumon area and then water service coming from a Nissan area. I guess there were two different water lines that were never ever, they didn't have to do that is what I'm trying to present.

Acting Chairman Oscar Calvo - And this is what I'm trying to say like you said they didn't have to do it but they went and did it to provide and that's good so you know it helps us okay but we didn't ask for it.

Attorney Ecube - Well I'm just going based on the minutes.

Acting Chairman Oscar Calvo - I'm just letting you know because sounding from what you're saying that you're saying that we I mean the benefit it would benefit us but we didn't ask for that you know that was initially why they did it that was their call. I don't think so the Chamorro Land Trust should be held accountable for that condition what they had to do.

Attorney Ecube - And as well if I could also add they also installed laterals on the property so it's connected to the water pipe, that's a separate and distinct issue. Now as I understand too through Public Law 25-179 it really is going, it's the intention of this Chamorro Land Trust Commission to do that at some point anyway. And that is the service that I have presented or at least the proffer that I presented to Mr. Mafnas. It's not just the oversized water pipes but there were actual laterals on the Oka Point property so that any licensee, tenant or developer that comes on would have no problem hooking it up right away. This would have been a service that Chamorro Land Trust Commission eventually would have had to have done pursuant to Public Law 25-179 once they collected and generated revenues through leases or permits from the tenants on the property anyway. And that is what I presented to Mr. Mafnas and that was the total construction with the oversized water bill was six hundred and seventy thousand. We have asked that a portion of that which includes the laterals only would be two hundred and two thousand nine hundred and forty dollars.

Administrative Director Monte Mafnas - Attorney Ecube I would like to ask a question. In terms of hooking up from two different water source right as you just stipulated I think the intent of that was to guarantee a certain water pressure to serve Emerald Oceanview or Ocean Emerald View condominium because of the number of units, two hundred and eighty units, because of the number of floors. There's what fifteen floors? But that's to maintain the pressure needed to make sure every unit has its water. Now why would a developer just go hook up with two different water lines? Completely different, that's to assure. So you're taxing Government infrastructure for your needs. That's what I'm saying, that's what it is.

Attorney Ecube - I understand that Mr. Mafnas but if you look at exhibit B the total amount of the construction cost for the pipe was six hundred and seventy that's including the oversize. The portion in which it includes the laterals we're only asking for a portion of that to be credited which is two zero two nine forty. We're not asking a full credit of the water pipe lines, we're only asking for those specific laterals that were installed on the CLTC property area. And as I explained to Mr. Calvo and the Board members this is something at any point in time that this Commission is going to be mandated to do under Public Law 25-179. What I'm suggesting at this point Mr. Calvo is I have attempted to try to work out this agreement and reduce it to writing. One of the difficulties that we've had is number one, we have not been able to reach a full agreement so that we can memorialize it in writing. Part of that stems from two issues. One is the appraised value

of the time period in which Younex occupied the property. We've had difficulty in establishing that. Now Mr. Mafnas has requested that my client get two appraisals from two companies. I practice law here on Guam for 20 years, the only instances where we're required really to do an appraisal is when it involves a purchase of real property or sale. I recommended to Mr. Mafnas perhaps because this would probably require anywhere from any individual to come before this Commission and put out anywhere between five to fifteen thousand dollars to get two appraisals from two companies that do commercial appraisals. This would not necessarily be generated from an individual or an appraisal company that does residential appraisals because there is more factors and elements involved. As such he provided to me a valuation based on a tax assessment from the Real Property Division of the Department of Revenue and Taxation. I explained to him that in light of a Supreme Court decision that was rendered by the Supreme Court of the United States it was very clear that the valuation is inaccurate because Guam has not sought a tri-annual report.

Acting Chairman Oscar Calvo - You know just for courtesy you know I mean that's fine to speak on behalf of all these court cases okay and we're not lawyers here right now so speaking in terms of those all these legal issues okay I think what I want to get to the bottom line is what we have already decided here. And I mean you can quote all these cases from the Supreme Court and so forth really honestly and truthfully right now I couldn't really fully so to make these when Younex went and did this appraisal okay they didn't really fully did their homework to begin with because otherwise I mean you know when they did this expansion like what Mr. Monte is saying that because of the unit itself you have fifteen stories and to put more water pressure. And maybe this was an advice by Guam Waterworks that in order for you to function that you would have to provide this and the cost of course would have been up on their part. Now when they did that lateral okay that was their, I mean you know they never came to us and say by the way we're going to do a lateral for you.

Administrative Director Monte Mafnas - Mr. Chairman very good point. Attorney Ecube you know you mentioned a lateral amount of two hundred and two thousand nine hundred and forty dollars, you're asking for that today, correct?

Attorney Ecube - We're asking for that to be credited as part of..(interrupted).

Administrative Director Monte Mafnas - As of today or pursuant to your letter?

Attorney Ecube - That's correct.

Administrative Director Monte Mafnas - So why didn't you ask for this amount prior to construction? When was the breaking ground for this project?

Attorney Ecube - I believe and I'm just going to look through the minutes again.

Administrative Director Monte Mafnas - Two years, three years ago?

Attorney Ecube - It was in 2008 of June and I note here specifically according to the Younex representative when he appeared before he indicated that he says we have no

problems and that we don't want this to delay our infrastructure improvements and we will advise you that in the next 60 days the pipes will arrive. This came before the end of June. My sense is that the pipes were already on the area sometime the beginning of September of 2008.

Administrative Director Monte Mafnas - Attorney Ecube isn't that the opportune time to request for that deduction right, prior to commencing construction?

Attorney Ecube - Well part of the problem Mr. Mafnas as I've pointed out is we could never get anything in writing. I wanted it reduced to writing.

Administrative Director Monte Mafnas - But you didn't ask for this in writing back then you were asking for a contract but physically you had the pipes already coming. Physically you're ready to perform the work, physically you've already identified the funds. You did all this due diligence.

Attorney Ecube - This was already completed already then.

Administrative Director Monte Mafnas - So why didn't you ask for that amount back then?

Attorney Ecube - Because I didn't know who legal counsel was to respond to.

Administrative Director Monte Mafnas - Neither do I but I'm thinking if you're asking you're intent is for the Government to reduce the amount why didn't you ask then at the appropriate time?

Attorney Ecube - I think that before as I read through the minutes it says here that the Director can negotiate the terms and reduce this to writing and so that is what I started to do is try to reduce it to writing because we wanted a clear written agreement that this is what they were going to do. In the interim they went ahead and used the staging area and installed the laterals. I again, I don't know how we can get around this short of Mr. Calvo I attempted for two years.

Acting Chairman Oscar Calvo - I think going back to that issue okay and like what Mr. Monte has stated when the construction they started to do the construction they have made that finalization. Then they said this the amount we're going to use this is the amount of money at that time that that's what the pipes is going to cost so they have already made that mind back then. But because maybe your company ran into problems which I think if I'm not mistaken they're still running into companies on the pipe holding because they probably got directed by Guam Waterworks that they have to expand this pipe for that rational reason so whatever transpired to those other pipes.

Attorney Ecube - Well you know Mr. Calvo I completely understand what the Commission is saying but from the prospective of Younex when they came before this they indicated they wanted to really resolve this right away. Part of the difficulty as I've pointed out really was we just couldn't sit down with whoever it was to try to resolve everything in writing.

Vice-Chairman David Matanane - Are you in agreement with the letter from Mr. Mafnas on his six zero four? Have you read the letter?

Attorney Ecube - Which part of the letter sir?

Vice-Chairman David Matanane - Mr. Mafnas's letter on August 11, 2011.

Attorney Ecube - No that's why he told me to be present here today. That's why I'm presenting our resolution.

Vice-Chairman David Matanane - Oh so you haven't read it?

Attorney Ecube - I've read it, I was currently off-island yes.

Vice-Chairman David Matanane - You agree with the amount?

Attorney Ecube - No we don't that's why I'm presenting my resolution.

Vice-Chairman David Matanane - Oh so you're saying the figures that Mr. Mafnas has given you, you don't agree with that?

Attorney Ecube - We believe that its way more than what we believe the amount should be.

Vice-Chairman David Matanane - More on top of this figure or?

Attorney Ecube - No, no the amount that he's proposing it's just that amount not taking into consideration number one, not taking into consideration any off-sets that's been the problem. And number two, the value.

Vice-Chairman David Matanane - Yes but do you agree with the six zero four eight hundred?

Attorney Ecube - No.

Vice-Chairman David Matanane - What figure are you agreeing on?

Attorney Ecube - We provided a broker's price opinion on exhibit..(interrupted).

Vice-Chairman David Matanane - And what's your figure?

Attorney Ecube - Eight thousand per month for twelve months for a period of two and a half years at two hundred and sixty four thousand dollars.

Vice-Chairman David Matanane - What was that again at eight thousand?

Attorney Ecube - Yes the brokers price opinion that Younex received for the property is a range of seventy two hundred dollars to eight thousand eight hundred dollars a month.

Younex took the high end and took it at eight thousand eight hundred dollars per month multiplied by a period of twelve months and at a time frame of two and a half years and what we came up with was two hundred and sixty four thousand dollars. We are offering two proposals if it please the Commission. One is to take at least the construction on the laterals of two zero two nine forty and complete the remaining part of the agreement which is they would still remove all the buildings and take care of the removal cost and disposal cost as long as it does not include any asbestos materials because I believe that may be a significant amount since there's obviously certain issues related to removal and dumping asbestos materials.

Vice-Chairman David Matanane - There was an agreement then.

Acting Chairman Oscar Calvo - That was an agreement there.

Vice-Chairman David Matanane - Then there was an agreement.

Attorney Ecube - That's what we want to do.

Vice-Chairman David Matanane - Now you're trying to say that you want to complete the agreement?

Attorney Ecube - That's what we're trying to do and put it in writing. We haven't gotten anything in writing yet. We've offered two proposals. We said we'll do the buildings, we'll remove it and then we'll erect the fence. The problem is we haven't even put it in writing yet so there's no, there's nothing signed by the respective parties saying this is good. So when I started working on trying to get the finalized agreement so we can complete the remaining conditions this is where we've run into the problem.

Vice-Chairman David Matanane - I think Ms. Ecube that agreement is moot from this point in time now and all we're asking is the applications for the property.

Attorney Ecube - I'm sorry the?

Vice-Chairman David Matanane - We are only asking for the amount that you guys have occupied the property.

Attorney Ecube - Right.

Vice-Chairman David Matanane - And any other agreement which is not in writing is moot.

Attorney Ecube - So that would include not the removal of the buildings that will not include the erection of the..(interrupted).

Vice-Chairman David Matanane - Well there wasn't any agreement. You know you just mentioned that you're going to do it now.

Attorney Ecube - No, no we have been trying to reduce it in writing. We relied on the Board's approval and it was up to the Commission Director.

Vice-Chairman David Matanane - Everything is done right now I mean you guys have vacated the place already.

Attorney Ecube - It's already out, we've been out since, yes. So the problem has been we want to complete the remaining part of it. The problem is we just haven't had anything in writing reduced to say we're fulfilling our terms this is what it is. All we have is just the board minutes saying this is what the Board approved.

Vice-Chairman David Matanane - What is your qualm on Mr. Mafnas's figures? He had this is an appraisal value right Mr. Mafnas?

Administrative Director Monte Mafnas - Yes that's a certificate of value from the Department of Revenue and Tax.

Attorney Ecube - This is based on a tax assessment, that's right, it's not appraised value.

Administrative Director Monte Mafnas - It's a certificate, it's actually less, ten percent less and it is an assessed value which is not the fair market value.

Attorney Ecube - That's right.

Administrative Director Monte Mafnas - So it's ninety percent of an assessment.

Vice-Chairman David Matanane - So it goes lower then, put it down lower than the true market value.

Attorney Ecube - I don't know because I told you that..(interrupted).

Vice-Chairman David Matanane - Yes it is.

Attorney Ecube - The values I don't really usually rely on tax assessment values but we want to complete the remaining part.

Vice-Chairman David Matanane - But usually that's a lower value.

Attorney Ecube - I'm just presenting to the Board this is what we acted upon.

Vice-Chairman David Matanane - You're an attorney you would know that even the real property taxes that are being dished out is really you know very minimal in the appraisal value because you're comparing it to.

Attorney Ecube - I would disagree Mr. Matanane because I sat on the Board of Equalization so I actually reviewed all that.

Vice-Chairman David Matanane - I understand that but if you did then you would know that the appraisal value from the Government itself is a lower value. They always come down with a lower value and if you go to a realtor then there you see the value jumps up.

Attorney Ecube - Well what we want to do for the Commission today is really to finish out what we've already agreed to. They've already vacated the property they want to complete everything but part of the problem is we can't complete it because number one, we didn't have anything in writing. We only acted on what the Board said and nothing has been signed by CLTC or Younex.

Administrative Director Monte Mafnas - Attorney Ecube I'd like to ask you one question please, with respect to who is your authorized broker for Emerald Oceanview or Oceanview Emerald?

Attorney Ecube - I wouldn't know that information, I'm not privy to that.

Administrative Director Monte Mafnas - Well there's been advertising for past three years and you're not aware?

Attorney Ecube - No I wouldn't know that.

Administrative Director Monte Mafnas - Is it safe to say that the real estate professional has something to do with it?

Attorney Ecube - I don't know they could.

Administrative Director Monte Mafnas - You don't know?

Attorney Ecube - I have no knowledge.

Administrative Director Monte Mafnas - It's in the web, it's on the paper, it's in the magazines and you're not aware of that?

Attorney Ecube - No I'm not aware sir.

Administrative Director Monte Mafnas - Oh okay so therefore they're not conflicted out in their fair market value and their broker's price.

Attorney Ecube - I wouldn't know and I've actually offered to Mr. Mafnas that we could also get another brokers price opinion too from a separate and independent company.

Administrative Director Monte Mafnas - I just wanted to establish that yes they are the, aren't they not, I mean you're the attorney. Then who is the principle broker of record?

Attorney Ecube - I wouldn't know sir, I'm not handling that particular project.

Administrative Director Monte Mafnas - Oh okay thank you.

Attorney Ecube - So all we're asking is we want to reduce this to writing, remove the buildings, erect the fence or in the alternative pay an amount from the difference of two hundred and two thousand nine hundred forty dollars which comes up to sixty one

thousand sixty dollars over a period of twelve months or less. So those are the two proposals that I've presented to Mr. Mafnas but he had rejected it.

Administrative Director Monte Mafnas - Rightfully so.

Acting Chairman Oscar Calvo - Mike any? You want to make comments on this?

Commissioner Michael Borja - No not right now.

Vice-Chairman David Matanane - Did you submit your proposal?

Administrative Director Monte Mafnas - She did yes she did.

Attorney Ecube - Yes, I presented sir on August 3rd, I received a response on August 11th. I was off-island I returned on August 15th and I was given notice through his letter to appear before the Commission today. And keep in mind Commission members Younex's goal is really to just, we want to resolve this issue. They are already out of the property but they do want to resolve this. We just want to make sure that the direction we're going is consistent with what the Board had approved.

Acting Chairman Oscar Calvo - My only problem here is you want us, it's like giving you guys credit for what you spent on that pipe and we have nothing to do with that. That was Younex's responsibility that has nothing to do with the Chamorro Land Trust. I think it's not really a fair thing for Younex to say you know because the amount that Mr. Monte has quoted you now you're coming back to us and saying you know what that's too much because we didn't know at the time that we had to expand the pipe you know. I mean you know you're building a multi-million dollar high rise building they should have known all these alone and when they came because they needed the pipe they already have set the, so whatever happen to those other pipes? They could have gone back and resale that pipe for whatever matter. See this is where my because they can say now that they needed to make it bigger from a 6 to a 8 to a 12 inch. So you're telling me there's literally maybe thousands of dollars out there sitting on a pipe that was never used by Younex?

Attorney Ecube - I think the installation already was completed Mr. Calvo.

Acting Chairman Oscar Calvo - So if the installation so they did use the original pipes.

Attorney Ecube - They used the 12 inch pipes yes. Everything has been installed there's no more pipes laying around anymore.

Acting Chairman Oscar Calvo - Yeah but you said they had to size up the pipe.

Attorney Ecube - When they went through and put the piping through they took..(interrupted).

Acting Chairman Oscar Calvo - But they have ordered the pipe already.

Attorney Ecube - Yes it's already done it's been installed it's been done.

Acting Chairman Oscar Calvo - Okay so.

Attorney Ecube - And it's all through along through the CLTC property but what I've indicated or suggested Chairman is that there are laterals. The pipes are one thing there's an attachment what they call the laterals that's already..(interrupted).

Acting Chairman Oscar Calvo - You know that lateral would have existed anyway.

Attorney Ecube - According to this information from the last meeting that was here..(interrupted).

Acting Chairman Oscar Calvo - But see they never informed us and that lateral probably that was part of what Public Works has said that you have to provide this.

Vice-Chairman David Matanane - They're required to do.

Acting Chairman Oscar Calvo - They're required to do that.

Attorney Ecube - I understand, they are for their property but this was installed on the Oka Point..(interrupted).

Acting Chairman Oscar Calvo - They could have run that pipe straight down. They could have run it straight down.

Vice-Chairman David Matanane - You're not doing us a favor.

Attorney Ecube - No I was under the understanding that in order for any tenant to come onto the property they would..(interrupted).

Vice-Chairman David Matanane - No, no, no, no if it's running through our property and the pipe is there it's available then the tenant..(interrupted).

Attorney Ecube - Correct I think you're right about that part but in order to connect to the pipe or to get that service to the pipe there has to be a separate attachment which they refer to as a lateral.

Vice-Chairman David Matanane - You're saying that Younex did us a favor by putting in the laterals.

Attorney Ecube - That's what was proposed in the minutes.

Acting Chairman Oscar Calvo - How many laterals did they put there?

Attorney Ecube - I'm not sure sir but I can confirm.

Acting Chairman Oscar Calvo - See because one lateral would just be one pipe going because you can understand that at one time the existing hospital.

Attorney Ecube - I can confirm how many total but I know they were installed to connect..(interrupted).

Acting Chairman Oscar Calvo - If they did a lateral they would have had to come into the Chamorro Land property.

Attorney Ecube - I believe that's what they had to do sir.

Acting Chairman Oscar Calvo - I don't think so.

Attorney Ecube - I can get confirmation but that is my understanding.

Acting Chairman Oscar Calvo - I don't think so I think what that pipe is just down straight and that lateral itself if they wanted to tap in if Guam Waterworks if there's an existing pipe because Guam Waterworks if that's the case Guam Waterworks is going to make money twice because the lateral the next tenant that comes in there.

Attorney Ecube - I can confirm the amounts sir but my understanding is that they installed it so that..(interrupted).

Acting Chairman Oscar Calvo - I think you know ma'am in all due respect and Monte and Dave you guys want to comment to this more?

Vice-Chairman David Matanane - Yes look at this Ms. Ecube, Mr. Mafnas has already made out a figure of six zero four eight hundred. We give you the credit of two zero two nine forty and you pay us the four zero five hundred according because you don't even have to demolish anything.

Attorney Ecube - If I can get that in writing I need to present that to my client first.

Vice-Chairman David Matanane - Sure.

Attorney Ecube - But I think that we would like the opportunity to present a separate appraisal of the value from Mr. Mafnas is different from the value he's presented because he did say it's an assessment value.

Administrative Director Monte Mafnas - I've been asking for two appraisals since January it's now August right?

Attorney Ecube - We can also obtain a BPO which is a broker's price opinion.

Administrative Director Monte Mafnas - Of your choice again or is it our choice?

Attorney Ecube - Well it could be a different one where you can provide us someone..(interrupted).

Administrative Director Monte Mafnas - Okay we'll choose.

Attorney Ecube - A broker's price opinion.

Administrative Director Monte Mafnas - Another broker?

Attorney Ecube - Yes.

Administrative Director Monte Mafns - Okay so right off the back I choose Christopher Felix because he's almost like Christopher Murphy right? So I'll choose the other Chris.

Attorney Ecube - I mean that's fine I'm going to talk to my client and find out but if we can look at the values..(interrupted).

Administrative Director Monte Mafnas - Oh now you have to check if we can use that? I thought you just stated you can make the decision today about choosing another brokers price opinion?

Attorney Ecube - Mr. Mafnas I did indicate in my letter to you that we're happy to provide another BPO.

Administrative Director Monte Mafnas - No but not you providing, we ask you, we tell you which broker.

Attorney Ecube - We can procure that from that broker.

Administrative Director Monte Mafnas - Because you already told me you don't know who the principle broker is..(interrupted)

Attorney Ecube - I really don't.

Administrative Director Monte Mafnas - Of this multi-million, four hundred million dollar project.

Attorney Ecube - I don't know that information sir.

Administrative Director Monte Mafnas - So let me give you the direction as to the other broker being Christopher Felix of Realty Management Century 21.

Attorney Ecube - I'll advise my client because we'll need to do that.

Administrative Director Monte Mafnas - Very good thank you.

Attorney Ecube - But I think sir, Commission members at least to get a brokers price opinion from him compare it and then we can go from the values and then from there work out the credit of the two hundred and two thousand.

Vice-Chairman David Matanane - That considers what we have offered you.

Attorney Ecube - Yes.

Administrative Director Monte Mafnas - But Commissioner Matanane that's the offer for this one.

Vice-Chairman David Matanane - For this one.

Acting Chairman Oscar Calvo - Yeah.

Administrative Director Monte Mafnas - Okay. Is there any other offers? I mean Attorney Ecube as you can see the Commissioners are trying to reach out for amicable resolution here.

Attorney Ecube - Well I just want to get final comment that as far as whatever the amounts that are established then we would take into consideration the two zero two nine forty as a credit. I just want to make sure that first, second..(interrupted).

Administrative Director Monte Mafnas - Only for this, against my broker's price opinion because I am a broker too, that's what he's saying.

Vice-Chairman David Matanane - This according to his letter this is what we are billing you and we will consider the two zero two based on this figure. Two zero two nine forty and you pay the rest.

Attorney Ecube - So if we came up with a value from another brokers price opinion that was significantly less..(interrupted).

Vice-Chairman David Matanane - No, no, no he has already the value which he has now to say that you would get a lower appraisal value.

Attorney Ecube - We're not saying we're getting a lower we want to compare it to make sure that it's accurate.

Vice-Chairman David Matanane - Sure fine, fine but we're still going to stick to our figures and then consider that please.

Attorney Ecube - But my question is, is the Commission then inclined to go ahead notwithstanding whatever the value comes up that Younex would get a credit of two zero two nine forty? That's what I'm asking because I think that would be fair for one, fair for the other.

Acting Chairman Oscar Calvo - Well if we give you that value right now we are giving you that which is what four hundred and five thousand dollars you pay.

Attorney Ecube - Keep in mind Mr. Chair that we did also under the agreement through the Board that Younex was given a one year waiver. We're going on a two and a half years but in actuality according to the Board minutes it was actually a waiver of one year.

Acting Chairman Oscar Calvo - Waiver?

Vice-Chairman David Matanane - I believe they asked for an additional year.

Attorney Ecube - Yes but we're going to go forward and just proceed forward with a two and a half year period. But I'm just requesting whether or not the two zero two would apply either or.

Acting Chairman Oscar Calvo - Well Dave?

Vice-Chairman David Matanane - Well you know consider it and then we'll see, get your figure over here and we'll see.

Attorney Ecube - Okay why don't we..(interrupted).

Acting Chairman Oscar Calvo - Okay by the next Board meeting I want this..(interrupted).

Vice-Chairman David Matanane - We should be able to iron everything out.

Acting Chairman Oscar Calvo - Yeah and Monte see if you can follow through right there and the faster we do this by next meeting.

Vice-Chairman David Matanane - We should have a figure.

Acting Chairman Oscar Calvo - We should have that figure but we will stick to this whatever.

Attorney Ecube - I will communicate with my client about getting a BPO from Mr. Felix.

Administrative Director Monte Mafnas - One more question Attorney Ecube you mentioned that you would like to spread out the payments, amortize it over one year?

Attorney Ecube - That's what the proposal was but I've got to talk to my client first and foremost.

Administrative Director Monte Mafnas - Okay if I'm not wrong Commissioner Matanane wants a full payment okay. That's what he stated and correct me if I'm wrong Commissioner.

Vice-Chairman David Matanane - Well you know since we're giving you a credit of two zero two nine forty and here's our figure now you take it back to your client and see..(interrupted).

Attorney Ecube - I will discuss it with them.

Administrative Director Monte Mafnas - I just wanted to clear that ambiguity.

Attorney Ecube - Yes I will discuss that but again the understanding now from this meeting is I will get another BPO, I will present it to Mr. Mafnas and then we will come back with another figure.

Administrative Director Monte Mafnas - Thank you very much.

Acting Chairman Oscar Calvo - Monte make sure you clarify on the issue that it's what they want on that broker issue.

Administrative Director Monte Mafnas - Yeah.

Acting Chairman Oscar Calvo - Okay, now if they have done already their part and if they shift to go that way remember Attorney that it might rise.

Attorney Ecube - It might and it might not.

Acting Chairman Oscar Calvo - I'm just saying the value. Okay.

Attorney Ecube - Thank you very much Board members.

4. JR Mateo - demand letter/relocation to new Yigo site

Administrative Director Monte Mafnas - I submitted a demand letter to Mr. Mateo and I told him to bring his checkbook. So Mr. Mateo please either present us a check or present us your testimony.

JR Mateo - Well I'd like to do both but in this case we would like to ask the Board to reschedule this and to absorb whatever Mr. Monte had proposed to us and come back on the next meeting to present our offer.

Administrative Director Monte Mafnas - And so you don't question the amount of a hundred fifty six thousand hundred fifty three dollars I quoted you?

JR Mateo - The figure sounds good but..(interrupted).

Administrative Director Monte Mafnas - So you do agree.

JR Mateo - We need to digest this and come up with a figure where it's fair for you and I.

Administrative Director Monte Mafnas - This is what I purported to agree so can I ask you that question do you agree with this figure? Yes or no?

JR Mateo - Well no sir. I would like to come back and try to figure this out and we'll give you our proposal as to you'll come to our proposal.

Acting Chairman Oscar Calvo - You know Mr. Mateo with all due respect we have been pounding this issue for months literally okay and I think it's a drag on issue and Mr. Monte has given you that proposal and I think what happens if we come on the next Board

meeting and you know on the same concept. What's going to happen? I mean you got to at least to show good faith you know put a percentage into this.

Ben Santos (assisting JR Mateo) - If I may Mr. Chairman, I think in the case of JR Mateo's operation the figure you provided to us last Friday in my view it's a reasonable number if I may but in his particular case with the Notice of Violation by EPA and your request eight, nine months ago you asked to have his operation vacate the property. Mr. Mateo in all fairness Mr. Chairman has done just that for the last several months. Accelerate the pace, double up his efforts, the scrap has moved out quite readily. In about five or six months we'll be complete. Our problem is to make a deal with financial support that will enable him to keep that deal once we make it and we are going to make a deal. We're going to make an offer and hope to get a payment plan so we can resolve the matter because we have to vacate the premises. We're on a timeline and I think we can be done in about four or five months. So we'd like to come back in the next hearing and present you our proposal, our timelines and a payment plan and in consideration of his ability to pay that amount ongoing.

Acting Chairman Oscar Calvo - Can I just ask you one question right now, you did send him a letter right?

Administrative Director Monte Mafnas - Yes.

Ben Santos - We got it Friday.

Acting Chairman Oscar Calvo - Alright so if you did have Friday, coming in today to this meeting can you give me just roughly what a figure that you guys were contemplating?

Ben Santos - No Mr. Chairman if I may..(interrupted).

Acting Chairman Oscar Calvo - I mean you have the letter.

Ben Santos - I got it but let me direct my comment to you personally. About a week and a half ago we have information about a relocation to Yigo. We have no conceptual idea of what that means or what that's going to cost Mr. Mateo to relocate. So if you're asking us to make a deal today that we can't honor to be honest with you we can't do that because there are situations that are going to take place five or six months from now. That warrants will demand expenses of Mr. Mateo so we're trying to value all this so we can actually make a deal, keep that deal and continue to do business. Otherwise you're putting him out of business that's essentially what's happening here.

Acting Chairman Oscar Calvo - We're not trying to put you out of business okay but in essence to that I'm just saying you want to come back to the Board and present another..(interrupted).

Ben Santos - And give you an offer and give you a payment. We're going to come to the Board give you an offer, give you a payment and deposit and proceed from there.

Acting Chairman Oscar Calvo - What I was merely asking you Mr. Santos and Mr. Mateo okay hypothetically is just saying was there any dollar sign figure in your mind?

Ben Santos - Would you like me to say that? I have a figure that I think is reasonable in consideration.

Acting Chairman Oscar Calvo - That's what I want to know.

Ben Santos - I have a figure Mr. Chairman in consideration of working out the logistics of where we're going to be moving and what timelines or what the impact would yes I have a number in my head like a hundred and ten thousand and that can be worked out in payments and deposits so forth. However, I have to temper that on Mr. Mateo's behalf so he can honor that agreement. We can't make a deal here that we can't keep.

Acting Chairman Oscar Calvo - Okay.

Ben Santos - We want to stay in business. I must say this if the Board's intention is to put him out of business we might as well not talk but I don't think that is.

Acting Chairman Oscar Calvo - No, no we don't because you still have a responsibility up there and I'm not saying yes I've gone up there Mr. Mateo and Mr. Santos, you've seen me I come there in the weekend. And yes you are moving you know a considerable amount of time and I do understand that, that you are not just sitting down on those issues right now because I've gone there and spot check myself. So just to make things a lot better you know because we really got to move this out too fast okay.

Ben Santos - And we're doing the best we can as well.

Acting Chairman Oscar Calvo - Okay, Dave, Monte?

Vice-Chairman David Matanane - Yes, Mr. Santos I believe you're right you should come in with a proposal and you have that figure in mind.

Ben Santos - We're working with that figure.

Vice-Chairman David Matanane - We like that figure, we like that figure. I'm not saying that we're going to deny you on that and I was thinking maybe that hundred and ten will be placed on the table today but of course if you have time put it in writing and then come in with your proposal. But keep in mind that that hundred and ten is a pretty good size money so not paying all of this but maybe we can work out something.

Ben Santos - Absolutely the consideration there Mr. Commissioners is the company maintains and continues to do business coming out of the NOV, the Notice of Violation by EPA that's a very strenuous exercise. Meeting your request to move him out of there quickly we're working with that.

Acting Chairman Oscar Calvo - And granted I give you that respect because I have gone up there and I have come up there and Mr. Monte has gone up there and come there on

numerous times and I have seen it's been really cleared out and it's you know in fact I asked Mr. Mateo one day because they are building there and I'm thinking why? I say you guys bull dozed the other side I freaked out because I thought are they going to go build already? They already have ground breaking? But yes I just wanted to give you that credit but go ahead and put the ball figure in and then get with Mr. Monte..(interrupted).

Vice-Chairman David Matanane - Put it in writing the proposal what you're planning on doing.

Ben Santos - The concept of Yigo could I get maybe just a few minutes of where that's going, how that's going about and how we can participate in continuing the solid waste disposal business of Mr. Mateo?

Vice-Chairman David Matanane - I believe you can talk to Mr. Mafnas on that.

Acting Chairman Oscar Calvo - On a later yeah.

Ben Santos - Very well I thank you very much.

Vice-Chairman David Matanane - So we'll see on the next meeting right?

Ben Santos - Yes.

Administrative Director Monte Mafnas - September 15.

Acting Chairman Oscar Calvo - But you know the check can come earlier than the next meeting.

5. Global Recyling Center, Inc. - demand letter

Administrative Director Monte Mafnas - I gave Mr. Chu a demand letter in the amount of three hundred sixty six thousand one hundred sixty six dollars for using the property for the past twenty six months to include the delinquent real estate taxes. I've been meeting with Mr. Chu and requested appraisals from him and he's delivered it and we've been going back and forth. Mr. Chu has a very unique situation simply because he's been the guy that's been trying company wise to trying to get a lease for the past ten years. And I've visited the site, I've quantified his equipment and his activity and he's a beneficiary of a subcontract bind between himself as processor and Mr. Benny Bello dba Koko Recycling, Koko whatever, Koko this, Koko everything and he's the guy that actually did all the work. A lease was granted to KoKo on the subject lot and Danny is the guy that did all the work.

Acting Chairman Oscar Calvo - Yeah I know I've seen that place you guys you cleared that out that's the old..(interrupted).

Administrative Director Monte Mafnas - And twenty six months ago former Director Elliott did give him an authorization to occupy and do the business so he's here to present his case. Now on the license agreement or lease agreement as signed by the former Director

it obligated CLTC for considerable amount of rent for crediting for removing all the solid waste materials and unfortunately we never got a copy of that but Mr. Chu did present me and that's how I got to the figures. But Mr. Chu is willing to work out a new deal, fair, amicable to both sides and again physically he's been given authorization since twenty six months ago. So I just whipped up the numbers, fair market value and the formula for real estate taxes and I submitted in the amount of three hundred sixty six thousand one hundred sixty six dollars.

Daniel Chu - Since we keep asking for the lease agreement and Chamorro Land Trust say they are not allowed to sign the commercial lease with any commercial division. The reason why I occupy that place the main purpose is helping the Government of Guam, helping Chamorro Land Trust to clean all the mess. We didn't really apply to working there from the beginning. We are just asked for helping for cleaning Chamorro Land Trust land. Maybe we are the one of the only ones walking in to help. It's not coming to looking for benefit and starting our business. So in that year 2006 the former Director Tom Elliott they check our place they say you guys still need to clean in here we still need to clean but the thing is without those authorizations we cannot apply the permit from EPA then they're going to shut us down. So they give us the authorization till we clean out the land. Even the last Director Jesse Garcia he still come to our yard to check, he said you still doing good so he said we keep this authorization we are not allowed to signed the agreement, we want you to stay in here because most of the sites recycling we really need some company like this to stay in there.

Administrative Director Monte Mafnas - Mr. Chairman I just wanted to qualify that statement that Mr. Chu is in good standings with EPA in terms of the permitting process.

Daniel Chu - So we trying to we're really trying to run a good recycling company in Guam. Even though for the past eight years, nine years maybe we never had any disaster but once every time we have a disaster..(interrupted).

Acting Chairman Oscar Calvo - Don't talk disaster, I don't like that word.

Daniel Chu - The name is disaster sometimes benefits some people. I personally think if there's something happen we don't need the federal the company here doing the landfill, looks like we have nobody can do anything here. We have to ask federal call to send someone from States to do something here so I said I want to run a really recycling center, can meet standard, take out most things recycle as small as I can not only metal. Something I don't make money. I still doing it because like the byproduct those plastic I can bring it to the landfill then what stay there another two thousand years maybe never melt. But that one I even lose my money to ship it out because the recycling profit very low but the thing is its better than buried there. So that's what I believe if I can run the company really good it not only benefiting me and it's going to benefit my son and benefit you and your son and your grand. I think we really need that. The only thing is for our kind business without our Government's help we really can't do anything. You know for private everybody only looking for profit. The same land there's five or six companies occupied there doing the same work nobody wants to invest they just want to take a little bit money then run, take a little bit then run. They have no belief, they don't think the business can be forever and people need you here you make money. Yes if we make

money even you don't make money Government will help you. So we can stay there longer always keep in function anything happen I think that the island needs us.

Acting Chairman Oscar Calvo - You know getting back to what Mr. Monte you know I've gone up there even from the previous Director from Elliott and then also through Mr. Garcia and even to this day, yes you did a good job there that I can attest to what he has done up there to build up his and I know that area was really bad at one time or another. For whatever reason in the past why you haven't gotten that but still what Mr. Monte has alluded is there is a price tag to this thing now that we have to really and it's a good thing that you are trying to help Guam here to keep Guam clean basically is what it is. So you know Monte what was the one this dollar figure you were saying like three hundred some thousand?

Administrative Director Monte Mafnas - Right this is a figure based on the appraisal as submitted by Mr. Chu. Mr. Chu, how long would it take you to remove all the debris existing on site?

Daniel Chu - Now I need to move I think maybe two years. If you really don't I know maybe Government has a new project in here if I hear any project that's really good for everybody else I'm more than happy to move out of there even though if I move out of that place it cost maybe. I already lost three hundred thousand to half a million dollars because all the infrastructure I put it in there year by year everything I cannot move it out.

Administrative Director Monte Mafnas - Okay Mr. Chu you said two years you'll clean it up if we gave you another year, three years to move out would you guarantee you would be moving out?

Daniel Chu - Yes.

Administrative Director Monte Mafnas - Okay the reason why I asked this question is that property Mr. Chairman and Commissioners involve thirteen to fifteen acres of property and I think we should really seriously look at possibly building a Government building because it has water, power infrastructure on site readily and it's fronting Marine Corps Drive and Battulo Road next to the golf course.

Acting Chairman Oscar Calvo - And you got the golf course behind.

Administrative Director Monte Mafnas - Yes it's a beautiful amenity.

Daniel Chu - Yeah but the shape block it we cannot see it.

Acting Chairman Oscar Calvo - If you build a Government building there it's just that the Government is going to be golfing.

Administrative Director Monte Mafnas - So it'll be a centralized building minimum of a hundred thousand square feet and that will give us ample time to design and clean and get all of the biological environmental soil studies and do a performa, do a rendering and eventually want to occupy the property to build a Government building that is really

needed at this point in time. So if three years is all that you need then three years it is. We can put that in writing but also be mindful that that three years is not for free. That three years will mean you will pay and that will be as agreed by the Board and you okay. And I mentioned a property in Yigo to Mr. Chu and Mr. Mateo to relocate them as they expressed that they are going to be relocated and I'm just going through the exercise to see the viable place. Whereas it will also accept EPA's concern of the possible disaster and when Layon landfill opens up in the end of August they will not be accepting green waste or solid waste material. And when Layon opens up the Andersen Air Force Base and Naval Station landfill will close pursuant to the consent decree of the Judge as so ordered. So we really need to identify a site for solid waste materials. So I was thinking trying to consolidate the services and call it a solid waste station. We don't have any other property of that size to accommodate them down south.

Commissioner Michael Borja - On that property that you're looking at for these two they have to be approved by EPA right?

Administrative Director Monte Mafnas - Correct and I did that exercise already and EPA said yes that's a good site.

Commissioner Michael Borja - Which one, the Yigo?

Administrative Director Monte Mafnas - The Yigo right. I know it's over the northern aquifer but they said that's a good site because obviously they did some boring test and testing of the soil to determine that it will be safe in consideration of the leachate spill and the percolation rate so that is what I was told by Administrator Quinata and Cruz the assistant. So I just want to go on record that we will relocate this gentleman, both of them, one way or another. The only thing we have to establish is a site that can work both ways because I think it is time the highest and best use of that Battulo lot is for a Government lot not for a solid waste transfer.

Acting Chairman Oscar Calvo - Actually Monte and I discussed that too and what I really want to focus too is basically put all the sites of all the junk materials in one location than staging it out from Dededo, Agana for that matter. It's just that it's up north I mean but at least that's where it'll be, everybody will be up there. One place that they will be disposing because we're trying to get out like in the case of Mr. Mateo up in Barrigada Heights that's a location for building houses and so forth. So you got to build this and then you got this high rise building then you got a junk yard behind your house you know. But Monte and I we talked about that Monte and that was one of my biggest, I want to get that thing permanently put it you know as a landfill, I wouldn't call it a landfill but you know because it's basically different a solid waste staging area. And you will only be accepting cars, broken down whatever products you take, washing machines, dryers I don't know whatever, things of that nature.

Daniel Chu - Recently the biggest business we have is the people bringing in their scrap to sell it to us. The reason why we can buy it because the market value now stay profitable. So if it's three years ago you can see all, that's why we need island beautification we need to clean island, we need to do this, we need that and now it looks like nothing because the price is high we buy high, people working for themselves.

Northern side even inside the bush you hardly see the light metal any more. People bring it in we have to keep buying from them. Ever since the end of last year the island wide cleaning starting up I believe for the three village island cleaning Government spend half a million dollars and all the metallic waste coming to my yard. The same time I said lets clean it so I started buying metal at extra, local, everybody helping to moving those things because if we any Government or any private sector you want to clean those metal it's not going to work you cannot make any money you're going to lose out.

Administrative Director Monte Mafnas - Mr. Chu, are you a party or did you receive any of that nameplates that was illegally removed from Asan Park?

Daniel Chu - No I don't.

Administrative Director Monte Mafnas - I want to go on record Mr. Chu that if you do receive those plates you will be an accessory to the crime so don't entertain that okay.

Daniel Chu - Okay.

Acting Chairman Oscar Calvo - In other words if you get a roll of cable from GPA for that matter then you know somebody, Mr. Simpson can attest to that.

Administrative Director Monte Mafnas - We will support the Guam Police in conviction. I just wanted to put it on record that you have been warned okay. Thank you very much.

Daniel Chu - Yes. Even metal we buy still something happen. People bring the car to us but these things we always keep all the records. We have video camera, we write it down, the license plate, we copy their driver's license so there's a five or six times they call police we're receiving stolen goods we say we are not we just doing the scrap everything coming here scrap. So we show them the record the police go directly to the people who bring it in. But the thing is I really can't because for me its scrap maybe for him it's gold I really don't know you know those scraping car. So every since last year we started to receiving those metal.

Vice-Chairman David Matanane - Have you read the August 12, 2011 from Mr. Mafnas?

Daniel Chu - Yes.

Vice-Chairman David Matanane - Are you amicable to the figures there Mr. Chu?

Daniel Chu - Excuse me?

Administrative Director Monte Mafnas - Do you agree with the three hundred sixty six thousand one hundred sixty six dollars? But if you want to pay more we'd be glad.

Daniel Chu - I try to pay more if I can make that much but the thing is even I don't agree because I don't have that much profit. For me it's hard I already say without Government we cannot do anything and I wish you can helping me continue my business continue to

helping the people of Guam. Of course helping myself too. I have twenty five to thirty local employees if I close it's going to hurt. It's not going to help any.

Administrative Director Monte Mafnas - I do want to apologize to the Board because I had prepared a synopsis in chronological order and I failed to include it and that's my fault it's not our Board Secretary, establishing all the transition of documentations that transpired on that site. What we can do is suggest, ask him a number and let's see what if it's acceptable to us.

Commissioner Michael Borja - Have they previously paid in the past?

Administrative Director Monte Mafnas - No. No payments.

Daniel Chu - We never paid anything in the past and we have never received anything from the Government in the past.

Administrative Director Monte Mafnas - This is the first time a bill has come his way.

Vice-Chairman David Matanane - But you feel that you still owe Chamorro Land Trust?

Daniel Chu - I don't think so because before when the metal price very low I've been suffering seven years already my investment not coming back fifty percent yet.

Vice-Chairman David Matanane - No agreement on the use of the land?

Daniel Chu - Because the time we have agreement to use the land is not using the land it's cleaning the land. It's to do Chamorro Land Trust helping Chamorro Land Trust move out all the metallic waste. We are not going in there to using the land to make profit like all the private sector to making money purpose.

Vice-Chairman David Matanane - No compensation for Chamorro Land Trust.

Daniel Chu - No compensation that's why Chamorro Land Trust gave us authorization to use it they say we need you to clean for us. Actually they have before I'm a subcontractor the prime contractor has a lease agreement from Chamorro Land Trust they're waiting to pay seven point five million dollars worth of moving out those materials.

Administrative Director Monte Mafnas - That is correct. Mr. Chu did provide that and it was executed by KoKo Recycling and the former Director.

Vice-Chairman David Matanane - I would like to see that document.

Administrative Director Monte Mafnas - Sure.

Daniel Chu - You have it in the copy, I already showed them.

Vice-Chairman David Matanane - So in essence the Government is paying you to use and get rid of the metal.

Daniel Chu - No they said I think Government never like to pay I believe it's just a number you can deduct it from here from there.

Administrative Director Monte Mafnas - But we cannot pay you never give us bill.

Daniel Chu - No we don't give they say we only deduct from the rent. They say approximately twenty five thousand tons equals around seven point five million dollars then we deduct from the rental. It's not really cash involving.

Acting Chairman Oscar Calvo - So Mr. Chu what is comfortable for you in paying?

Daniel Chu - I think for the back rent I don't I think I beg you guys give me a break don't charge me because for..(interrupted).

Acting Chairman Oscar Calvo - How can I not you have already seven years of a break and you're asking me to give you another seven years?

Daniel Chu - Because the reason why I came in there..(interrupted).

Acting Chairman Oscar Calvo - I understand that yeah okay that's fine and you did a good job I'll attest to that because I've seen it and I've gone up there. So you're saying you will continue to run business every day except you just told the Board that now you're buying stuffs from people bringing in junk cars or whatever okay. So there is money rolling in right now to your company. So you are making money off the Chamorro Land Trust okay. Now the Chamorro Land Trust gave you an opportunity too for a staging area for all these years okay and that's through the previous administration what had to be done so I think you know it's already had been paid for. So I think now there's a return value back for the Chamorro Land Trust. I think it's only fair too.

Daniel Chu - Yes that's what I'm thinking I said for the..(interrupted).

Acting Chairman Oscar Calvo - Then think that way that you..(interrupted).

Daniel Chu - Yes I think because from last year the end of last year we started back before that I tell you the market died 2008 we killed until 2009 the end of 2009 it coming back.

Acting Chairman Oscar Calvo - Well you know it's the same thing the economy goes up and down the tourist goes up and down. One week you're going to see about a thousand Japanese the next week you only see one walking down there.

Daniel Chu - But I'm cleaning your back yard.

Acting Chairman Oscar Calvo - You are cleaning back but at this point in time now you're making money.

Daniel Chu - Yes I have to make money because my investment there almost two million dollars I cannot ever make it back.

Acting Chairman Oscar Calvo - So it's like just giving you that piece of property for free.

Daniel Chu - No I said I would like to pay but not the back rent.

Administrative Director Monte Mafnas - Mr. Chairman as he provided the lease because we didn't have that copy it obligates us a considerable amount of rent credit. But Mr. Chu is willing to start anew and from square one..(interrupted).

Acting Chairman Oscar Calvo - And that's what basically what I wanted.

Administrative Director Monte Mafnas - That's exactly what he's asking so we'll put this aside because we could go to court, we could win or we could lose we don't know. But this is in writing and it's signed by the Director then but he's willing to forego this and enter into a new arraignment for a period not to exceed three years.

Daniel Chu - Yes especially only three years you know in this kind business it's just a long term life if we die in three years you know it's not going to helping anybody and I believe I'm the only one company recycling company doing everything from beginning to end.

Acting Chairman Oscar Calvo - Okay this is what we'll do you meet up with Mr. Monte with that as of maybe tomorrow or make an appointment right away and then you two work out the ball figure.

Administrative Director Monte Mafnas - And after we come to an understanding then we'll present it to the Board for approval.

Acting Chairman Oscar Calvo - By next month okay.

Administrative Director Monte Mafnas - It necessitates Board approval.

Daniel Chu - Yes.

Acting Chairman Oscar Calvo - Okay, alright. But you do agree to make payment.

Daniel Chu - Oh yes because now we have profit we have to make payment before it's really hard.

6. Guam Racing Federation - increase per cubic yard up to $1.50

Administrative Director Monte Mafnas - Do you live on Guam Mr. Simpson?

Henry Simpson (General Manager of the Guam Racing Federation) - Yes sir. I wanted to introduce also Cory Paulino who is with our group in the off road portion. I'd like to read you my letter, it'll be fairly brief. I received your letter and agree basically to all the terms in there but I'd like to read you this letter for your consideration. Dear Mr. Chairman and Committee members, the Guam Racing Federation and its members Drag Racing

Association of Guam, the Guam International Raceway Motorcycle and ATV Club, Guam Regents Sports Car Club, the Guam Off Road Racing Association and Subaru Club wish to express how grateful we are to be able to use Chamorro Land Trust land Lot number 7161-R1, Yigo for the Guam International Raceway. This has been a true public private partnership that's been a benefit to everybody on Guam whether you are a motor vehicle enthusiast who enjoys the raceway or just a motor vehicle driver passenger using Guam roads which are safer because of the decline of illegal street racing. Our license to use the property expires May 31, 2018. We would like to request an extension for an additional thirty year period at the existing rent of four thousand per month plus a ten percent increase every five years. We are also asking your permission to entering into negotiations with one of our major sponsors Shell to build a service station on the property. The basic agreement would be to identify a portion that works well for Shell and GRF and have that portion appraised and then to share fifty-fifty with CLTC that rental income. Early in our agreement GRF fell behind on rental payments due to financial pressures brought on by the disaster of 911. This was discussed at the CLTC meeting on August 8, 2002 and raising the rate to a dollar fifty per cubic yard for excess material removal from the raceway was discussed. This rate was never implemented because the demand for material was so low at that time. On December 15, 2002 we entered into an agreement with the CLTC that extended the terms to repay the back rent. That addendum was followed and all back rent was paid in a timely manner. Presently the demand for material is strong and an increase is warranted. We suggest that an additional fifty cents per yard to be charged. We believe this will strike a balance that will keep the rock processing companies interested in grading the track yet provide more income. We wish to thank Mr. Monte Mafnas for scheduling this meeting to entertain our request for extension and clear up old matters. He has a fresh outlook and is a valuable asset to CLTC. In closing please be aware what an important venue the Guam International Raceway is to the people of Guam. Thank you very much.

Administrative Director Monte Mafnas - Mr. Simpson how large is that property you are occupying?

Henry Simpson - It's approximately two hundred and fifty acres.

Administrative Director Monte Mafnas - Do you use all the two hundred and fifty acres?

Henry Simpson - We don't use all of it but our plan is to use all of it. We're in the process, I don't know if everybody has seen the maps for the track. (map provided)

Administrative Director Monte Mafnas - If we go on the interim drag strip and future parking when is that going to be effectuated?

Henry Simpson - That is actually in use right now.

Administrative Director Monte Mafnas - Right but when would be the next step? When is the new master planning going to take effect?

Henry Simpson - What we did, this is one of the very first things we built for the track was the interim drag strip future parking area because it was the one that we could get kids

and get people in off the road drag racing to do right away. So we were working on it in 2002 when that meeting was held that brought up the dollar fifty. I've got a list of all the rents and royalties we paid and it kind of has a timeline in it. If you look back in the 2002 range we only had one company helping us out at that time and that was Smithbridge. Perez Bros had originally started with us up until October 19, 2001 was the last portion they did in that time frame. What had happened was we ran into really, really hard rock out at the track and the equipment that Perez could bring to bear with on the problem wasn't enough to move, we weren't able to build our track with it. So we had to hire Smithbridge to come in because they had an extra blasting team. Hawaiian Rock didn't have an extra team an extra drill that they could move away from their own work and come and do work for us. So Smithbridge was closer they had some extra people so we did a contract with them and them came in and they blasted out the rock, they blasted out the area where we built the control tower and the building. They blasted out the end of the track and it was that material that we had already paid for them to blast that we were offering the dollar fifty for. So later on when we started working with Smithbridge again in 2003 and also Hawaiian Rock even though they had originally really had planned to be part of this to help us build a track they couldn't see the need to come and join this work until 2006 the end of 2006 to the first of 2007 and it's because of the extra expense that goes into moving that material from the Guam International Raceway to their area. So the dollar fifty came about from actual excess materials from a project we already paid for. So we were paying for it and any excess materials were sold out. Later on when Perez Bros came back they did at a dollar a cubic yard and when Hawaiian Rock joined us again in 2005 we gave it to them for fifty cents a cubic yard because they could do the blasting. The blasting was the key area. Perez couldn't do the blasting at that time. If you look on at now Perez Bros had started to bring in their own blasting company and they can do blasting and so they have now joined us again. They're clearing an area through to an adjacent piece of property but their doing with blasting and the key is to leave us with flat and level ground to build a track on because the rock is so hard and mountainous out there that's it's been that kind of a project to work on. So I wanted to explain where the dollar fifty came from. We'd like you to consider doing it at a dollar. We're not going to fight about a dollar fifty if that's what the decision is because we want to move forward. The biggest thing on the table for us is basically the military. This area has been targeted by the military for a firing range okay and so we need to know can we go forward. We have our major sponsor Shell would like to put a gas station in there. They can also sell racing fuel they can sell to the community the trucking communities, everything around there and they would lease that land we will share that with the Chamorro Land Trust. We'd like to be able to say we've got thirty more years to go. We've got this tenant we may have more tenants. We want to grow this so we can finish this project in the near future and again it belongs to the people of Guam. This is a nonprofit group nobody profits from it, it just provides a safe place for people to race, to ride, to off-road, to enjoying motor vehicle sports and a variety of other things. So that's our request to the Commission.

Administrative Director Monte Mafnas - Mr. Simpson I really appreciate this synopsis but this billing, your accumulated amount was accrued over how long?

Henry Simpson - What's that?

Administrative Director Monte Mafnas - Timeframe? One year, ten years, fifteen years, thirteen years?

Henry Simpson - The payments are on the back so it goes from February 1st payment to 2001 and..(interrupted).

Administrative Director Monte Mafnas - So it's about ten years then.

Henry Simpson - Yes about ten years. The biggest amount Hawaiian Rock has been less than five years it's been the last four years because the demand came back. Before 911 we had a demand to really come in and do the grading, take the material and leave us the race track. After 911 we didn't recover until basically Hawaiian Rock saw the value in coming back and taking the material.

Administrative Director Monte Mafnas - Where's the site that you are anticipating for a partnership with Shell?

Henry Simpson - If you look right around Route 15, this area that's part of the interim drag strip that's where we would put the Shell station.

Administrative Director Monte Mafnas - How about across the street, is that the property line? Is it still part of your property line?

Henry Simpson - No it's not our boundary stops at the Route 15. On the other side it's really steep too it falls down quite a ways.

Administrative Director Monte Mafnas - What's on the south west below conservation area? It's just a garden area or greenery?

Henry Simpson - That's an off-road basically an off-road area, those little spots are endangered trees..(interrupted).

Administrative Director Monte Mafnas - Oh okay they're registered.

Henry Simpson - Yes it's a type of tree where there's only a few on Guam there's a few on Rota. The adult trees are doing okay and the baby trees are doing okay but there aren't any adolescent trees and they're trying to figure out why they're not producing well.

Administrative Director Monte Mafnas - Okay let's go back to the interim drag strip you mentioned you're going to take that down right?

Henry Simpson - That's our plan after we get our permanent drag strip built. We would take down a portion of that and have it available for maybe warehousing for storage of race cars that kind of a future endeavor.

Administrative Director Monte Mafnas - That's future income stream?

Henry Simpson - Future income stream.

Administrative Director Monte Mafnas - Okay so how far down are you taking it? Twenty feet, forty feet, hundred feet?

Henry Simpson - Twenty to thirty feet like that.

Administrative Director Monte Mafnas - For the length of the new drag strip?

Henry Simpson - No just from if you were to say where it says road race pit paddock and you were to go back and then from that to the north east part there that section would come down because right now if you go to the drag strip..(interrupted).

Administrative Director Monte Mafnas - About a quarter of a mile?

Henry Simpson - No it's not even a quarter of a mile.

Administrative Director Monte Mafnas - So less than a thousand feet.

Henry Simpson - About a thousand feet because at the end of the drag strip it goes up. So right now our strip goes down and then it goes up at the end so that portion at the end would come down when we have the new drag strip there.

Administrative Director Monte Mafnas - What type of system are you going to use for like your bleachers? Is it going to be concrete?

Henry Simpson - Well we bought some really nice bleachers right before Pongsona and Chataan and they were the kind that you could pick up and place around the different parts of the track and they were all destroyed in those typhoons. So we've decided to basically build it where they're cut into the end of the sides of the hills and concrete it and we won't try to move them.

Commissioner Michael Borja - Where is all the harvesting of the minerals taking place at now?

Henry Simpson - It's in various places, it's at the end of the drag strip we're cutting out some and then we're coming in from the north side coming south clearing this road race portion there's been some taken in the middle. It's been all over that area.

Administrative Director Monte Mafnas - How long do you expect to continue that exercise?

Henry Simpson - I think we'd probably need another year and a half. About a year and a half maybe two years maybe less depends on how effort is put into grading this to what we need.

Commissioner Michael Borja - But there's no big pits.

Henry Simpson - No. If you look at it now it may look like a pit but it's a ponding basin in the future because it's up against the side of a rising hill and that hill will come down and so it will be a big ponding basin at the end of that.

Acting Chairman Oscar Calvo - Henry actually once that's done the spectators will really be more or less looking down in the arena right? It's like an arena.

Henry Simpson - Yeah, right. The idea is to have it in a big bowl shape if we can and Eddie Cruz has just joined us from the Drag Racing Association, these are the guys that are going to take this over in the future. The idea with that is to have the center and the middle lower than everywhere else and then higher around the edges so that you can see down into it. Ideally we'd love to have it where we could take a part of the cliff down and you have the ocean in the back ground as television cameras watch cars go back. Our designer said that would be the ultimate for a road race course like that.

Acting Chairman Oscar Calvo - But of course that's expensive.

Henry Simpson - It's not so expensive but it ran into wildlife and EPA and a lot of people. So rather than argue about that we're dealing with what we got.

Administrative Director Monte Mafnas - But you're not going to touch the cliff line aren't you?

Henry Simpson - Not without permission.

Administrative Director Monte Mafnas - So noted.

Vice-Chairman David Matanane - What's the area size between the shoreline and up to your boundary line.

Henry Simpson - This is about another I think around two hundred and fifty acres down below us but it's down on the second shelf and I think it's still Chamorro Land Trust land right?

Administrative Director Monte Mafnas - Yes.

Henry Simpson - There's really no way, we had thought about maybe getting a road down to that through here but it's really pretty high.

Administrative Director Monte Mafnas - By the way for information of the Commissioners I did investigate that site and what Commissioner Borja was a pit is now all level ground as demonstrated by Smithbridge. They took out, harvested some minerals but the finished product is basically leveled that's what I saw. And is that going to be consistent across the pits?

Henry Simpson - Yes that's going to be what this, our future final drag strip looks like all the way through.

Administrative Director Monte Mafnas - On those pits that were excavated for mineral reasons is that structurally sound? Is it buildable?

Henry Simpson - The drag strip, where we're putting in the drag strip we're not going to put buildings on. Whereever we're putting buildings on that will be on undisturbed soil. But we had where the new drag strip is we got undulations in there and the soft rock was already taken off. So the hard rock has to be blasted out of there. And so they're blasting it out of there, they're paying a royalty to CLTC for that rock coming out and then we're not taking part of that royalty because they're back filling it and they're topping it so that it's almost ready to be paved. When they're done with it we'll have a final drag strip that they can grade and pave without having to do very little work to prepare it.

Commissioner Michael Borja - So is the back fill coming from outside?

Henry Simpson - Some of it is coming from outside some of it is coming from inside some coming from Smithbridge. One of the byproducts of Smithbridge is a real fine silting material that works fine for back fill. It isn't a sellable product so they put that back in they pay the royalty they put that back in and they level and grade and compact the ground for us. It's worked out really well. For us to pay for have something like that done is extremely expensive.

Acting Chairman Oscar Calvo - Henry on that backfilling on Smithbridge are they going to bring raw material stuff like that?

Henry Simpson - Yeah they bring it from their pit. What they bring is stuff that is dirty. So let's say it's mixed with top soil it's not a sellable material or it's a byproduct material that they put back in there then the top three feet we put real good material on.

Commissioner Michael Borja - But it's just earth only it's not other kinds of waste.

Henry Simpson - No it's not waste, it's all earth, there's no metallic there's no garbage, there's nothing like that in there.

Administrative Director Monte Mafnas - Mr. Simpson correct me if I'm wrong but I heard you say you're not going to take any royalties. Is that a statement of fact?

Henry Simpson - What we're doing with the one that Smithbridge is doing..(interrupted).

Administrative Director Monte Mafnas - Only that certain section.

Henry Simpson - That section where they're doing that.

Administrative Director Monte Mafnas - Not the whole basic lot.

Henry Simpson - Not the whole basic lot.

Administrative Director Monte Mafnas - I just wanted to clear that, that's what I heard.

Henry Simpson - Yeah that's important because we need money to operate too and that's always been part of our plan of how we can operate this race track using that income from the royalties to help us get it built.

Vice-Chairman David Matanane - Mr. Simpson so you do agree with the dollar fifty if there is any materials taken out?

Henry Simpson - I'm sorry?

Vice-Chairman David Matanane - You do agree with the one fifty that Mr. Mafnas has calculated?

Henry Simpson - I think it's a little bit high I think I may lose some of the people that are trying to help me right now with that price. That price may be at the point where when they do their calculations it's cheaper for them to stay home. I don't know because it's tripling the price that we're doing right now, that's a pretty big jump. But I'm not going to fight about it okay. I don't want to argue.

Vice-Chairman David Matanane - I hear you, I hear you but of course if the military does come around I believe the materials that would generate from there would be going up.

Henry Simpson - I would think so yes I would think so. If the military comes around and doesn't take this and this is the key you know we don't want them to take this. This is why we're asking this Board I know it's going to be hard for you guys you know the licenses are only twenty one years and there are other restrictions and stuff. But if we started now and say okay everybody it's our intention to give these guys an extra thirty years we like their plan we want them to go forward we see this as good for the future of Guam and the kids and just get it moving down the road the dollar fifty in the year won't matter. Right now it may scare it may move some people away. Maybe it will maybe it won't. But we're going to do it anyway and then in a year from now it won't matter especially if the buildup continues.

Administrative Director Monte Mafnas - My question is our biggest partner in royalties is Hawaiian Rock, correct?

Henry Simpson - Yes.

Administrative Director Monte Mafnas - And is it also safe to say that Hawaiian Rock just received a seventy five million dollar contract?

Henry Simpson - You know I don't know what they did but they've done a lot, they have received lots of contracts.

Eddie Cruz - I'm part of some of the projects that Hawaiian Rock does on my private business and the aggregate portion of it is not a big, big amount. It's only mainly for asphalt additives and stuff like that.

Administrative Director Monte Mafnas - That's good to know thank you.

Commissioner Michael Borja - But if you look at what you've provided here the total amount of monies received I guess would be based on the amount of mining that has been taken out.

Henry Simpson - We prefer to call it grading.

Commissioner Michael Borja - Okay grading okay so if you look at the amount taken out in May of this year and the amount that came out in July there is a fifty nine percent increase in the amount of grading so there has been a significant increase in the demand.

Administrative Director Monte Mafnas - You can see the growth.

Commissioner Michael Borja - I see it on Route 15 every morning. I cannot believe the number of trucks the dump trucks that's why I see the earth coming in and the rock coming out so I can see this stuff every morning.

Vice-Chairman David Matanane - So I guess your proposal is in writing right?

Henry Simpson - Yes.

Vice-Chairman David Matanane - Maybe we can digest that and then maybe we can in future meetings with Mr. Mafnas setting up you coming in for the decision. Your proposal is already written out.

Henry Simpson - Yes.

Vice-Chairman David Matanane - So you can submit that then we'll look at it and then I guess Mr. Mafnas will get back to you then we'll set up on another meeting.

Henry Simpson - Okay.

Administrative Director Monte Mafnas - I just want to go on record that the last time there was a price set was thirteen years ago. Is that correct?

Henry Simpson - Actually this Board had never set the price before they had told me..(interrupted).

Administrative Director Monte Mafnas - Okay so you set the price.

Henry Simpson - And I change it depending upon the demand because if I've got nobody out there doing anything then come you guys I'll lower the price and let's get this going let's finish this I want to get it done.

Administrative Director Monte Mafnas - That was thirteen years ago.

Henry Simpson - Honestly right now we've got three different prices. Hawaiian Rock is at fifty percent because they can get us down to plus minus. Perez Bros is at a dollar

because they're just going across our property to their property. Smithbridge is at twenty five cents because they're filling back the drag strip. So I've used that to work with different parts of the track to make it work.

Administrative Director Monte Mafnas - And all three are aware of the price difference?

Henry Simpson - Differences yes. But they all know a dollar fifty is coming too.

Administrative Director Monte Mafnas - You got that right. That way there's uniformity.

Vice-Chairman David Matanane - Mr. Chair I think that we will give him the opportunity to submit that proposal and then the Director will get a hold of him and then we will come down to a but he's requesting for a..(interrupted).

Henry Simpson - Thirty year lease.

Vice-Chairman David Matanane - Now we can table that for now Mr. Simpson so we can digest all the stuff that you gave us and then maybe Mr. Mafnas will inform you as to what we're requesting for.

Henry Simpson - But the letter I got it said it starts a dollar fifty from the first of September right? So from the first of September I'll present this to our guys..(interrupted).

Acting Chairman Oscar Calvo - And that's next month Henry.

Henry Simpson - No I understand, it should be reflected in the check the month after so.

Acting Chairman Oscar Calvo - I just quote that because we just said September and you could say you never told us what year.

Henry Simpson - No but I think there's a lot of people that are really going to wait to hear your decision for the thirty year request. That's really, really you know there's so much time and effort that were put in by people to do this and we're a nonprofit group that we really want to see your support in working with us.

Commissioner Michael Borja - And I commend you too, all you guys because I know it does bring a lot of the activities to you know focus to a place that keeps the kids off the street. One of the thing that scares me about Route 15 is that you see all the tire marks on the roads in some places and I don't want to be on that road when that's going on. But you know when it comes to this long term lease there are things that could happen that are beyond our control as we all know with the military buildup. Who knows what's going to happen. I think there's quite a few people that are in favor of nothing happening in that area right now for a variety of reasons and it benefits you guys as well. I hope that's the case.

Administrative Director Monte Mafnas - I echo Commissioner Borja's concern of safety. You've provided a lot of safety for the kids and we give you guys kudos and affirmation of good will okay, thank you so much.

Acting Chairman Oscar Calvo - I want to make a last comment on this issue to you know going back historically on these issues you know I've worked with Henry and one of the things that touches me a lot too on this issue because the Guam Raceway Park really was basically really started as a smoking wheel which is the Cross Island Road for so many years for that matter. And it does have a you know but the fact remains is yes Mr. Simpson and the overall guys have tremendously put a lot of effort up there and really built that track up there to that safety because you know it gives a lot to the younger generation now to go whether it be a Friday, Saturday or Sunday or to go up there to practice or to race and so forth. So there's always you know they're always saying well there's no place to go but we do have a place at this point in time you know and granted that the young ones now will sooner or later take over the I guess the helms of Mr. Simpson. But yeah I do have a lot of inside of me because I was a part of that and I'm still you know.

Eddie Cruz - Henry asked me to be here for one primary reason and the reason was this motorsports park is not totally one hundred percent for motorsports. In the past couple of years I know you guys have seen it in the news about incidents of theft of student funds and stuff at some of the High Schools and also vandalism and stuff so basically the schools are all clamped down and not allow anybody after hours on campus. So a lot of these students have resorted to using the facility for things like learning how to drive or after school driving instruction. Simon Sanchez had a lot of funds stolen from their Senior Class the last few years so they have been using our facility as their gathering area to actually have a dance and have their little after school things. So I just want to focus that it's not technically a raceway park it's a public park for the people which includes everybody not necessarily for motorsports. Simon Sanchez is one of them, UPI Elementary you know there's quite a number of schools and I can see their concern about clamping down on their facilities because of the vandalism and all the things that have happened in their schools. But we have been very receptive towards trying to help them and in fact we had a lot of different things on the site including graduation practices and so forth which I think is a very good thing to share.

Acting Chairman Oscar Calvo - Well I think you know I applaud you guys for all the efforts in putting in up there and I'd like to see this continue on for the next generations and generations for that matter. I know in the very beginning when this just started there were a lot of negative issues on these things on the Chamorro Land Trust but you know somewhere along the lines we need to put our kids too in a safe zone and instead of losing kids out there in the street because they want to show off their car for that matter. I mean we may not get all of them in there but.

Eddie Cruz - We try.

Henry Simpson - We make a difference.

Administrative Director Monte Mafnas - Like what Mr. Cruz says it keeps the kids busy and that way it keeps them out of trouble that's very important.

Vice-Chairman David Matanane - I guess my last comment is remember Mr. Simpson that we have limitations too.

Henry Simpson - I understand, I understand I'm just asking you to do your best.

Acting Chairman Oscar Calvo - Okay thanks.

Administrative Director Monte Mafnas - We'll get together next week okay.

Henry Simpson - I want to thank also the fellows from Smithbridge and Perez Bros that are here to work with you on other things thanks for your help.

7. Smithbridge - Proposed property exchange for portion of Lot 7163, Yigo

Steve Radonich - Good afternoon Mr. Chairman, Commissioners and Director, my name is Steve Radonich. I am the Vice-President for Smithbridge Guam and with me is Jake Leon Guerrero he is our financial controller.

Administrative Director Monte Mafnas - Okay Mr. Steve Radonich is the General Manager of Smithbridge and he has a proposal in front of us to exchange a portion of Lot 7163 adjacent and abutting and contiguous to Smithbridge lot in the municipality of Yigo. Now we drove that site and we inspected that site and the proposal is very accountable, transparent and very workable in terms of developing a price, identifying a lot, doing the due diligence of how big of a size an area we can work with and transfer ownership to the use of the property. Basically, Smithbridge is going to quarry the property if I'm not mistaken and so it's a multiple offer. They're willing to work out whatever is clever I say in terms of reaching an amicable deal. They want to go forth and say we want this property it's adjacent to our property we want to buy this property. I did express to Steve and Jake that it's my contention that we will need two appraisals pursuant to the past transactions but possibly a surveyor to do the exercise of identifying the minerals of the property. I also mentioned to them that the property is unregistered at this point in time and that we might need to get a land registration map, abstract of title, serve process of the abutting, adjacent lot owners and filing in court the land registration process to make sure that this title is free and clear of any encumbrances of record that it is a perfect record. I also suggested to these two gentlemen to not only, they have met the Governor and the Lieutenant Governor and I suggested that they meet with the Senators and they did do the due diligence and according to the response they can state that but all is well according to them. Now there's option that they're putting on the table. They want to work with us after we identify what is fair to them and fair to us they want to work out a deal. The deal is again either property, building, infrastructure and I requested for consideration of royalties. Now when I spoke to Senator Ben Pangelinan he was adamant of a fee simple transaction. In other words deeding the property to them. Now they can quantify that statement but that's based on my meeting with Senator Ben Pangelinan addressing this application. As far as he's concerned he is willing to work in providing this subject site as seed money for future infrastructure uses okay. But his term is a term of 99 years not a full conveyance of deed and title. So it's just a 99 years however 99 years is three generations of people. And actually Bishop Estate and Parker Estate are the biggest landowners of the State of Hawaii, do conveyance all the time and get funding all the time to the tune of 84 years. So Chamorro Land Trust 99 years is

pretty much in perpetuity. So that's what I have been meeting with Steve and Jake for quite some time and this is what they have reduced it into writing so gentlemen and state your case.

Steve Radonich - Thank you very much Monte. The proposal you've all had it for a day or two and hopefully it's been read but it is very simple and basic and we feel that it is a win-win situation. There is something we want but we're prepared to make sure that there is clear and concise property or in effect infrastructure given that can be recorded by valuations or however. This is a proposal to stage that we're looking to get the basic concept agreed with Chamorro Land Trust and then the final details can be worked out you know you gentlemen and ladies would obviously have things to offer and we would like to move forward with it.

Acting Chairman Oscar Calvo - You said you guys had gone to the Governor and also went to the Senators or one or two whatever may I ask who are the Senators that you spoke to?

Steve Radonich - We saw the total of the land committee and then the remainder of the Senators and the Lieutenant Governor and Governor's office.

Acting Chairman Oscar Calvo - The reason why I ask that because you know as you know and Mr. Monte has stated that fact that you know the Chamorro Land Trust and only people that can really more or less release these properties is through the legislature and I wanted to make sure because the Chamorro Land Trust is being for the Chamorro Land Trust itself. I want to clarify that portion I don't know who, what the other Senators, they may have been in support of course if they call it and they want to outright sell the purchase that's their discretion you know. But overhaul the integrity and the Trust of the Chamorro Land Trust that is why it was created because of just the word Trust itself. I'm entrusted for this, Mr. Matanane, Mike and also the Director here and Mrs. Santos here you know that this piece of property is ideally for the Chamorro Land Trust. Because whatever the end result of this and Monte I think you and I have spoken a little bit on this you know fill the gaps in some way.

Administrative Director Monte Mafnas - A couple of things I just wanted to mention that when we effectuate this plan we will set a precedent. I just want to go on record that once this is consummated this deal is consummated that is, that will set a precedent for future Chamorro Land Trust transactions of property. Maybe not as comfortable and transparent but it will set precedent. Secondly, I really, I like this idea because we need seed money for infrastructure. Now we can take that seed money and go to USDA and apply for a SUTTA loan. We can get a considerable amount of money for the infrastructure to make available to Tract 9210 which is already in Yigo. It's already approved and recorded and is readily available to install the infrastructure and embed it. At that point in time I would like the Board and everyone to issue an RFP and Smithbridge can bid on it too. But their idea and correct me if I'm wrong Steve and Jake but it's not only to buy the property and exchange value for value, probably infrastructure and probably building homes. Is that correct?

Steve Radonich - We were hoping amenable to anything, providing it is transparent and providing it's fair then we don't have a problem.

Acting Chairman Oscar Calvo - That piece of property that Mr. Monte is saying I think it's about four hundred and sixty lots, acres right or lots.

Administrative Director Monte Mafnas - Yes that is by lots, they're all quarter acre lots right outside the gate and I showed them the area. This is such a beautiful lot though it's perfect for a subdivision actually they took me there yesterday and it's really a beautiful lot. Some portions of it have ocean view and its readily available it's just rolling, it's not really a ten percent slope or a swamp area it's a very beautiful lot. But at this point in time it is still an unregistered lot and these gentlemen agreed to take it to the land registration process which would accelerate the registering of this lot because we have eighty two other lots to register.

Acting Chairman Oscar Calvo - Is he going to fork out the cost for this?

Administrative Director Monte Mafnas - Yes.

Acting Chairman Oscar Calvo - I just want to make sure because I don't have as you can see earlier I've been trying to get money from other clients.

Steve Radonich - I think we've outlined in there the cost that are contributed to do whatever we need to do to secure the property will be borne by us.

Commissioner Michael Borja - Lets look over the lands that we're talking about here, so we're going to exchange property from what to what?

Administrative Director Monte Mafnas - From another area off Emsley Road almost off Route 9, or whatever property we can identify or provide. If they're going to acquire then of course that's going be cost that has to be deducted from. So if they were going to get a 99 year lease for 45 acres for example and it's worth 10 million dollars for example so if they have to acquire a piece of property on behalf of CLTC and it cost 2 million so they take out the 2 million so we have an 8 million dollar credit so to speak. So it's based on value for value and so now we're in this position where at discretion where to use the money.

Commissioner Michael Borja - Right okay but what is this 35 and 40 acres of land Lot 7163?

Steve Radonich - To explain that the original concept was to purchase private sector land where we would recognize ten properties in an area that Chamorro Land Trust wanted to be or needed property or needed housing property then we would upon agreement with Chamorro Land Trust purchase said property, develop it to the stage that Chamorro Land Trust wanted it developed. Whether it be farming whether it be residential whether it needed roads and infrastructure so that those properties if it was house sections then those properties would have separate titles they would be ready to hand over.

Acting Chairman Oscar Calvo - So it's almost like you're really going out to the market area and say they decide to sell a piece of property to what value that he wants to that piece of property whether he has ten acres for that matter and that's what the value to that exchange to and off-set because what you're saying you want this piece of property to simply be having that to be original title holders. Once we do this with you my only problem there right now is..(interrupted).

Steve Radonich - For a lack of commitment.

Acting Chairman Oscar Calvo - Yeah.

Steve Radonich - We have it the other way around.

Acting Chairman Oscar Calvo - In other words if you default hypothetically you do not come through with that and you know what guarantees us back for Chamorro Land Trust.

Steve Radonich - We had it the other way around where we purchase the property we get it ready we get the infrastructure..(interrupted).

Acting Chairman Oscar Calvo - That's exactly what I wanted to hear.

Steve Radonich - And we then at that point with all the titles and any easement situations sorted the titles are free and clear it then gets vested or put into Chamorro Land Trust hands and at that point we're on the other end.

Acting Chairman Oscar Calvo - That's my point because..(interrupted).

Steve Radonich - Give nothing receive nothing. We give first receive second.

Acting Chairman Oscar Calvo - Yeah so you give one for one basically.

Administrative Director Monte Mafnas - I must say this is the most fairest offer on the table I've ever seen, it's the most transparent.

Acting Chairman Oscar Calvo - That's why it was just kind of boggling my mind I said you know wait a minute you know.

Commissioner Michael Borja - But I still don't understand the properties you're looking to continue to use for and we're referring to this map..(interrupted).

Steve Radonich - It is a four hundred acre property, we don't need four hundred acres but we would like a portion of it and we boundary that property on two boundaries so what we would like is to square our property out. There are two ways of doing that and that will be a Chamorro Land Trust decision to say no we're only happy with that much property to give. But we didn't feel that it is in the interest to sell property so what we wanted to do is to have property from the private sector that we can develop for Chamorro Land Trust hand it over and vested it to them and then at that point we take a slice of that cake.

Commissioner Michael Borja - So you want to quarry this area that you're blocking off now. Doesn't this go down? Isn't there a drop there the edge of the cliff and you go down to this flat land right before the beach and there's a farming area down there?

Steve Radonich - That is about probably and I'm guessing probably 800 yards to the cliff line and like Monte said there's pristine land out there. I know there have been proposals to Chamorro Land Trust to go out there and mine it and terrace it down.

Acting Chairman Oscar Calvo - I was going to suggest that you know to use you know to terrace the property down for that mere fact because then you know once you terrace it down then you really still have value to those properties regardless. Let's say you got four hundred acres and we discuss can we give you a hundred acres for you know but to make the property into terrace where ideally it'll still be available and still come back and rebuild back.

Administrative Director Monte Mafnas - That's exactly what I was thinking too Mr. Chairman but after physically on site and inspecting it and walk some area and we drove all around it's really beautiful. It renders itself as is, buildable right now. You can't really cut and bench it because it's basically all tabled up, separated, flat.

Steve Radonich - Its basically flat land and a gentle slope to the sea so it's essentially already terraced anyway and then you got a cliff line that if you terrace then you would, to me you never want to touch a cliff line.

Administrative Director Monte Mafnas - You can't see the view if you terrace it.

Steve Radonich - So if you terrace down you won't you know you'll go down below.

Acting Chairman Oscar Calvo - Well I know if you're on the third level.

Steve Radonich - My point there is to..(interrupted).

Acting Chairman Oscar Calvo - No the reason why I said that is as you know land is very, very valuable here on Guam and we only have so much so if you terrace down I mean let's say hypothetically you do a hundred okay because at the time and you terrace down okay then you come back then you rebuild okay which is actually a business way of doing to go back and rebuild and resale homes. Maybe the most lowest affordable homes you know to the younger ones open market I guess you want to do that and you get your royalty, you get what you're going to dig out of there and at the same time you reverse back and you still make money.

Administrative Director Monte Mafnas - I offered the same thing originally.

Acting Chairman Oscar Calvo - I mean that's basic business concept. But of course if you want to give us that twenty five million that's fine.

Steve Radonich - The thing that I see here is that would never happen in all of our lifetime or our children's lifetime or their children's lifetime and you know you get the economy

rises and falls and so somebody starts out there and digs a big hole and starts on this project then it falls over then it's left for the mess of Chamorro Land Trust to have to then deal with. And with us by owning the piece of property by taking it into our own position we are the people that actually have to be the guardian of that property and of course in the exchange Chamorro Land Trust has a piece of land that they can use, can distribute to the people of Guam.

Acting Chairman Oscar Calvo - The reason why I said because then it, see after 99 years it comes back to the Chamorro Land Trust. That 99 years that piece of property has already been cut out but of course I won't be around by 99 years.

Steve Radonich - You know the amount of area we're talking four hundred acres and the amount of area you're talking a thousand years of aggregate. On a small property on a property that's ten acres or something of that nature in the right area it'll probably lean itself to terracing down.

Administrative Director Monte Mafnas - I would like to make a point again Commissioners that I appreciate their due diligence as to providing us additional property. I think the highest and best use of that money, monies that will be generated from this deal is infrastructure. I can't impress upon you more than I can that we really need infrastructure.

Commissioner Michael Borja - But we're not going to run into the same kind of issue we just had with Younex where there's a..(interrupted).

Steve Radonich - Laterals.

Commissioner Michael Borja - Where we have the Attorney General rendering opinions saying we can't make these kinds of deals.

Administrative Director Monte Mafnas -No, we tell them where to put it. They're not going to tell us where, we're going to tell them not them tell us, correct?

Steve Radonich - Yes.

Administrative Director Monte Mafnas - It's our disposition, it's our discretion how the money is spent. I just want the Board to understand that there should be some if not all of that money addressed into infrastructure. Because if we take hypothetically a million dollars, make it two million dollars and we go to USDA we can get a SUTTA loan for ten million dollars and we can take that and embed the infrastructure on Tract 9210 and that will serve quite a lot of homes, possibly four hundred some lots that can be addressed. Infrastructure is very expensive and I'm just saying that from my point of view that is my concern. Now the Commissioners have the final say so I just wanted to impress upon you consistently and religiously that infrastructure is very, very important.

Steve Radonich - There's both options in here and this is a document that is put on the table at this point as our proposal or for idea that we would like to put to Chamorro Land Trust and input. It was tabled originally around twelve months ago maybe a little longer with Chamorro Land Trust initially.

Commissioner Michael Borja - I suggest we move then to allow the Administrative Director to begin working with Smithbridge on the proposal and then to present the final proposal to us for a vote.

Acting Chairman Oscar Calvo - Mrs. Santos, Amanda do you have any questions to this?

Commissioner Amanda Santos - No it's good.

Acting Chairman Oscar Calvo - Well just to go back to that issue of the..(interrupted).

Administrative Director Monte Mafnas - There's a motion on the floor.

Vice-Chairman David Matanane - Well we need to put it in motion so..(interrupted).

Administrative Director Monte Mafnas - Already.

Commissioner Michael Borja - Not motion to approve this I'm putting the motion on the floor to allow the Administrative Director to begin the process of working this and negotiating with Smithbridge for final approval.

Vice-Chairman David Matanane - So moved, seconded.

There were no objections.

Acting Chairman Oscar Calvo - So be it.

Steve Radonich - That's very good okay that's what we wanted to achieve. Thank you very much for listening to us.

Administrative Director Monte Mafnas - Thank you very much gentlemen.

8. Guam International Country Club

Administrative Director Monte Mafnas - Commissioners can we in consideration of the Guam International Country Club is here can we..(interrupted).

Acting Chairman Oscar Calvo - I was just about to say let's entertain them.

Kelvin Torres (Operations Manager) - Good afternoon Chairman and Director Mafnas, thank you. We received a letter dated July 15 from Mr. Mafnas in regards to the delinquent of payments and the property tax and also the general liability insurance. In the last Board meeting I was requested to have Mr. Koike of one of the Board members to be present the authorized representative of GICC. Now that Mr. Koike was just granted his L1 Visa he will be staying on Guam for quite some time to help us rebuild our golf course. To answer the delinquent lease payment is that I asked the Board to the current I guess the current schedule payment the promissory note that we have now in the last Board meeting I asked the Board if we can restructure the payment on more affordable on our side to get approval of the Board if we could restructure that promissory note.

Acting Chairman Oscar Calvo - My only problem with that Kelvin we've been you know we have addressed this issue far long okay. And granted that when you came back about a year ago and we sat down we all agreed to that even to former General Manager when we spoke up there and agreed to the terms of that. Keep in mind you gave that proposal from you guys on the time frame of that payment and we all agreed but for some strange reason you yes you did make a gesture and you did come up with a two hundred thousand check at that time. But then you know you kind of just shy away and you still have that nineteen thousand dollars monthly rental plus the I think fifteen thousand dollars additional to that which you'll be paying like about thirty four thousand dollars a month okay. I know that you said at the time and your boss at that time said times are hard. I mean you talk about times are hard I mean you see even the Governor right now is you know starting to do layoffs and what not you know. So I think to make that adjustment what are you guys looking for an adjustment? I mean are we looking to prolong this again for another three, four months you make one, two, three payment and then you know because the Board has instructed Monte to you know and you know that from the last Board meeting that you have to come up with some sort of money.

Kelvin Torres - Yes sir if you noticed I have this letter and I put in exhibits. On exhibit 1 if you noticed that we did make some payments since September 10 which is on a monthly basis and the proposal promissory note it was, the first promissory note that we presented it was stretched out until the 2014 lease ends and I guess we actually agreed upon of just shortening it for one year and then it's very unrealistic.

Acting Chairman Oscar Calvo - Monte, how much all together they owe right now? Everything their behind payment.

Administrative Director Monte Mafnas - The total I gave them was four hundred some thousand dollars.

Kelvin Torres - Yes sir actually the letter states on the July 15 letter was four hundred fifty one thousand three hundred thirty three and then that's actually the, it adds up for the delinquent payment and also the property tax. I did some computations and I addressed this too I went to Mr. Mafnas's office and also I guess his assistant there Mr. Garcia and we tried, we reconciled our books together and I think there's some payments that were not applied, the payments that's in exhibit one. And then we did made some actually on the payments from September all the way to April until the..(interrupted).

Acting Chairman Oscar Calvo -You know Kelvin that's why at the time and Monte what I initially said at the time when you make those checks one check was basically for the arrears and one check is for the day..(interrupted).

Kelvin Torres - Yes sir.

Acting Chairman Oscar Calvo - Because if you put it into one check okay that throws off.

Kelvin Torres - Oh no sir I didn't.

Acting Chairman Oscar Calvo - That's why and I made that clear to you guys that when you pay the check the fifteen thousand dollars or whatever that is fifteen thousand dollars is for the arrears. The nineteen thousand is for the monthly.

Kelvin Torres - That's what I did sir. If you notice on the exhibit one the checks are actually paid on cashier check.

Administrative Director Monte Mafnas - I'm glad that you met with Mario Garcia to reconcile. You know whatever is proof. Whatever you guys paid we will accept it but again the burden of proof is still your side to prove that you made the payment and then that's why we can reconcile.

Kelvin Torres - Actually the instruction of Chairman Calvo was to pay this in cashier check and that's what I did. I had to go all the way to Agana to Department of Admin and then actually go back to Chamorro Land Trust to make sure it's copied and stamped that they receive that we made payment on that month. And then if you also see because it's so difficult for us to actually meet up the arrears from the September of 2010 which is the remaining of one sixty nine. We did make some payment of total of about twenty nine thousand. Five thousand here and thirteen thousand..(interrupted).

Acting Chairman Oscar Calvo - Why would it be so hard if you're going to go down to the Treasury of Guam and you got to be making two payments, two different checks?.

Kelvin Torres - No actually that's what I did sir, that's what I did. I followed the instruction of your instruction.

Acting Chairman Oscar Calvo - Yeah right and you know because at the time especially with this amount of money right now I mean the Government is scrapping for money left to right right now and you know this is money also the Chamorro Land Trust would need to do our infrastructure and so forth. So how much are you guys looking to pay monthly?

Kelvin Torres - Actually right now we're actually just trying to get your approval if we..(interrupted).

Acting Chairman Oscar Calvo - That's another thing Kelvin is you give me a dollar figure, why do I need an approval from you. You tell me what you want, how much is the dollar figure because that's the problem that I have. If I'm giving you an approval and I made this clear to you guys okay that when you come in here you bring the dollar figure. Because you know what's comfortable to you then we have something to work on that we can say okay is this in agreeable to you Mike or is this in agreeable to you Mrs. Santos or Dave. But you're asking us to give you an approval and the approval is to extend that date that month that year or whatever.

Kelvin Torres - Actually we do have it here just the two zero five that's actually outstanding now. It's actually we did extend it to 2014 we broke it down to 2014 I think that's about thirty months.

Administrative Director Monte Mafnas - Yeah, the first term expires.

Kelvin Torres - Yes.

Vice-Chairman David Matanane - Mr. Torres, is he the owner, Mr. Koike?

Kelvin Torres - He's actually the GM and also the Treasurer.

Vice-Chairman David Matanane - For the corporation, he's the Treasurer, he's the money man?

Kelvin Torres - I'm sorry Secretary for the Board member of GICC.

Vice-Chairman David Matanane - Oh, I thought you wrote a check out. Anyway, this is your break down and our figure is more than this actually double?

Administrative Director Monte Mafnas - No.

Vice-Chairman David Matanane - You mentioned four.

Administrative Director Monte Mafnas - Four fifty one that's because that's the ledger for the lease payment you're including the real estate taxes.

Vice-Chairman David Matanane - And the other one there is the other receivable within the receivable right?

Kelvin Torres - Yes sir and on the property tax they're still actually I guess they're still working on our actually lawyer is involved they're actually communicating with Revenue and Tax I guess there's some things in the law that they just need to clarify.

Administrative Director Monte Mafnas - Because I did serve them notice in the amount of a hundred eighty five thousand dollars for unpaid real estate taxes. Unfortunately, they did not do their due diligence by virtue of checking with Revenue and Tax or getting a PTR establishing that there is and there are delinquent taxes of record. So those delinquencies I just took it grouped it up and I submitted the bill to them and the burden of proof is them to make sure that the payments are paid. Otherwise, it's in violation of section seven of the lease.

Kelvin Torres - We do have the records of the property tax actually back in 2006 we have the property tax payments that we did and then right now we're looking at this since 1989 and that's actually what our lawyers are actually working on with Department of Revenue and Tax.

Administrative Director Monte Mafnas - In 2006 you guys bought the property?

Kelvin Torres - In 2007.

Administrative Director Monte Mafnas - The ambiguity there is in 2007 they bought the business not the lien and it included the lease but they failed to do a PTR because they

bought the business. The PTR would have told the story that there are a list of encumbrances of record and it will also stipulate there that these taxes are delinquent and they didn't get that and that's what happened. The previous owners did not pay any real estate taxes whatsoever. But the taxes run with the land it does not run with the owner or the name of the person.

Acting Chairman Oscar Calvo - So you carry that burden from the previous owner for what when you bought that up there the golf course okay it was really a business transaction of only taking over the stocks and all that stuff. That's all you guys did but I think any smart business people okay would look at it into do you owe taxes.

Administrative Director Monte Mafnas - Due diligence.

Acting Chairman Oscar Calvo - Yeah for whatever faulty fault that didn't show on your part you guys are left to carry the burden.

Kelvin Torres - And actually yes we are actually facing this head on. We're not hiding we're not denying it and we're just actually we just need some clarification on what went on in the past. I joined the company three years ago which is 2008 and Mr. Koike joined the company from the head office in Japan Golf Management just last year of 2009. And we're here, we're here to cooperate with CLTC and also working with whatever is actually coming up to us and it's very, very hard especially with these economic times.

Administrative Director Monte Mafnas - I agree and we appreciate working with you however, what's your daily cash? How many tourists do you have approximately?

Kelvin Torres - Actually we don't have the count.

Administrative Director Monte Mafnas - I know it's not going to be exact but approximately.

Kelvin Torres - Actually right because of the April happens to Japan we are actually averaging about thirty packs a day.

Administrative Director Monte Mafnas - Even with the yen so powerful I mean if you cash a hundred dollars you only get back sixty five dollars. Thirty five is the difference of the yen.

Kelvin Torres - And our rate is very competitive if you see the report we have this Gym Kai, the Gym Kai all the golf courses we had our number of players have went up but we have to compete with the rates. But thirty packs we net at seventy five dollars and we have to have players about fifty to sixty packs a day.

Administrative Director Monte Mafnas - What's your formula for the local players?

Yohei Koike (General Manager of Guam International Country Club) - Local player we have average of ten to twenty five. On the weekends we have a lot of local players

coming in to play but on weekdays we don't have not much local players and we have seven golf courses on this island.

Administrative Director Monte Mafnas - Maybe you should address more local players as a better rate a weekend so you can get the majority of the percentage of players.

Kelvin Torres - Right now our rates is like thirty dollars and we have twenty dollars and with that rate we'd probably need about four hundred rounds of golf a day just to break even.

Administrative Director Monte Mafnas - Four hundred rounds?

Kelvin Torres - Yes.

Administrative Director Monte Mafnas - That's not even physically possible.

Kelvin Torres - Exactly.

Administrative Director Monte Mafnas - You have thirty six holes times four players what that's a hundred and forty four players, it's impossible.

Kelvin Torres - Yeah that's what I'm saying it is impossible.

Administrative Director Monte Mafnas - A maximum is a hundred and forty four players, correct? So how can you project four hundred players?

Kelvin Torres - But that's only just to say just to break even of course it is impossible. The GICC is actually a golf course of our local community. We had sponsored so many schools with a game and of course Mr. Mafnas you're a golf player and I think everybody knows..(interrupted).

Administrative Director Monte Mafnas - I used to play golf I haven't played at GICC in about twenty years so just note that.

Kelvin Torres - And we have also sponsored the Guam National Federations played the golf and now we're trying to look for other venues to actually generate our..(interrupted).

Administrative Director Monte Mafnas - The other venue includes the bingo?

Kelvin Torres - Yes.

Administrative Director Monte Mafnas - How much do you make out of the bingo?

Kelvin Torres - We actually not really.

Administrative Director Monte Mafnas - Okay how about in book value because I guess you have collection problems too. But how much are you supposed to have made on the bingo transaction or venture?

Kelvin Torres - Actually we haven't made any yet we actually didn't really consider the economic times and they have not even because we do have to inventory plus they also have to pay rent but that actually right now is still on hold because it's not making money at all.

Administrative Director Monte Mafnas - So Mr. Torres what if we took that bingo venue and we ran it as Chamorro Land Trust. What would your share be?

Kelvin Torres - I guess just if you do run the bingo then the rent would just go to Chamorro Land Trust.

Administrative Director Monte Mafnas - No I'm not talking about rent I'm talking about profit on the bingo. You know what ever profit of course we need to pay for some expenses like power.

Kelvin Torres - As long as I can keep my restaurant that can generate you know just keep us..(interrupted).

Administrative Director Monte Mafnas - And that's where you make out.

Kelvin Torres - Right now at this point July 22nd it starts that's the only pretty much just holding us up it's like a little revenue from the restaurant side.

Acting Chairman Oscar Calvo - How much a month are you willing to pay right now?

Kelvin Torres - Actually right now we project on the arrear side it's like five thousand dollars a month until we see any improvement on the bingo itself and also..(interrupted).

Acting Chairman Oscar Calvo - Aside to the nineteen thousand dollars.

Kelvin Torres - Well the nineteen that's also.

Acting Chairman Oscar Calvo - I mean that's what twenty four thousand in one year right.

Kelvin Torres - A month.

Commissioner Michael Borja - So the five thousand is on the arrears?

Kelvin Torres - Five thousand arrears compared to the thirteen thousand.

Acting Chairman Oscar Calvo - So you'll be paying monthly well you're paying nineteen thousand now plus the five thousand so you'll be paying the twenty four thousand dollars. Why not opt it to thirty thousand? Ten thousand dollars a month.

Kelvin Torres - That thing is even that's kind of hard the additional.

Acting Chairman Oscar Calvo - See but you're asking to do extension up to 2014.

Kelvin Torres - And actually what's going to happen is it's going to increase on a year on a yearly basis. We actually made a payment on the arrears in August its ten thousand dollars and next month until the end of 2011 five thousand each month and starting January 2012 for the whole year will be seven thousand.

Acting Chairman Oscar Calvo - Because you know with five thousand dollars a month in arrears that's sixty thousand dollars a year okay aside to the nineteen thousand okay. So if you look at the nineteen thousand let's say for just on a round off number that's about two hundred and forty thousand.

Administrative Director Monte Mafnas - That's two hundred and sixty four thousand.

Acting Chairman Oscar Calvo - Yeah for a year for the nineteen thousand dollars aside.

Administrative Director Monte Mafnas - Plus the five thousand.

Acting Chairman Oscar Calvo - No not plus the five thousand. So you're looking about three hundred grand a year with the sixty thousand dollars.

Vice-Chairman David Matanane - Are you guys incorporated in Guam?

Acting Chairman Oscar Calvo - You said you had seven golfs here.

Kelvin Torres - No.

Administrative Director Monte Mafnas - No that's existing.

Acting Chairman Oscar Calvo - Oh okay.

Vice-Chairman David Matanane - Do you have your corporate documents?

Kelvin Torres - Yes sir.

Vice-Chairman David Matanane - We would like to see that. Have he submitted any?

Administrative Director Monte Mafnas - No.

Vice-Chairman David Matanane - That is a requirement really when you're supposed to but I would like to see a copy of the incorporate documents. Another thing I would like to state this for the record you guys are lucky we are not charging any interest nor penalty. This is raw dollar for dollar. You guys consider yourselves lucky because if you do go to an entity like at the bank or any other lending institution you will be yanked. You guys are getting a big break. You are using it for a dollar, no interest. Wait till you get a loan actually we're lending you the money and you're you know you're using our money.

Kelvin Torres - And I thank the CLTC members also Chairman Calvo.

Vice-Chairman David Matanane - I'm sorry but that's the reason why I'm kind of ticked off because you know if you look at if you go to any other entity they already foreclose you and we are you know at the last meeting I'm getting ticked off again. Anyway, your proposal is to reduce the payment?

Kelvin Torres - Yes please.

Administrative Director Monte Mafnas - Reduce the promissory note payment.

Kelvin Torres - Yes.

Vice-Chairman David Matanane - So you're saying the twenty four thousand a month, we don't have to approve that, you go ahead and pay us the twenty four thousand. You're already behind and still accumulating and remember the last couple of meetings back we were trying to instill the fees and penalties that we were going to charge and we haven't even done that yet. If we had done that you're not going to be owing us only that amount. I mean you are fortunate you guys got to bring it up to par because if we do instill the interest and penalty provisions will we will never end. Do you understand where I'm coming from?

Kelvin Torres - Yes.

Vice-Chairman David Matanane - I know you're the account right, you know that that if we apply interest and penalties back to the arrears including the other receivables that you asked I think this thing will amount up just on a basic interest figure. You won't be able to pay I mean I think I hope you can pay because if you keep mounting it up it's going to go overwhelm and now here we are sitting trying to get..(interrupted).

Acting Chairman Oscar Calvo - Let me ask one question, how much does your company really wants to hold this golf course here? How value is it to your company?

Yohei Koike - To be honest with you sir if you look at the..(interrupted).

Acting Chairman Oscar Calvo - No, no that's not my question okay you owe already and it's been back tracked and we've been discussing this for the last year or two okay and we have given you guys an opportunity to pay and so forth and you know keep in mind that whatever goes in Japan like I stated Japan is Japan by all due respect. They have bad problems over there we have problems here too. I want to know from your company's side okay do they really want to keep this company or not?

Yohei Koike - Financially not sir.

Acting Chairman Oscar Calvo - So financially no so you're like saying you're kind of really taking a chance or a guessing game hopefully that if things don't turn out in the next six months okay we're going to end up with paying with money that you guys would owe the Chamorro Land Trust. So you see what I'm trying to say here is, Japan your company you know they have to come up with some sort of statement do they want it or not. Because if not then we can put this out in the market. Because if you cannot sustain right

now what guarantee do I have on that five thousand a month? That's what I'm trying to get back okay. You may pay tomorrow I mean September, October, November and December but then it goes down again okay. So your company has to make some sort of tough decision just like us. Is your company willing to hold this or not because I'll tell you right now and this is my suggestion right now if we're going to do that we're going to charge you the interest. Because either you hold it you know we can't keep playing toss ball.

Administrative Director Monte Mafnas - Catch up.

Acting Chairman Oscar Calvo - Catch up.

Kelvin Torres - I understand where you're coming from Mr. Chairman.

Acting Chairman Oscar Calvo - But see you just stated that to sustain is not really. So what is it? Are they willing to hold on to this golf course or not? Because I can't go maybe if we agree to these terms today, three months down the line you say you know we have problems. It can't be that way anymore. It can't. And that's why it's very important the big man shows I mean you know you're representing only your company and I want to know the real manager or whoever owns this company or some sort of letter saying you know what we can't hold to this property no more we can't be paying this no more. Either you give in or you know I don't know I mean that's my decision, Dave and Michael? I mean because it goes back and we're still going back again okay. We gave you an opportunity more than once and what and you just quoted me and you just stated that not really. So what is it do you want to hold to the golf course here on Guam or no?

Yohei Koike - Sir, I just said financially because after the March 11th to the..(interrupted).

Acting Chairman Oscar Calvo - See I know I understand that I can't always be going back to March 11 okay. But they got to make some hard decision if you want to hold this or not.

Kelvin Torres - Actually what we're trying to do is actually we're trying to pull all our grounds just to make sure that we actually have not given up and if it comes to that then of course CLTC will be the first group to actually will be informed that all the possibilities that we could think of is not working any more. But right now I guess we stand still to our last breath and then until we say we are done. We just can't give up we still have people that are employed under us. We're still sponsoring our community.

Administrative Director Monte Mafnas - I have a question sir, did you ask any Japanese corporation to partner up with you maybe give you some money an infusion of money to catch up? Have you tried that exercise to find a financial partner?

Yohei Koike - Yes, that's what they're trying to look for in headquarter in Japan but it's not really decided anything yet so it's not, I don't have any information about that.

Kelvin Torres - We actually do a lot of ourselves in marketing partnering with all the hotels, restaurants in Guam to actually work together doing advertising and promotions

with each other. We are still working aggressively just to find a way to get this revenue up. As I said until the last breath we will let you know.

Commissioner Michael Borja - Well you're still going to be continuing on with your payments of your normal monthly payments and you're just asking for the five thousand dollars towards the arrears instead of thirteen thousand then I guess it's better than getting nothing.

Kelvin Torres - And if you notice if you see before April hit we've been trying to really make some payments.

Commissioner Michael Borja - I understand but you know before Mr. Matanane mentioned it I was going to say the same thing there is no interest or penalties imposed on this. Your five thousand dollars would only be on interest nothing on principle and so it is a free loan you're getting. You can see how we're trying to get money from other lands that we're trying to use but you know you are paying on your existing rent and trying to catch up but the thing is it just prolongs that whole arrears. And when you don't make a monthly payment it adds to the arrears even more. It makes it even more difficult.

Kelvin Torres - Yes sir even though with our hardship I thank you for CLTC not charging us interest and we're not denying also sponsoring our local schools despite we're not making any money. Right now we have Ukudo, we have St. Johns, we have the St. Aquinas and also the J&G. We have the qualifying from SPG I mean those are people that are playing for free and even with hearts that generates power we're not denying them it's because we still consider GICC as a municipal golf course.

Commissioner Michael Borja - Last meeting I asked you what were you doing with the eradication of the rhino beetles.

Kelvin Torres - Yes sir actually I've been in contact with the, I didn't bring my paper, but when we ordered the chemicals and also the parts for our back hoe and also we actually already submitted a request the chief to get the fire..(interrupted).

Commissioner Michael Borja - Fire permits.

Kelvin Torres - Yes sir and then..(interrupted).

Commissioner Michael Borja - Have you gotten the fire permits?

Kelvin Torres - No not yet sir.

Commissioner Michael Borja - This is the best time to burn because it's wet you're not in a hazard to brush fires.

Kelvin Torres - Actually what happened to ours now is become a mulch now so actually we're just waiting for the chemicals to come in but the chemicals have been ordered already.

Commissioner Michael Borja - Okay thank you.

Vice-Chairman David Matanane - Mr. Koike who is your President of the corporation?

Yohei Koike - Mr. Daisho Yoshizawa.

Vice-Chairman David Matanane - And Mr. Yoshizama is he in Japan or here?

Yohei Koike - Yes.

Vice-Chairman David Matanane - Is he in Japan?

Yohei Koike - He stays in Japan sir.

Vice-Chairman David Matanane - What about the Vice-President?

Yohei Koike - Both he also stays in Japan.

Vice-Chairman David Matanane - Oh so only the Secretary is here?

Yohei Koike - Yes as the GM yes.

Administrative Director Monte Mafnas - How about Carlsmith? Carlsmith is your legal lawyer.

Kelvin Torres - Yes sir our corporate.

Administrative Director Monte Mafnas - Does he, do they have a stock in your company? Aren't they usually your secretary, no?

Kelvin Torres - No sir no they don't.

Administrative Director Monte Mafnas - So there's only three officers then.

Kelvin Torres - There's actually four.

Administrative Director Monte Mafnas - Who is the fourth one?

Kelvin Torres - Daishyo, Tokari, Ishikawa and Mr. Koike and we just actually I hired by Carlsmith and Ball because they were involved in the beginning of GICC and they're the ones that's actually organizing our corporate documents.

Acting Chairman Oscar Calvo - Right you want to extend up until 2014.

Kelvin Torres - Yes sir.

Vice-Chairman David Matanane - On that amount of payment that you're requesting.

Kelvin Torres - Well actually the two zero five actually the arrears instead of one year that original promissory note we actually wanted to extend it till thirty months instead of twelve months.

Vice-Chairman David Matanane - In 2014 everything will be paid.

Kelvin Torres -Yes.

Vice-Chairman David Matanane - With this figure the current and up to 2014.

Kelvin Torres - Yes sir.

Vice-Chairman David Matanane - We have two years to deal with this?

Commissioner Michael Borja - Well I think that you have no other choice really and that you know other than to just say terminate it all and you're not going to receive anything.

Vice-Chairman David Matanane - And if we do terminate them we have to send it to court we'll collect it from there. We have to think about our options but extending it to 2014 I believe today is August we'll extend to August and we'll see if you're true to your and we'll see whether we had it extended it up 2014 would it really be paid and if we are in arrears from here to next August then we cannot deal with it anymore.

Kelvin Torres - Yes sir actually probably next year will be the determining fact.

Vice-Chairman David Matanane - Mr. Torres it is going to be the determining fact you know. I'm just kind of considering because you got people there also employed but you're riding on our backs. CLTC is you know is giving you that money to lower it and you're only making enough to pay your people maybe a little for but you're still going behind with us. I suggest a year.

Acting Chairman Oscar Calvo - Okay let's say hypothetically we go for one year okay and they're up to par to that okay if they fail at any given time you know between then next from 2011 to 2012 which is August if you're off one month all bets are off. But we'll give you a try out for one year. I think that's more than a fair play to you guys. If nothing..(interrupted).

Vice-Chairman David Matanane - With no interest, no penalty.

Acting Chairman Oscar Calvo - With no interest, no penalty. I think that's amplitude time if you decide to shut down in the next six months you have time to renovate or to if whatever your company but to extend it to 2014. But this is my question Dave even if they do in 2012 and they may be up that payment has to go higher.

Vice-Chairman David Matanane - Oh yes as soon as it comes in because you're making your plans up to 2014 but in line of the payments for this one year it will if it's not working you better (inaudible) because that's it right. We're figuring that in one year's time you will adjust yourselves whether you're going to make it or not or better surrender because

we're going to that's it. You know how many times we've met Mr. Torres I believe since Anigua, man. I would love to get a hold of the golf course but..(interrupted).

Kelvin Torres - It's a very difficult task but as I said the company asked me to.

Commissioner Michael Borja - But you're also already not current on your rent.

Kelvin Torres - Yes that's correct.

Administrative Director Monte Mafnas - And real estate taxes they have to be current there too.

Kelvin Torres - Actually the property tax..(interrupted).

Administrative Director Monte Mafnas - You're current you can give us paid real estate bills.

Kelvin Torres - Okay.

Acting Chairman Oscar Calvo - So Dave, Monte and Mike give them that one year but any given time within the next year from August if you fail one month so in other words next month actually not next month even this month I want that at least five thousand this month.

Kelvin Torres - I already paid the ten thousand sir.

Administrative Director Monte Mafnas - He paid thirteen already.

Kelvin Torres - Ten thousand sir.

Acting Chairman Oscar Calvo - Okay but within that period of one month that you for whatever no excuse, agreed?

Yohei Koike - Yes.

Vice-Chairman David Matanane - Twenty four will be for the coming month for September it's the twenty four thousand, right?

Kelvin Torres - Yes sir.

Vice-Chairman David Matanane - From then on to..(interrupted).

Acting Chairman Oscar Calvo - But separate check every month.

Kelvin Torres - Yes sir.

Acting Chairman Oscar Calvo - Separate checks make sure. The five thousand is the arrear the nineteen thousand is the regular monthly check.

Kelvin Torres - Yes sir.

Acting Chairman Oscar Calvo - That way we don't get confused because you can't say well I paid you twenty four. The twenty four is..(interrupted).

Vice-Chairman David Matanane - Applies to both of them.

Acting Chairman Oscar Calvo - Both of them so within one year because this will give you more than enough time if you were going to make it. Six months down the line and your company decides to close down you got six months at least to find these employees and give them heads warning and say you know what we're going to close down. Agree?

Kelvin Torres & Yohei Koike - Yes sir.

Acting Chairman Oscar Calvo - The other question to that is and I want a progress from them at least every three months how they're coming along.

Commissioner Michael Borja - No next month, every month, every meeting.

Acting Chairman Oscar Calvo - Yeah every meeting.

Kelvin Torres - Oh yes.

Administrative Director Monte Mafnas - Very good thank you.

Acting Chairman Oscar Calvo - But if you come next month and say don't even come to the front door and say this, I think really Mr. Torres and sir you have more than, we have given you guys more than a lateral okay.

Administrative Director Monte Mafnas - And please don't complain about making payment to the Treasurer of Guam that's your obligation. You only do that once a month.

Kelvin Torres - Oh no sir I'm not complaining at all.

Administrative Director Monte Mafnas - That's an obligation of yours so don't complain about..(interrupted).

Acting Chairman Oscar Calvo - And when you do get, pay that make sure that we get a receipt copy.

Administrative Director Monte Mafnas - He does.

Kelvin Torres - Oh yeah I do, I'm not complaining at all.

Administrative Director Monte Mafnas - That's what you said you're frustrated about.

Kelvin Torres - No I'm just saying I'm following the instructions of the route that Mr. Chairman Calvo want us to do.

Vice-Chairman David Matanane - We have stipulated the agreement right?

Yohei Koike - Yes.

Administrative Director Monte Mafnas - We all agree.

Vice-Chairman David Matanane - That it only extends up to one year, September of next year. If you fail at any point in time from next September to this coming September or any time duration up to September 2012 if you fail any of the months all bets are off.

Acting Chairman Oscar Calvo - If you made a payment on September, October, November and December you can't come with the money and try to make a payment all deals are off. You can still get it but we're going to go back to the original payment plan.

Vice-Chairman David Matanane - And maybe not even that.

Acting Chairman Oscar Calvo - Not even that probably. So that way it gives you the flexibility if your company is going to keep the company or not and if six months down the line if the big boss in Japan say you know what shut it down okay you have amplitude time to give the employees okay. Instead of shutting you down today and then you have to go up tomorrow and say today and say pack up your things. I think that's more than fair.

Commissioner Michael Borja - But I do wish you all the best in your business I mean we would rather be having a better conversation than this. I appreciate you guys coming forward and facing the issues that you have with us than us having to chase after you. But I do wish you all the best in your business and maybe you can succeed a lot better and get back to a profitable venture because that's what it's all about.

Kelvin Torres - Thank you.

Acting Chairman Oscar Calvo - You know the golf course basically was back then was really designed for the local okay and that's one way that you guys can do I know you're doing the hotels and so forth maybe you can market out like you know to the schools.

Commissioner Michael Borja - That's what he said he's doing already.

Acting Chairman Oscar Calvo - Oh he did already.

Kelvin Torres - Yes sir. Schools are actually sponsored there, they're not paying.

Administrative Director Monte Mafnas - They're like junior golf programs.

Acting Chairman Oscar Calvo - Yeah that's what I'm saying okay.

Kelvin Torres - A lot of schools.

Administrative Director Monte Mafnas - We appreciate you guys okay but help us help you. You have to help yourself too.

Kelvin Torres - Thank you.

9. Department of Hawaiian Homelands-Enviniti / Attorney Ed Ching
Administrative Director Monte Mafnas - Just informational.

10. GEDA MOU
Administrative Director Monte Mafnas - Just informational.

VII. DIRECTOR'S REPORT
Administrative Director Monte Mafnas - I have officially been installed as the Acting Director for Land Management effective yesterday.

Commissioner Michael Borja - So are you going to be gone from here?

Administrative Director Monte Mafnas - No I'm going to take it in the morning and then in the afternoon I'll address Land Management.

VIII. EXECUTIVE SESSION - None.

IX. ADJOURNMENT
Meeting adjourned at 4:45pm.

Transcribed by: Teresa Topasna Teresa Topasna Date completed: August 29, 2011

Approved by Board motion in meeting of: 9/15/2011

Administrative Director, Monte Mafnas: Monte Mafnas Date: 9-15-11

Chairman (Acting), Oscar Calvo: Oscar Calvo Date: 9-15-11