# Chamorro Land Trust Commission

*(Kumision Inangokkon Tano' Chamoru)*

*P.O. Box 2950 Hagåtña, Guåhan 96932* *Phone: 642-4251 Fax: 642-8082*

*Eddie Baza Calvo*
*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*


## REGULAR BOARD MEETING
## AGENDA

Department of Land Management Conference Room
3rd Flr. ITC Building, Tamuning
Thursday, September 15, 2011; 1pm

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES
1. August 18, 2011

IV. PUBLIC COMMENTS

V. OLD BUSINESS
1. Guam Housing Corporation
2. Younex International Inc.
3. JR Mateo
4. Global Recycling Center, Inc.
5. Smithbridge
6. Layao Enterprises
7. Agfayan Incorporated

VI. NEW BUSINESS
1. Hawaiian Rock Products - Site improvement license procedure
2. Ko'Ku Recycling - Continuation/termination of license agreement
3. Department of Hawaiian Homelands-Enviniti/Attorney Ed Ching
4. GEDA MOU
5. Consolidation of CLTC with DLM effective 10/1/2011

VII. DIRECTOR'S REPORT

VIII. EXECUTIVE SESSION

IX. ADJOURNMENT

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*Monte Mafnas*
*Administrative Director*


**COMMISSION MEETING MINUTES**
**Department of Land Management Conference Room**
**3rd Flr., ITC Building, Tamuning**
**Thursday, September 15, 2011; 1:20pm - 3:31pm**

## I. CALL TO ORDER

Meeting was called to order at 1:20pm 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 (August 18, 2011)

**Commissioner Michael Borja moved to approve the minutes of August 18, 2011 subject to corrections. Vice-Chairman David Matanane seconded the motion. There were no objections, MOTION PASSED.**

## IV. PUBLIC COMMENTS

None.

## V. OLD BUSINESS

### 1. Guam Housing Corporation

Administrative Director Monte Mafnas - Guam Housing Corporation has submitted a tentative drawing of their need and as-built and we'll be further negotiating the terms of the lease. They just wanted to present the conceptual site for our perusal and they'll be working hand in hand with us.

### 2. Younex International Inc.

Administrative Director Monte Mafnas - Younex International represented by Attorney Cynthia Ecube had requested to be withdrawn from this agenda until such time we have hired a legal counsel so we have no problem with that.

Vice-Chairman David Matanane - There is a problem. Is she trying to state that it's between the two attorneys that will take care of this matter?

Administrative Director Monte Mafnas - That's what she's saying.

Vice-Chairman David Matanane - But yeah according to her letter but it's subject to our approval so I don't know where the attorney is coming from.

Commissioner Michael Borja - I think she's trying to get a contract finalized. That's what she's been talking about at the past meeting but your right it has to..(interrupted).

Acting Chairman Oscar Calvo - Yeah it still has to come back to the Board.

Commissioner Michael Borja - Where do we stand on our attorney?

Administrative Director Monte Mafnas - I have three or four months ago requested from GSA Claudia Acfalle, I gave her a draft pursuant to the last counsel and she said that she's going to prepare it for us. The Chairman Calvo had seen her a month ago so at this point in time they're still waiting for the fiscal year to end September 30 and the new one October 3rd and I will sit down definitely with Claudia to send out the RFP. One way or another we're going to get the RFP out.

Commissioner Michael Borja - Okay.

Administrative Director Monte Mafnas - Whether it be per hour or per task. We have encumbered and identified the funds to hire an attorney.

Commissioner Michael Borja - So we've gone from the idea of an attorney that we're going to use from the Attorney General's Office that we pay for to one that we're going to hire directly.

Administrative Director Monte Mafnas - We would like to explore both options Commissioner as to the highest and best use of our money. Also the Attorney General can provide us and assist us on a lot of the land registration cases that is needed because the actual number at this point in time is ninety six lots which equates to almost thirty million square meters of land. So we need to decide whether we go full force expeditiously on the land registration or we get counsel to assist us in collections, in the Rules and Regs, in updating our leases and our office layout in terms of documentation.

Commissioner Michael Borja - It seems like it has to go up pretty high because I haven't read the full text of the bill passed last night the budget but all I saw was a lot of CLTC stuff all around it and they're depending on this and that so the registration of the land and the value of the land and all that.

Administrative Director Monte Mafnas - By the way the value of the land is considered by Revenue and Tax at four hundred million dollars. Now that's with the registered land not inclusive of the unregistered land again almost thirty million square meters of land, there's a substantial difference but they're pretty close in value.

**3. JR Mateo**

Administrative Director Monte Mafnas - They did submit a letter requesting that they'll deposit fifteen thousand dollars in escrow Title Guaranty but they also want to submit their receivables from the Government to the tune of approximately ninety thousand dollars. Now in addition to that they want to volunteer and assist us in cleaning out the Barrigada Heights lot adjacent to them. The quarry that Perez Bros used to own it has tens of thousands of tires and who knows thousands of batteries too and a lot of concrete. So they

want to work with us closely to clean out all the solid waste that they have and what is in the quarry which we really need to itemize at this point in time.

Commissioner Michael Borja - And to be credited towards what they owe?

Administrative Director Monte Mafnas - Yes well I told them it cannot be an in-kind services, they bill us we pay, they bill us we pay and to work closely with that at a preferred price of course because there's a substantial number of waste that must be addressed and removed and when they take that waste they will get some form of credit.

Commissioner Michael Borja - And that's CLTC land also?

Administrative Director Monte Mafnas - Yes sir.

Commissioner Michael Borja - And that was also part of the Notice of Violation from EPA?

Administrative Director Monte Mafnas - Yes.

Commissioner Michael Borja - Not the land that JR Towing is using but on an adjacent lot.

Administrative Director Monte Mafnas - That is correct, five acres. That subject lot was leased to a Bello, Mr. Bello, Benny Benavente I think his name is doing business as KoKu Recycling, KoKo this and he had the license for operating at that lot to accept all solid waste. I did request Mr. Benavente to be here to present his case and he agreed but I guess we'll just have to table it and take it at the next Board meeting.

JR Mateo - Good afternoon Mr. Chairman, members, my name is JR Mateo.

Administrative Director Monte Mafnas - Last time I submitted a bill over hundred and thirty two thousand dollars and you wanted to counter.

JR Mateo - Yeah well Ben's opinion there was what he said but what we have here in front of you guys I don't know if Mr. Monte had passed this out. We've come up with a counter proposal and hopefully with the proposal and the thing that has been happening then that will be considered by the Board. My counter proposal was fifteen thousand and considering with the time we had started in putting this thing together in 2009 with the NOV in 2003 that just kind of like crippled me from there to 2009. In 2009 that's when we start putting everything together from the help with some friends with equipment and also my hardest part there was bringing in the power which is a three phase set up on an agricultural area. So in front of you is what we propose to the Committee and hopefully with the consideration that we can move forward and I'm not really making that much I'm only making two containers a month of where I'm at. We have provided a bill lading practically every month to Chamorro Land Trust and Guam EPA as to how much containers that we put up every month considering the bale that we have the machine that we have is not that big.

Acting Chairman Oscar Calvo - Mr. Mateo I know I've been up there and I've seen some of the work you've done so far and I've got to credit you for that but when you, you know two containers a month is you can't double that container by any chance?

JR Mateo - Well you know I have a small operation you know I only have so much equipment I'm not like Mr. Global or anything like that but with the capacity that I have and the manpower that I have is only two plus maybe at the most.

Acting Chairman Oscar Calvo - But if you have the manpower and better equipment..(interrupted).

JR Mateo - Yeah if I have the manpower, better equipment and a bigger facility because what holds me back from doing anything out there because of the NOV, the Notice of Violation from EPA and that kind of like restrict me from doing anything up there. We've been communicating with EPA trying to resolve the issue. I've given it to KoKu with some essence showing EPA that I'm doing something to clean these cars out.

Administrative Director Monte Mafnas - Mr. Mateo it's my understanding that you deposit fifteen thousand dollars, is that your offer to pay off?

JR Mateo - You know I mean considering.

Administrative Director Monte Mafnas - I thought you were assigning the unpaid receivables.

JR Mateo - If you guys would accept my offer of fifteen thousand okay now if not then you guys would come back and counter offer whatever it is and maybe we can work something out from there. But I'm willing to give fifteen thousand considering you know all though I've been up there that long but I'm not really doing anything out there since I got that NOV up to 2009.

Administrative Director Monte Mafnas - So that's your answer to full payment, that's your offer fifteen thousand dollars.

JR Mateo - Yes sir if you know if the committee wants to come back and counter offer that then we'll kind of come up we'll work something out. I do have receivables.

Administrative Director Monte Mafnas - How much is your receivables Mr. Mateo? My understanding was around eighty to ninety thousand.

JR Mateo - Somewhere around that area if this thing will be approved.

Administrative Director Monte Mafnas - Mr. Mateo are you ready and able and willing to remove all those materials in the hole that's known as the Perez Quarry?

JR Mateo - The old coral pit what it is is just tires there. Now if you guys would accept what we have written down here anywhere in Chamorro Land Trust solid waste material we'll offer the service to you guys, take it out for free, process it and ship it out.

Administrative Director Monte Mafnas - We cannot do in-kind consideration we need to go, you bill us we pay you. But the question Mr. Mateo is are you ready, able and willing to clean up that quarry?

JR Mateo - The tires whatever is there yes with the permission of you guys.

Administrative Director Monte Mafnas - At your expense.

JR Mateo - Well yes.

Administrative Director Monte Mafnas - We're going to need Mr. Mateo a scope of work addressing those issues the contaminants the existing waste that's located there to be removed and we want to work with you on that measure. That's something we can work on and can get the Governor's approval because only the Governor has the authority for in-kind consideration.

JR Mateo - Okay I appreciate that.

Administrative Director Monte Mafnas - In addition to the fifteen thousand dollars and anything is your cost.

Acting Chairman Oscar Calvo - Does it have to be fifteen thousand dollars?

JR Mateo - That's what I'm offering to you guys hopefully that you can consider my situation and with what I proposed to you guys is what Mr. Monte was just saying about that hole. That hole has a lot of tires down there another issue.

Acting Chairman Oscar Calvo - I know I've been there and I've seen it too myself I'm not going to disagree with you on those issues. You know fifteen thousand dollars is kind of stringent but how about twenty thousand dollars? I think that's a fair.

JR Mateo - Okay that will be fine but then I give you fifteen then five maybe two month would that be okay? But what we want to do is it going to you guys or going to escrow? We have provided that information also in escrow.

Administrative Director Monte Mafnas - We'll structure how the payments should be identified but eventually you would have to pay Treasurer of Guam and we'll tell you how to annotate the check on the bottom to Lot 5402 for example.

Acting Chairman Oscar Calvo - Actually Monte that money really just goes directly to the Treasurer of Guam.

Commissioner Michael Borja - Yeah why would we do an escrow?

Administrative Director Monte Mafnas - They wanted to demonstrate that the money is there that they wanted to pay.

Commissioner Michael Borja - I would just receive the money because I don't know what the fees are on escrow.

Administrative Director Monte Mafnas - They're paying it it's not our fees.

JR Mateo - That's with the consult with you guys if there's another alternative here where we can just put it with you guys or the Treasurer of Guam.

Acting Chairman Oscar Calvo - I would rather put it direct payment like what Mr. Borja said that way if it goes to the escrow okay they get money and that money is your money that we can add on to a few dollars more.

Administrative Director Monte Mafnas - That was a demonstration of good faith that there is money that was the exercise.

Acting Chairman Oscar Calvo - And that's good but make it a cashiers check.

JR Mateo - Okay but is that feasible ten thousand now and..(interrupted).

Acting Chairman Oscar Calvo - Twenty thousand.

JR Mateo - Yeah twenty thousand, fifteen and five.

Commissioner Michael Borja - I don't have a problem.

Vice-Chairman David Matanane - And the matter of the timeframe.

JR Mateo - Yeah maybe two or three months like that or even sooner than that.

Acting Chairman Oscar Calvo - Well work out the details with Monte and you figure the math.

Administrative Director Monte Mafnas - And also to include the solid waste as you stated correct?

JR Mateo - Yeah solid waste.

Administrative Director Monte Mafnas - Okay on Chamorro Land Trust.

JR Mateo - Chamorro Land Trust, whatever it is on the Chamorro Land Trust I'm willing to come in and assist the Chamorro Land Trust.

Acting Chairman Oscar Calvo - Now how is that going to hamper your operation now because you got to make a priority here okay.

JR Mateo - Well if it's not too much what we'll do is go out and assist the area. If it's not too much of a down time or whatever it is that's involving us I can work around it.

Acting Chairman Oscar Calvo - Just hypothetically can you give me off hand what you're looking in timeframe?

JR Mateo - You mean where..(interrupted).

Acting Chairman Oscar Calvo - Because you know why..(interrupted).

Administrative Director Monte Mafnas - The quarry.

JR Mateo - The quarry okay a quarry you know we have to go in there and do a lot assessment to cleaning it out okay and we have to clean the tires whatever it is and then we have to set up the containers to come in there and start loading it. Because right now nobody wants to buy tires, that's basic okay so it's going to take time. It's not going to be right away but maybe we can ship out whatever we ship out on a monthly basis we'll show you. We'll forward a bill of lading where it's going to.

Administrative Director Monte Mafnas - Will document.

JR Mateo - Yeah documentation everything okay but what I need from you guys is approval authorizing us to go in there and to retrieve that.

Acting Chairman Oscar Calvo - No I have no qualms with that to do that I just want to make sure that everything is covered and keeping in mind whatever you know keep it on a monthly basis report to Monte at least to let us know how many containers and where we're at and so forth.

JR Mateo - Sure okay.

Acting Chairman Oscar Calvo - Maybe you don't have to count the tires but you know just say I took out a hundred tires and so forth to be shipped out.

JR Mateo - Maybe we're looking at ten plus dollar forty foot.

Administrative Director Monte Mafnas - Our concerns Mr. Mateo one is if EPA license or permit is needed you will bear the cost and we need a form of insurance protecting and holding us harmless from any liability.

JR Mateo - Liability yeah I'll do that.

Acting Chairman Oscar Calvo - I'm glad you brought that up because before we actually do the scope of work we need that in writing.

Administrative Director Monte Mafnas - To include that okay.

JR Mateo - The insurance and everything.

Acting Chairman Oscar Calvo - Everything and whatever liability so before we actually agree to that work with him the details and everything and maybe by the next Board meeting then we can settle this, Mike?

Commissioner Michael Borja - Yes.

JR Mateo - And when will that be?

Acting Chairman Oscar Calvo - Next month on our next Board meeting.

JR Mateo - Okay thank you sir.

Acting Chairman Oscar Calvo - But in the meantime Mr. Monte will address the issue to you and then work out whatever needs to be done and if the Board I guess Monte present it on the next Board meeting and then whatever we then we finalize it there. Is that good enough?

Administrative Director Monte Mafnas - Don't come to my office on Saturday because I'm not in. Thank you very much Mr. Mateo.

**4. Global Recycling Center, Inc.**

Administrative Director Monte Mafnas - As you can recall Mr. Chu was here at the last Board meeting and he had provided us a signed lease agreement enabling a rent credit to a tune of approximately seven point five million dollars. Now Mr. Chu has agreed to terminate that lease agreement provided we give him an opportunity to stay for the next three years at the same site while he cleans it and we develop a plan for affordable homes and for a Government building simply because it's fronting Route 1, fronting Battulo Street and it's leveled and all infrastructures are on site. He's agreed to relocate to Yigo at our addressed solid waste station. He came back with a proposal that we made an understanding that he will pay upfront a hundred thousand dollars today and give CLTC thirty percent of the profit in terms of solid waste at that site. Is that correct Mr. Chu?

Daniel Chu - Yes because I do a lot of contract with the Government so because of the land I can make that money so I offer the gross income from the Government PO, thirty percent once we receive money thirty percent going to the landlord which is you.

Administrative Director Monte Mafnas - I apologize he gave me the letter and I have it upstairs but I can make a copy and give everybody later on. Mr. Chu are you able and ready to give us the hundred thousand today?

Daniel Chu - Yes. (cashiers check provided)

Administrative Director Monte Mafnas - Mr. Chu thank you so much.

Acting Chairman Oscar Calvo - Monte that's a cashiers check right?

Administrative Director Monte Mafnas - Yes in the amount of one hundred thousand from ANZ from Global Recycling.

**Vice-Chairman David Matanane - So move that we have the Administrative Director work out the details concerning the Global Recycling to work out the details in writing.**

**Commissioner Michael Borja - I second the motion.**

**There were no objections.**

Acting Chairman Oscar Calvo - And also here we did mention on this at the last Board meeting giving the amplitude time of three years and once we identify where the property is going to be is we can work this in a laterally way where I guess we can once we identify where it is and he decides to move out not necessarily within a three years but we're giving you a three year period of time but if you decide to move in a year or two years time. That way it gives you amplitude time to get things what has to be done. But the three years is what we initially limited okay.

Daniel Chu - Thank you very much.

Administrative Director Monte Mafnas - Thank you Mr. Chu we want more tenants like you.

**5. Smithbridge**

Administrative Director Monte Mafnas - I just want to inform the Board that I did review this with Senator Pangelinan that Smithbridge had also contacted other Senators to present their offer in writing that they want to purchase from Chamorro Land Trust thirty to forty five acres, correct?

Jacob Leon Guerrero (Smithbridge) - Yes that is correct.

Administrative Director Monte Mafnas - I did inform them that I have to research if the property is registered and low and behold I did find that there's a decree establishing title so that Lot 7163 contains four hundred acres and we can parcel out forty five acres. I would like to suggest to the Board that the parceling be accomplished by Department of Land Management based on what they feel is the cost necessary to build for this exercise just to make sure we have control of the mapping and the balance of the property. Mr. Leon Guerrero is there a problem with that?

Jacob Leon Guerrero - No we have no problem we're actually very keen on moving forward with this project.

Administrative Director Monte Mafnas - We should be able to give you the quote for parceling on or before the end of the month. Now can you please just state to the Board that you went through the exercise of meeting the Senators?

Jacob Leon Guerrero - Starting a few months ago we tried to set up appointments with all the Senators just to get feedback and at that point in time when we were doing this the Commission wasn't fully empanelled at the time. So that's why we decided to go to the Senators in the mean time because we were hearing that there might be a need of public

law in order to transact such an agreement. So we went mainly to get feedback from everyone to see if they have any suggestions or if there's any concerns that we can address before coming to the Board.

Commissioner Michael Borja - And this is a continuation of that area behind where you're currently at.

Jacob Leon Guerrero - Right we are looking at the lot itself is adjacent to our property on the northeast side of the property and we just want to extend back basically is what it is.

Administrative Director Monte Mafnas - It's adjacent contiguous to the subject lot.

Acting Chairman Oscar Calvo - What are we looking at in lot size on that issue?

Administrative Director Monte Mafnas - Between thirty five to forty five acres that's roughly two hundred and twenty thousand between a hundred eighty to two hundred and twenty thousand square meters.

Commissioner Michael Borja - And all still part of the same plan to work it out so it can be eventually used.

Administrative Director Monte Mafnas - No they want to quarry it and I told them pursuant to the existing CLTC law we can't sell it but give them a term of ninety nine years. Now it will be inherited upon them to demonstrate otherwise because they're requesting for fee simple rights which we cannot give at this point in time. We can give them a ninety nine year lease with a onetime payment. Now that's the stumbling block at this point in time right Jake?

Jacob Leon Guerrero - Well that's one of the things, our idea for fee simple is simply when you quarry and the piece that's adjacent to us doesn't continue on to the cliff line as well so once you quarry we're basically digging a hole and it'll take a while to then fill it back up with the proper material in order to get it flat and usable again at that point in time. So our deal with that is if we own it in fee simple it's our responsibility to make that so that we could do something with the property and it doesn't fall back in ninety nine years time to the Commission at that point in time.

Administrative Director Monte Mafnas - So what happens is when they quarry it means they're going to dig a big hole probably a hundred feet down, correct?

Jacob Leon Guerrero - It'll probably be a hundred fifty or so yes.

Acting Chairman Oscar Calvo - So when you're saying is when you do that there's a way that actually you can do that too is also you can quarry or also at the same token you can do a laterally..(interrupted).

Administrative Director Monte Mafnas - Cut and bench, cut and bench, cut and bench.

Acting Chairman Oscar Calvo - Yeah cut and bench. Why can't you guys do that?

Jacob Leon Guerrero - Well with this property like I said it doesn't actually extend to the cliff line itself so where the property we're suggesting to end I'm not too sure exactly how much further there is to the cliff line itself. So if you were to cut and bench we would be cutting and benching and basically facing cliff again.

Administrative Director Monte Mafnas - I made a visual inspection Mr. Chairman and the property is gently rolling but basically it's like a ball. So if you cut and bench you can't see the view. So they can't cut and bench really.

Acting Chairman Oscar Calvo - But the thing I have there is ninety nine years okay and I'm glad that there's two Senators here that are listening into these issues is you know whether they agree to that and I don't know how the Board will look at it in terms of this lease that's going to come down because how do we get this money because there is a lot of money to get from that quarry and you know if the buildup does arrive. And I know there's a lot of planning and a lot of paving and what not to be done here in the island even up at Andersen and so forth so because there's many ways that you can do that quarry you know. I used to work in a quarry myself way back for Perez Bros you know so I have been in there and I worked in there before so I just want I think what I want to see here Monte is we really give us their plans in what they're actually going to do, master plan on what they're going to do and also what are we talking in exchange for money.

Administrative Director Monte Mafnas - Well they have presented us many options they have expressed interest that they want to work with us hand in hand and they even went to the extent of hiring three appraisers who assist on establishing fair market value and they've listed a litany of what we can do to help. They want to make a deal but one thing that they're consistent about is they want to quarry. They want to harvest the minerals because they need the minerals and they're consistent about that and that's the only minor stumbling block.

Jacob Leon Guerrero - If I can say that we're not totally against the ninety nine year lease per say that was just our view is that at the end of the ninety nine year term what happens to the land and whether or not it would have been fully usable again for the Chamorro Land Trust.

Acting Chairman Oscar Calvo - Because you got to keep in mind the property the Chamorro Lands that was created by the Legislature back then and the Legislature can only be the only one to make any movement to that issue but we can't sell and the reason why we went ninety nine years because you might probably the lifespan of that quarry might be anywhere between twenty five to thirty years. So you might not even use the ninety nine years for that matter so the quarry of that to dig up forty five acres of four hundred acres.

Jacob Leon Guerrero - That's why one of our options was to go out and actually find usable pieces of land for the Chamorro Land Trust and purchase that and do a land swap instead of an actual sale and develop those lots to something that the Chamorro Land Trust can just go ahead and give out to the people.

Commissioner Michael Borja - So are we changing something today?

Jacob Leon Guerrero - No in our proposal we proposed the land swap and also there were several suggestions to go ahead and develop existing properties for exchange for the land.

Administrative Director Monte Mafnas - Pursuant to the value for value.

Commissioner Michael Borja - How different is this in the chart we had for cubic yard we were taking from the other guy, Mr. Simpson?

Administrative Director Monte Mafnas - Completely different. That land is ours but they're harvesting the minerals and they pay us, there's about twenty five feet that they take down.

Commissioner Michael Borja - So in this case they're harvesting the stuff still.

Administrative Director Monte Mafnas - No they're not harvesting they're going to quarry. They're going to take everything out so a big hole will be left. Now the major purpose of this exercise is to provide us seed money to borrow against and have USDA guarantee it pursuant to the substantially underserved trust areas to afford us infrastructure. There's Tract 9210 right outside of Andersen Air Force Base and that subdivision is completely finished and recorded and even with topographical survey so we can commence the installation of the infrastructure. So Smithbridge is even willing to bid on that because we're going to give it to the best contractor because we're going to do an RFP. But they've expressed interest in working with us.

Commissioner Michael Borja - So where do we need to proceed then?

Administrative Director Monte Mafnas - Now we'll give them the quotation of the survey and I would like to meet with the Attorney General to structure the purchase and we need to send a copy to the Legislature to review it too and eventually the Attorney General and the Governor can sign off and the Board.

Commissioner Michael Borja - Lease or purchase?

Administrative Director Monte Mafnas - It's a lease.

Acting Chairman Oscar Calvo - It's a lease. But also here there's a land exchange that we're talking about in essence to that.

Administrative Director Monte Mafnas - So they're willing to work on the value for value.

Acting Chairman Oscar Calvo - And the land exchange will be encumbered to you guys and also make the whatever size of the property or the value of building those houses.

Jacob Leon Guerrero - Right the idea was to go out and look for properties develop them put the infrastructure put everything in that's needed or requested for us to put in and then get and appraisal of that piece of property and an appraisal of the property adjacent to us and do a basically dollar for dollar swap on it.

Commissioner Michael Borja - What's your timeline on this?

Jacob Leon Guerrero - When we were talking about the land swaps and all we were looking at somewhere three to five years for the full property. We're not looking for the forty five acres right at one shot per say. Even just to if it was that way we could have the opportunity if the need for the Commission is to go and develop existing Chamorro Land Trust properties then that's what we do and at the same time to you know to provide us some type of leeway to do this over a few years.

Vice-Chairman David Matanane - Right off hand you don't have any in your inventory for a land swap? Do you have any in your inventory?

Jacob Leon Guerrero - Right now no we don't have any actual.

Administrative Director Monte Mafnas - They did identify a potential site off Route 3 at Emsley Road.

Jacob Leon Guerrero - I think there was one property we were looking at, Steve Radonich was the one mainly looking at it I'm not too sure of the particular details.

Administrative Director Monte Mafnas - Be mindful that we have the capacity to build homes too. So you know it all depends on what we establish and agree on the value for value. Again they want to work with us, right?

Jacob Leon Guerrero - Yes.

Acting Chairman Oscar Calvo - Okay at this point in time since we don't really have a legal counsel too so I think it's in the best interest that we take in consideration what they have spoken today and once we get our legal counsel on board then we can you know work with the legal counsel in what needs to be done.

Administrative Director Monte Mafnas - And rest assured we are moving forward.

Acting Chairman Oscar Calvo - So as of now we'll go ahead and entertain but you know as far I can't give an answer to this issue but we'll certainly work with you and once we get legal counsel on board I think that will be more wise and we just want to make sure we cover our dots and Is and Ts and whatnot so we won't have to be in a position where we'll be criticized for that matter.

Jacob Leon Guerrero - Right and that's one of our concerns too we want to make sure that this is done properly before we even start laying out the substantial amounts of money that we're going to do because we don't want anyone coming back and protesting and saying hey you can't do this after the fact.

Acting Chairman Oscar Calvo - Because one of the things I wanted to see on that because of the four hundred acres maybe we can do an option to that maybe a hundred acres at a time to see and what the progression of that for that piece of property is and whatever that we make or you guys make actually in fair exchange. But like I said that would have to be done by legal matters.

Administrative Director Monte Mafnas - Their request is up to forty five acres at this point in time. It was my suggestion that they go to the legislature and the front office okay so I'm doing our due diligence and we haven't signed anything, we won't sign anything without legal counsel.

Jacob Leon Guerrero - Okay thank you.

**6. Layao Enterprises**
Applicant not present, item tabled.

**7. Agfayan Incorporated**
Administrative Director Monte Mafnas - As you know we have issued a termination of license agreement and Mr. San Nicolas wants to appeal that process and has requested we reconsider his offer of off-setting the value of the building as identified by a certificate of value by the Department of Revenue and Taxation.

Peter San Nicolas - Mr. Chairman Calvo, thank you members of the Board. What we're presenting is to exchange the building currently we have which is valued over two hundred and thirty but we're only going to credit two hundred fifty in addition to that to the ten percent of the hundred and seventy thousand in cash in paying off the arrears or off-setting the arrears.

Vice-Chairman David Matanane - Can you please restate that again Mr. San Nicolas?

Peter San Nicolas - Asking the Board to reconsider in accepting our building which is negotiable which is valued over two hundred and thirty thousand but as we had agreed before was to up to a hundred and fifty thousand for the building and the difference between a hundred fifty to a hundred and seventy will be in cash or cashiers check.

Administrative Director Monte Mafnas - I do know that the Board did make a decision but in terms of our rules and regs not being approved by the legislature I requested him to come and present the case and the off-set is on the value of the improvements that he made. It's specific and germane to this subject site and because we've had this dialogue ongoing for so long he wants us to reconsider the Board to reconsider your position as to accepting it. And he wants the Board to really think of accepting his offer because he states that only now he's beginning to make some money and he wants to make good as to what the Board wants. Now I did address the fact that the Board did vote on it but he's again appealing for consideration and he wants to make good on the balance and make good moving forward on a timely basis paying the thirty five hundred dollars a month. We have at the end of the year pursuant to the license agreement until the end of the, as stipulated in law the right to discretion to accept the building upon the termination of the license. And we have the right to accept or deny so you can level it off. Right now the improvements are his and he can basically walk away and even level the building to the ground because it's his. Now what he's presenting is we get the building in exchange for off-setting. The certificate of value was two hundred and thirty two thousand, he owes one seventy, we give him a credit of one fifty plus the ten percent and that would wash, it would even out the delinquency. Now pursuant to the lack of rules and regs and the Chamorro financial loan that was supposed to

assist Chamorros he's requesting we consider helping him out because that's what it is. It's assisting him but I'm giving it to the Board for their discussion.

Vice-Chairman David Matanane - One thing you know if we do this we have other leases that they could also request the same thing that you are requesting Mr. San Nicolas.

Administrative Director Monte Mafnas - That is correct.

Vice-Chairman David Matanane - Why not give us a certified check and reduce the balance here and probably we can consider but other than exchanging stuff that you had acquired and not paying the actual liability you know that's an off-setting and you're still going to occupy the building and still make money and then you will become up to date on your agreement. In actuality since back in 99 we should have already stopped this because you have violated the agreement already. And now why now that you would adhere to the thirty five hundred? I don't see the logic behind that.

Administrative Director Monte Mafnas - Can you Mr. San Nicolas demonstrate why, what happened in 99 or the year 2000, 2006? Actually it's annotated in the license agreement they gave Mr. San Nicolas ample time to develop the property but according to him this is the third property third go around and every time it's money out of his pocket and time that's what he states. Now I don't know I wasn't here and in good faith that's what he says okay. But the time he was given to acquire his building permit and build the buildings was insufficient. That's what he claims that it's not fair to him because he did not build the building until what 2007 or 8.

Peter San Nicolas - Over a year and a half.

Administrative Director Monte Mafnas - A year and a half of when?

Peter San Nicolas - From the time..(interrupted).

Administrative Director Monte Mafnas - Okay the license agreement was effectuated in 2000 June and recorded in July of 2007 so that's why he fell behind on the payment because he was building the building and that is correct Mr. San Nicolas?

Attorney Jeffrey Moots (Counsel for Agfayan Inc.) - The agreement was in 2005, it was recorded in July of 2005. I believe his first payment was March of 2008 but he is saying the problems with the building permitting with all the various agencies didn't allow him to get the building built unit the very last part of 2007 to even start the operation. And in reply to the Commissioner's question about other people I think what the Commission needs to look at is how each licensing agreement is drawn up as to whether or not what is applicable. I think because of the lack of regulations and things and general nature of the statute that you're going to have to treat each one as an individual and no one decision that you make on one person is really going to have a precedential value towards the future because none of these licensing agreements that I've seen are actually identical. So there's a wide variety of language in them a large condition and because you know the standard you're really not setting any precedential decision by anything you made. Anything you do for Mr.

San Nicolas will not necessarily be applicable to anybody else because their agreements are probably going to be different and the conditions will be different.

Vice-Chairman David Matanane - Not necessarily so sir. We have other clients that have built buildings and they're behind they will also request the same way as Mr. San Nicolas is asking. So we have problems in our receivables and others will come in and request the same thing Mr. San Nicolas. We have even a bigger amount other than what Mr. San Nicolas has. You have started a precedent in this particular.

Acting Chairman Oscar Calvo - You see my problem there if we were to and Pete keep in mind this is not the first round table that we made this discussion. Even from the former Board and Mr. Borja that was in at the time we sat down and we tried literally talk to you to lets finalize and get this thing done working. But it seems it's a dragging issue Pete okay and granted we have given you more than the land of opportunity to come to the Board and you know that Pete. I've confronted you and I've made it clear let's work together but then in many occasions you go to the back door. And I told you if you have a problem let us hear and then maybe we can work something ideally and to me to set a precedence to this watch the guy next door now am I just going to say to him well you know when you took this property up there you knew that there's going to be that when you build this place that you have to pay the Chamorro Land Trust. First of all it belongs to the people of Guam I don't own it. It's as much as the Senator's he has a part of this okay a piece of the rock. So I'm saying here is we wanted to work with you on this issue. Pete when you started out that it's supposed to be a fishing and what not okay. Now I see from fishery to warehouses and so forth okay and you have established. Even on the parking lot issue we talked about that last year. Don't worry we'll send you, not a penny hasn't even been given to the Chamorro Land Trust okay. And the courtesy part of that is never been given the Chamorro Land Trust and we've been patient. The Board has been patient from the previous to the present Board and I made this clear to you okay. So I think to do good is I think you know to come faithful pay what you owe right now. Because if you're going to use that building I would rather right now go up there and just break that building down because the property belongs to Chamorro Land Trust you can't yank that out. The building yes you spend. But is if fair for someone out there now that has a building too and come and say you know what I just heard from the Board yesterday that you have a client, can I off-set my building? I mean you know I don't because to me we try to work with you in many occasions Pete you know that. I've tried to talk to you and try to make good and all along we've been asking is to be faithful to it okay. Even some of your people up there they say what's going on I said you talk to your landlord okay. So I'm just saying if you're going to come up and do this and in every case it's different, you're right sir okay. You're right on that you can't base on that but the fact remains is you have a back payment. And Senator by all due respect I know that that's one of the issue you guys hammered me last year because of people not paying their rent. I know that I mean I got hammered and you're probably going to hammer me on my confirmation but that's okay.

Senator Rory Respicio - I appreciate you even putting this back on the agenda for reconsideration and Senator Gutherz and I are here really we recognize the authority that you guys have. We're not here to put any undue pressure on any decision you have to make. But as I spoke to Monte our position was very clear that Mr. San Nicolas is not asking that the hundred and seventy thousand dollars be waived. He's not he's not asking

that that debt be forgiven and recognize that but what he's asking is based on his contract as we understand it is that at the expiration of that contract he can go and level that building and return to you a raw piece of property. Now is that what you want to see in the end? Is you have a hundred and thirty two thousand to I think it was two hundred thirty thousand dollars worth of certificate of value by Rev and Tax which could become in the inventory of the Chamorro Land Trust Commission. I know you're concerned about precedent but maybe rather than establishing a precedent maybe you found a solution to go and address..(interrupted).

Acting Chairman Oscar Calvo - I'm up for a solution Senator don't get me wrong okay and I've tried so hard and to me and what I'm saying there is to set a precedent on that because there are other clients that we have right now that are in the same situation okay. If Pete can be truthful and present us..(interrupted).

Senator Rory Respicio - But why don't as Attorney is suggesting maybe it should be addressed on a case by case basis. What do those other leases say? Do those other leases say that at the end of those lease period that they can remove the buildings? Or does that lease say that they own the building that Chamorro Land Trust Commission..(interrupted).

Acting Chairman Oscar Calvo - It reverts back to the Chamorro Land Trust.

Senator Rory Respicio - For those leases but in this particular lease so don't tell me or anyone about precedent because this is a completely unique situation. He has a lease agreement right Mr. Mafnas where it says he doesn't have to return that property to the Chamorro Land Trust.

Administrative Director Monte Mafnas - I just want to go on record that is correct Senator this is not a lease it is a license. It's a specifically written license it is not a lease. It enables Mr. San Nicolas, Agfayan Incorporated to do business however he deems and he doesn't need written approval or consensus from the CLTC Board.

Senator Rory Respicio - And if you're concerned about being hammered because I do some hammering at the Legislature I would do just the opposite rather I would praise you guys for recognizing a win-win.

Acting Chairman Oscar Calvo - I honestly truthfully Senator I do want a win-win on this I just want that Mr. San Nicolas be forth forward and present some sort of a check to the Chamorro Land Trust. This is all along what the Chamorro Land Trust is show good faith.

Senator Rory Respicio - He's committed to pay the ten percent tomorrow in a form of a cashiers check but that's after you recognize up to a hundred and fifty thousand dollars in off-set.

Administrative Director Monte Mafnas - That is correct Senator because you stated differently but the intent is Pete wants to off-set the balance, correct Mr. San Nicolas?

Senator Rory Respicio - Two things.

Administrative Director Monte Mafnas - Yeah when we accept the certificate of value CLTC will give you a credit of a hundred and fifty thousand, correct?

Acting Chairman Oscar Calvo - That's what you want.

Administrative Director Monte Mafnas - That's what you want and in then you would make good by virtue..(interrupted).

Senator Rory Respicio - Pay the balance off.

Administrative Director Monte Mafnas - Of a cashiers check.

Senator Rory Respicio - And then be current.

Peter San Nicolas - Yes.

Administrative Director Monte Mafnas - And then be current so I just want everybody to understand that's what..(interrupted).

Senator Rory Respicio - So he's not asking for a free ride. Senator Gutherz and I are not here to say just waive the debt.

Commissioner Michael Borja - How are we off-setting this again?

Administrative Director Monte Mafnas - He's going to give us the building which is still his until the end of the license which is 21 years.

Commissioner Michael Borja - So CLTC will own a percentage of the building.

Administrative Director Monte Mafnas - Will own the buildings.

Attorney Jeffrey Moots - You would own the building upon termination of the lease.

Vice-Chairman David Matanane - After you off-set it.

Attorney Jeffrey Moots - The license the termination of the license.

Commissioner Michael Borja - We will own the building if we repay the off-set not at the termination of the lease.

Attorney Jeffrey Moots - If you accept the agreement you would own the building at the end of the license. Currently as it stands before the end of the license he can demolish the building and he's not required to leave it to the Chamorro Land Trust.

Vice-Chairman David Matanane - In essence it belongs to the Chamorro Land Trust. The building belongs to the Chamorro Land Trust.

Attorney Jeffrey Moots - It would at the end of the license.

Vice-Chairman David Matanane - It would anti up the monthly payment then because you're also leasing the building at the same time.

Attorney Jeffrey Moots - No you would not own the building until the..(interrupted).

Vice-Chairman David Matanane - Yes you are, yes you are.

Attorney Jeffrey Moots - Under the agreement you will not own the building until the end of the license when it will revert back to the Chamorro Land Trust.

Vice-Chairman David Matanane - But at this point in time we are purchasing the building itself when you off-set.

Attorney Jeffrey Moots - You'll be purchasing an interest a future interest in the building.

Vice-Chairman David Matanane - Yes we are we are taking over the building it belongs to Chamorro Land Trust. Now you want to cut it off today or until 21 years later. We're cutting off now you're paying your liability it belongs to Chamorro Land Trust. Now we can up, anti up the lease agreement because the fact we own the building you're not leasing the land itself you're also leasing the building. That's where I'm coming from.

Administrative Director Monte Mafnas - I did suggest to Mr. San Nicolas a different approach to this that he has not agreed but number one, he becomes current with his license. Two, he gives us the income from the other buildings and that amount will be credited against his delinquency up to the point we're leveled off and then the income becomes his. This way he protects his income stream of his main business which is Fortune Cookie Restaurant. That's what I offered Mr. San Nicolas. I did want the Board to reconsider and that's the second offer I made to Mr. San Nicolas.

Senator Rory Respicio - Just also recognize what he's been able to do on that piece of property, how many people he's been able to employ.

Administrative Director Monte Mafnas - Right now he employs 8 employees and he pays them and the taxes and you're current with that and real estate taxes right?

Peter San Nicolas - Yes.

Commissioner Michael Borja - Current on all taxes.

Administrative Director Monte Mafnas - Current on all taxes in good standing. Can you provide us a certificate of good standing?

Peter San Nicolas - Sure.

Administrative Director Monte Mafnas - Very good.

Acting Chairman Oscar Calvo - I would rather go with that alternate proposal because you know.

Administrative Director Monte Mafnas - We must give him credit Mr. Chairman that he's trying to make good.

Acting Chairman Oscar Calvo - And that's all I want all along Pete is to make good credits toward the Chamorro Land Trust. That has always been free and simple that I have confronted you and even when we sat in many or one or two occasions. Even when we sat down with your legal counsel with Randy we talked about that and that's been the bottom line. But somehow Pete you've been using it as an escape goat I don't want to use that word but you know. So all I'm asking is for you because the money is not ours it belongs to the people of Guam and I have to be accounted before and you know where ever that money goes it's where is how come here is a company that owes would it be one dollar and if he doesn't pay I'm still liable for that in this position. Am I not right Senator?

Senator Rory Respicio - Correct but the alternate proposal means you want him to, you're recognizing that he owns a hundred and seventy thousand and you're not recognizing the improvements made to that property.

Acting Chairman Oscar Calvo - The improvements yes I do recognize the improvement Senator I'm not disputing nothing of that source okay. But you got to keep in mind too that is part of being a business is to do that improvement. It is not the responsibility of the Chamorro Land Trust. You came knocking and you said you know what I want to build a business but it is not my decision whether it's going to be a laundromat a fishing mat or whatever, it is the responsibility of that person. The Chamorro Land Trust is all we're asking is what is owed by the Chamorro.

Senator Rory Respicio - But isn't the whole spirit of the Chamorro Land Trust to which member Santos's son fought very hard for its implementation is to protect and help people like Mr. San Nicolas?

Acting Chairman Oscar Calvo - Yes and I still want to do that, I still want to do that don't get me wrong Senator I still want to do that I still want to help him.

Senator Rory Respicio - I know there's a lot of history from both sides and when we met with Mr. Mafnas you know Senator Gutherz and I appealed to Mr. Mafnas to just forget the past because the Government is culpable he's culpable he's not evading you guys today. He's saying I want to make good and make right and what do we do going forward? He's giving you the future interest on that building and at the termination of this lease agreement there's no guarantee that he'll get another option to renew, there's no guaranty. You want to now take that income stream from those other buildings he built but how about the investment he put to build those building?

Acting Chairman Oscar Calvo - And that's what..(interrupted).

Senator Rory Respicio - But how about the investment he made to build those buildings as a future income?

Acting Chairman Oscar Calvo - Senator I consider all that but at the end of the day he still has a responsibility and that's the Chamorro Land Trust. What he makes I don't even know how much he charges those people out there for rental. I don't really know honestly and truthfully. It could be anywhere between in the hundreds or a thousand dollars a month okay. I don't know so all I'm saying he's supposed to be paying thirty five hundred dollars a month for these okay. He had amplitude time in fact you know how good the Board was we even gave him I think six months off of his rental in the beginning we on the early.

Administrative Director Monte Mafnas - I didn't do that.

Acting Chairman Oscar Calvo - No it wasn't you no, no, I take it back on the last Board. No on the last Board we did that. But because he claimed that they were that he was to be given that okay.

Senator Rory Respicio - I don't know Mr. Chairman I just don't like to see our own people being squeezed.

Acting Chairman Oscar Calvo - So who do we squeeze Senator?

Senator Rory Respicio - But how is he squeezing the Chamorro Land Trust Commission when he's willing to give his property back to the Commission so you book this as an asset? What other interest do people have for that piece of property and that's why I'm here today because I bet you that there are other people who want that same property and you wouldn't even blink an eye to give it to someone else.

Acting Chairman Oscar Calvo - Exactly, that's true.

Senator Rory Respicio - That's true and I'm glad that's stated for the record.

Vice-Chairman David Matanane - And we'll state for the record that he still owes Chamorro Land Trust. For the record that's all we want.

Senator Rory Respicio - If you were a bank and someone owed you wouldn't you start looking at their car or their house to see what you can take to satisfy that debt? That's what he's offering today.

Commissioner Michael Borja - And thus we're going to own the building and with that rationality and logic we have to then charge you rent for using the building that we own because we have just bought it in exchange for forgiving a large debt.

Senator Rory Respicio - But it's not forgiving a debt you own the building at the termination of the lease if we can at least accept that premise that's what he's offering.

Commissioner Michael Borja - That's a given already Senator that is a given.

Attorney Jeffrey Moots - No it's not, not under this agreement.

Commissioner Michael Borja - Unless he wishes to remove it then if he wishes to remove it now he is dealing himself a blow to himself and it's not going to do anything to us except he still owes us the money.

Attorney Jeffrey Moots - Well the Corporation would still owe you the money and if he is not able to continue working then he has no reason not to demolish the building and then he returns the property.

Commissioner Michael Borja - Well and then he's adding to himself additional cost for the removal of property.

Attorney Jeffrey Moots - True.

Commissioner Michael Borja - But we just saw we do deal with other lease holders that come forth and we actually give them the benefit. We've given a lot of people the benefit and when push comes to shove I mean even if we vote on terminating the lease we still give them time to vacate beyond their lease term because you know we know it's not going to be something easy. But we're looking after the interest of the property and that's the Chamorro Land Trust. And in this case you know if I was a bank you would be having interests and penalties on this and there will be liens already. You've taken the money that you owe to us to benefit yourself to build a business which is honorable and reasonable. But you still have to understand you have obligations that you have to meet and any business person would know that. If I took a lease on a piece of property and a thirty year bank loan to build on that property I now have an obligation. If the business goes out of business I'm still obligated to my loan and to my lease and the only way to figure something out is to terminate it, sell it, do something so I can get out of that obligation. And in this case I know you're trying to deal with an obligation that you owe I still don't understand how, I'm still kind of confused on the terms of what it is but I understand you're trying to do something. But in the end you only want to put down ten percent of the balance.

Senator Rory Respicio - No the full balance.

Administrative Director Monte Mafnas - That would wipe it all out, basically it will wipe out everything.

Commissioner Michael Borja - So what cash are we talking about? How much in cash?

Senator Rory Respicio - Twenty thousand.

Administrative Director Monte Mafnas - About twenty thousand.

Commissioner Michael Borja - Twenty thousand so a hundred fifty is in the building?

Administrative Director Monte Mafnas - Exchange yes the building rather which is assessed higher.

Commissioner Michael Borja - And the building's value is?

Administrative Director Monte Mafnas - Two hundred and thirty two I think.

Peter San Nicolas - Two hundred thirty two.

Administrative Director Monte Mafnas - That's not counting the warehouse.

Acting Chairman Oscar Calvo - That new one that's he's building.

Administrative Director Monte Mafnas - Yeah.

Acting Chairman Oscar Calvo - The expansion to that.

Peter San Nicolas - And see all these buildings will be maintained, kept in good working use for Chamorro Land Trust. It's just not only my building but there'll be other buildings when they come up.

Commissioner Michael Borja - You're subleasing to have other people build buildings?

Peter San Nicolas - No the buildings I have I'll be using sublease for the use of the building.

Acting Chairman Oscar Calvo - See you got a warehouse coming up Pete there okay and you're going to be subleasing that warehouse okay and given the fact to whatever the square footage you're going to be subleasing that piece of property or that building it'll be anywhere between in the hundreds. It could be a hundred dollars, five hundred dollars a month I don't know. But the other buildings there you know Peter you have a fishing up there you have restaurants and so forth okay overhaul I would assume roughly you make an average maybe on rental fee just alone on that point maybe about average maybe four, five thousand dollars a month.

Administrative Director Monte Mafnas - Is that right Mr. San Nicolas?

Acting Chairman Oscar Calvo - I might be wrong but roughly I would assume you make about that you know at least four or five it could be greater but giving it at a low figure.

Peter San Nicolas - Currently about three thousand dollars and see the benefits for that is as I build these buildings I have to keep it once accepted not only my full concrete building but these other buildings and I intend to develop the property so it benefits Chamorro Land Trust at the end of the term. So it's not that I could remove it so I'm asking your favorable consideration and currently the lease allows me to do all these things like to sublease the building as a build.

Administrative Director Monte Mafnas - The license it's a license.

Peter San Nicolas - The license I'm sorry the license.

Administrative Director Monte Mafnas - Pete you heard the Commissioners express their interest and let's say hypothetically they accept because only the Board makes the policy and you can feel from Commissioner Matanane and Commissioner Borja that okay so we

own the building how much are you willing to pay more? Not thirty five hundred you have to make an offer better than thirty five hundred and it better not be thirty five hundred and one dollar either. So can you answer that please?

Senator Rory Respicio - Thirty five hundred two.

Acting Chairman Oscar Calvo - Pete look at this way you're asking us to reconsider okay reconsider what the Director has given you in how we can resolve this issue what he has given out on the plan.

Peter San Nicolas - Make it about five hundred more members.

Acting Chairman Oscar Calvo - You got to do better than that Pete.

Commissioner Michael Borja - Pay off half of what you owe comes out to eighty six thousand dollars the other eighty six thousand dollars is forgiven and your rent for the month would be five thousand dollars.

Acting Chairman Oscar Calvo - That's a compromise.

Peter San Nicolas - You're increasing the monthly rent, you're only taking half of the credit.

Commissioner Michael Borja - I'm only taking half of the credit, you are only going to pay twenty three thousand dollars. I was going to..(interrupted).

Peter San Nicolas - And your keeping the buildings?

Commissioner Michael Borja - We would in the end anyway if you don't want it at the twentieth year and ninth month to tear it down it's you know you're option but that's not the intent but there is a debt that's owed.

Senator Rory Respicio - But is that prudent that you guys are encouraging him to tear down the building?

Commissioner Michael Borja - I'm not encouraging him to tear it down.

Senator Rory Respicio - But is it prudent?

Commissioner Michael Borja - Because he's going to live with it for twenty one years or the fifteen years remaining and you stay in good standing and you're going to probably whoever succeeds us if this Commission is still around continue on to another lease and gain more. You're definitely expanding and that's good it also shows that you have the ability to pay for construction.

Senator Rory Respicio - Then why don't you give him a ninety nine year lease?

Commissioner Michael Borja - Well that's a whole other subject.

Administrative Director Monte Mafnas - First of all, the license is twenty one and option to renew for anther twenty one. Good standing is a very good point by Commissioner Borja that you know you make it in good faith and that's what we're trying to find out.

Senator Rory Respicio - Well why don't you approve the option right now and just have him pay for that over the period of the lease?

Attorney Jeffrey Moots - We'll take the Commission's offer under advisement and we'll get back to you.

Acting Chairman Oscar Calvo - Okay.

Administrative Director Monte Mafnas - Thank you very much. Thank you Senator.

Senator Rory Respicio - Oh by the way there's another concern because at the end of this month he's facing eviction. We ask that that be revisited.

**Commissioner Michael Borja - I put on a motion on the floor until the issue with Agfayan Incorporated is resolved that any evictions be suspended until this whole issue is resolved.**

Senator Rory Respicio - And there's no time limit to that right?

Acting Chairman Oscar Calvo - No I would rather have a time limit on this I would give him sixty days.

Senator Rory Respicio - How about six months?

Acting Chairman Oscar Calvo - Additional sixty days.

Senator Rory Respicio - I don't think the matter can be resolved in sixty days knowing how our Government works so how about six months?

Administrative Director Monte Mafnas - That's okay.

**Commissioner Michael Borja - Six months, so today is September, October, November, December, January, February, March, until March 20.**

Administrative Director Monte Mafnas - And you'll still be current in your..(interrupted).

Vice-Chairman David Matanane - And you'll still pay your rent.

Peter San Nicolas - Yes, I am current for the record I have been currently with the thirty five hundred to this day.

Administrative Director Monte Mafnas - And your real estate taxes.

Peter San Nicolas - Yes.

Administrative Director Monte Mafnas - And we would like to see the policy of the insurance.

Peter San Nicolas - Yes that's all current I've been insured from the beginning of this thing and I provided your office last month for those insurance and the tax copy.

Administrative Director Monte Mafnas - Thank you and don't forget the certificate of good standing.

Peter San Nicolas - Okay.

Senator Rory Respicio - And even an apology letter if it will make you happy for whatever you expressed your frustration Mr. Chairman.

Acting Chairman Oscar Calvo - You know honestly and truthfully Senator you have a rough job just like us here.

Senator Rory Respicio - And I respect the position you have I do.

Vice-Chairman David Matanane - So Senator who is going to do the apology?

Senator Rory Respicio - Well the Chairman expressed that over time Mr. San Nicolas didn't do this, he didn't do that so.

Acting Chairman Oscar Calvo - And the fact remains it is true I think if anybody that owes the apology is him not me.

Senator Rory Respicio - No that's what I meant the letter of apology to you.

Acting Chairman Oscar Calvo - Yeah because I've tried and Pete you know I've tried to work with you with this since Joe Borja's time and Mr. Garcia's time. So do work with you and I've told you already to confront and lets I mean let's sit down and talk and I'm glad we had this dialogue today seriously. And that's all been this Board has been really asking is you know because we can come to a solution and an answer you know. Just like you guys came with the right answer yesterday.

Senator Rory Respicio - And it was compromised right?

Acting Chairman Oscar Calvo - See yeah. There is a compromise that we can work on this okay.

Administrative Director Monte Mafnas - Looks like we're headed there too.

Commissioner Michael Borja - Mr. San Nicolas just like all the businesses that are coming here and if they have troubles it's better to talk it out but I wish you the best in what you're doing because you are creating employment, you are creating an atmosphere for business to expand and that's I think what our whole intent is as well not only to help people find

homes but help people who need businesses to succeed a little bit better especially for Chamorros. But there's also the obligation to ensure that whatever your indebted to or in whatever matter is taken care of but keep talking to us please and I think even though there's a six month extension on the eviction that doesn't mean come back in six months we do really need to keep this dialogue going in trying to resolve this. And so if before next meeting you guys have spoken with each other and you've spoken with your Counselor and this is acceptable let us know. If it's not please let us know an alternative amount. But you know we really, you can see where we're coming from as well, I don't want to own a building, we have enough trouble just trying to make sure people who are leasing lands are paying those rather than to add more..(interrupted).

Administrative Director Monte Mafnas - Work.

Senator Rory Respicio - I also appreciate your compassion all of you really but the idea of maintaining that building if the next person comes in I think the value of that land and that lease in the future will be valuable because there's buildings on it. So you also don't want to take that position of just level the building I don't care. Why would you want raw land after twenty one years?

Vice-Chairman David Matanane - But it has depreciated Senator the building has depreciated by that time.

Senator Rory Respicio - I think based on your decision your actions I think we all appreciate it.

Peter San Nicolas - Mr. Chairman and members of the Board thank you for allowing me that also six months to try to fix this now but I will do it. Thank you.

Acting Chairman Oscar Calvo - But Pete like what the good Board Mr. Borja stated it doesn't mean that we have to wait that six month period. You need to make that point of contact and whatever legal counsel had advised you give us you know this is what and then we can and maybe we might not even have to reach that six months for that matter.

Commissioner Michael Borja - Yeah I mean by next month if you guys come up with something.

Peter San Nicolas - Thank you I'm very aware Mr. Director thank you too.

Administrative Director Monte Mafnas - Mr. San Nicolas be mindful you do good there's twenty one years left okay so if we find that medium for you and for us it's in your best interest. There's another twenty one years and you can enjoy your fruits of your labor I just wanted to make sure.

Peter San Nicolas - Thank you.

Acting Chairman Oscar Calvo - Who second the motion?

**Vice-Chairman David Matanane - Second.**

**There were no objections, MOTION PASSED.**

## VI. NEW BUSINESS

### 1. Hawaiian Rock Products - Site improvement license procedure

Jere Johnson - My name is Jere Johnson I'm the President of Hawaiian Rock Products. Mr. Chairman, Commissioners and Executive Director Mafnas. Thank you for this invitation to make a short presentation about the lessons learned by the Chamorro Land Trust and Hawaiian Rock Products over the past six years regarding a novel approach to developing certain Land Trust properties. The approach promised to improve the value of your land assets by making them developable for house lots while simultaneously generating substantial revenues for the Trust. We are familiar with this Commission's mission to help landless Chamorros get a piece of Land Trust property in order to build their homes. We are also familiar with the obstacles that you face, too few properties within the Land Trust inventory that can be developed for housing and insufficient funds to construct basic infrastructure to serve those lots. Over the past six years Hawaiian Rock Products has worked with several of you as well as your predecessors to devise a means to help overcome both of these obstacles. In fact, after months of negotiation the Chamorro Land Trust and Hawaiian Rock Products signed a license agreement in February of 2006 to undertake a novel approach on one of the Chamorro Land properties which would change the property from overgrown, rough terrain, littered with debris and level those areas where house lots can be developed and also generate between five hundred thousand and one point three million dollars in revenue for the Land Trust. Unfortunately, that license did not materialize although Hawaiian Rock invested over two hundred thousand dollars in complying with its own due diligence requirements for a topographical survey, archaeological and environmental studies and mass grading plans. But this is a new day for the Land Trust and the future is looking bright. When Mr. Mafnas learned about our previous work and the approach we were pursuing he invited us to speak with the Commission so that you will know firsthand how this license could work and hopefully you may decide to restart the process. We call this license a short term, purpose specific, non-possessory, revenue generating site improvement license. I'm sure you can think of a shorter name. The license is short term because it will not be in effect for more than ten years. In some cases five years will be sufficient. The license is purpose specific because it is limited to only mass grading for house lots. Consequently, no commercial or other business activities are permitted under this license. The license is non-possessory because the license holder never takes possession of the property except to go on it to remove the material. The license is revenue generating because the license holder pays the Chamorro Land Trust a competitive market value for all the rock materials removed from the property as a result of the mass grading. Here is how the process for awarding such a license could work. First, the Chamorro Land Trust identifies those properties which are good candidates for residential development but they have uneven terrain and geologically contain subsurface materials which are suitable for aggregate. Previously, we preliminarily determined that about four properties might qualify. Second, the Chamorro Land Trust undertakes a formal request for proposals for mass grading of these properties and requires the interested bidders contractually commit to provide the following.

1. Property survey approved by Land Management.
2. Topographical survey suitable for engineering services.

3. Environmental baseline survey to determine no danger to rare, threatened or endangered species of flora or fauna.
4. Archaeological survey approved by the Historic Preservation Office.
5. At least two mass grading options prepared by a Guam registered engineer which transforms the property into a level area for residential work.
6. A mass grading permit issued by Department of Public Works.
7. A bid price for the aggregate removed from the property on a per cubic yard basis.
8. Pre-payment of twenty five percent of the estimated bid price or a minimum of five hundred thousand dollar deposit to the Chamorro Land Trust depending on the size of the property.

But you know that's what we're estimating and this is an upfront payment. The qualification of all bidders should be a minimum of five years of experience as a quarry operator on Guam. And the reason we're suggesting this is you know we have at least two other quarry operators on Guam, Perez Bros and Smithbridge which have a well established record they've been here a long time. They hire Chamorros, they hire local people, they pay taxes locally, they don't in the cases of these three companies they don't bring in foreign workers to work and you would benefit those people and some of them are Land Trust I'm sure beneficiaries or have property with the Land Trust. So our concern is if you open it up to other than quarry operators they would either turn the property over to an outside company they would come in and they would make a profit from that and then that company would come in and compete with these local companies and bring in foreign workers and it would just not help the whole situation of the Chamorro people on the island. The method of award is competitive bidding by qualified firms based on providing all maps, plans, studies, services and permits along with the highest bid price offer to the Chamorro Land Trust for the aggregate materials. I believe you can see the merits of this process. CLT transforms otherwise unusable properties into sites that can be easily developed as residential lots while earning revenues paid for the materials removed by the mass grading. It is a truly a win-win-win scenario wherein CLT increases the number of lots it can offer to qualified applicants and simultaneously generates substantial revenues to develop those lots and for other projects. The qualified Chamorro applicants receive lots sooner with the prospects of infrastructure development. The bidder secures a source of aggregate at a competitive market value. Where do we go from here? Note for the record that Hawaiian Rock Products is not making any unsolicited proposal to the Commission but that we should work together and establish such a license for HRP to undertake mass grading on any particular Chamorro Land Trust property. Although we have discussed one piece of property Lot 5412 in the past but this would be open to other properties on the island and a method that the Trust could use to license these properties for the benefit of the Trust. If you like what you heard about the short term, purpose specific, non-possessory, revenue generating site improvement license we hope you will pursue this approach as a means of quickly providing additional house lots for applicants while simultaneously raising substantial revenues. Based on our experience with similar projects we believe you can prepare a request for proposals, solicit bids, make an award, collect the minimum five hundred thousand deposit and begin mass grading within ninety days from today. At this time I am happy to answer any questions and provide further clarification.

Commissioner Michael Borja - What is this lot number again?

Jere Johnson - 5412 we worked on that lot over ten years.

Commissioner Michael Borja - And that's at where?

Acting Chairman Oscar Calvo - Adjacent to their quarry up in Mangilao.

Commissioner Michael Borja - South or north?

Jere Johnson - South, it's the site where they used to store the old cars and a lot of debris on the site. It's about a hundred acre piece of property which twenty plus acres belongs to GPA now.

Administrative Director Monte Mafnas - It's actually adjacent contiguous right Jere?

Jere Johnson - Right it's adjacent to us and there's about sixty acres including the GPA property that we feel are quarry able. There's about forty acres below the cliff line that probably shouldn't be touched because of the sensitive nature of the property.

Administrative Director Monte Mafnas - Can you go ahead and quarry GPA before they know it?

Jere Johnson - You know we talked to them we actually did talk to them about mass grading their property.

Administrative Director Monte Mafnas - Right you're leaving a buildable lot so you know it does them a favor but we get the cash.

Jere Johnson - Unfortunately they went ahead and did a design based upon the terrain that was there because they wanted to have their new buildings blended into the current terrain instead of having a nice flat level economic building pad to work on.

Administrative Director Monte Mafnas - Everyone wanted a view then.

Jere Johnson - Yeah I think they wanted a view isn't that what it was Dan?

Acting Chairman Oscar Calvo - Mr. Johnson you know that there is also another bidder to that piece of property you know the shooting range on the bottom and remember there was a dispute on the early stage of that where to come to dialogue with I guess with your legal counsel back then and so forth with Judge Unpingco you know at the time. That was supposed to be worked out in how that operation was to work on was for you guys to come in there and quarry some of the stuff that you can take out there and literally work the, I don't know if you remember that.

Jere Johnson - Unfortunately Judge Unpingco kind of turned it around and he wanted to have the license and we kind of sublicense from him and we didn't think that was workable. We prefer to have a license directly with the Land Trust and maybe have a joint use of the property where we finish an area and then he moves to the other side you know we can assist on the moving.

Acting Chairman Oscar Calvo - I just wanted to, the reason why I brought this up Monte because there is a..(interrupted).

Administrative Director Monte Mafnas - I am aware of it I read the minutes but the point of beginning can be there so you can harvest the mineral and leave it for their use in the event we sign a lease.

Jere Johnson - Right.

Administrative Director Monte Mafnas - And then you can go forward on the remaining balance of the basic lot.

Jere Johnson - Yeah we would have to you know safely..(interrupted).

Acting Chairman Oscar Calvo - The contention of your company was to build a back road to connect to your main quarry.

Jere Johnson - Actually we have a back road.

Acting Chairman Oscar Calvo - Yeah well I guess there's a back road now there but I know that was the contention.

Jere Johnson - We have an adjacent piece of property on the upper level that we're building a road up to it. We haven't finished it yet because we're too busy paying you royalty at the Guam Raceway Park at the moment.

Administrative Director Monte Mafnas - Thank you very much we appreciate that. I hope it's at the new rate.

Jere Johnson - Starting September 1st yes we're dipping into our pockets and paying at the new rate.

Administrative Director Monte Mafnas - Thank you very much.

Commissioner Michael Borja - Where do we need to proceed on this thing?

Administrative Director Monte Mafnas -Well actually they've done their due diligence to the extent of about two hundred thousand. They have achieved I guess an archaeological report, environmental baseline, civil drawings. Basically I saw the drawing its cut and bench, cut and bench, cut and bench exactly what we need.

Commissioner Michael Borja - So does this need to go out for bid as suggested here?

Administrative Director Monte Mafnas - I suggested to Dan that yes as annotated here in all fairness it should be RFP. Now they have an advantage by coming in at a lower rate because they already did the due diligence and they have the time element in their favor again.

Jere Johnson - It took us about three years to get all the environmental and archaeological and surveying all of that done.

Commissioner Michael Borja - So if anybody else wants to bid on this they'd have to do all that stuff.

Administrative Director Monte Mafnas - Exactly and they've been at this since 2006 as annotated here.

Jere Johnson - But we're not only proposing just for this one lot I mean we have approached the Land Trust about some other lots that are in your inventory. One of them is adjacent to our northern quarry that we have up in Yigo that we'd like to do something similar on that piece of property in the future. I'm talking about long term you know in the future but this same process would work for that piece of property.

Administrative Director Monte Mafnas - Is that Lot 7164 or 7163?

Jere Johnson - I believe so.

Acting Chairman Oscar Calvo - I think it's 7163.

Dan Swavely - 7164.

Vice-Chairman David Matanane - Not 7163?

Administrative Director Monte Mafnas - No we're trying to sell that.

Jere Johnson - No it's not the one adjacent to Smithbridge.

Commissioner Michael Borja - I can understand what's going on I mean you've got your interest as well and I think the local businesses need to be on solid ground here especially as this build up comes about there's too many bids going out to everybody else that doesn't live here. I was just wondering with that twenty five percent, prepayment of the five hundred thousand dollars be something that's unattainable for the others?

Acting Chairman Oscar Calvo - Oh yeah.

Commissioner Michael Borja - No I mean you mentioned there's two others, Smithbridge and Perez Bros. I'm just looking at your recommendations here if you wrote an RFP and you included these things are you deleting others out of the potential for competing?

Jere Johnson - Oh that's just a suggestion.

Commissioner Michael Borja - Because you're already ahead like you said if there's all the environmental stuff that needs to be done that does take a long time.

Jere Johnson - And our assumption under that would be we would pay that up front but then that amount would be somehow partially deducted from monthly royalties you know until such point.

Commissioner Michael Borja - So it's going to be dubbed that as a quarry this license is going to be for..(interrupted).

Administrative Director Monte Mafnas - No it's not a quarry.

Commissioner Michael Borja - Okay harvesting.

Acting Chairman Oscar Calvo - The one with Smithbridge that's a quarry that they want.

Jere Johnson - Yeah because they have to dig a hole see we got the advantage of having we're on the ocean well with our present Hawaiian Rock quarry for one we're on the ocean so we don't have a hole. Ours is day lighted out to the ocean basically and then we can do the same thing on the adjacent property. The only problem is you know what Historic Preservation would let us do on the cliff line I mean there's work to be done there.

Commissioner Michael Borja - Yeah you're right I mean if you find some bones your job..(interrupted).

Jere Johnson - We've actually done the whole archaeological survey of the site and there's no bones, there's no historic sites, there's no endangered species on this piece of property. It's an old quarry, it was a quarry at one time so there's some advantage to this piece of property and it's adjacent to us. I mean we'd love to just negotiate with you on this piece of property but I think the..(interrupted).

Administrative Director Monte Mafnas - It was my idea to do an RFP.

Commissioner Michael Borja - Well in all fairness to be transparent about it all.

Acting Chairman Oscar Calvo - And anyway on the rules and regs that we submitted a year ago to the legislature that was one of the things that we do that RFP and open challenge to everybody. But the advantage that you have like you said and I know for a fact I can stand firm to that because when we were down at the old Corn Building that's when you guys really initially started the and you guys came in there to network first the place and you really wanted to do a survey first and find out and those were the stipulation at that time that I encumbered and told you that needed to be done and so forth to make sure to that. And I think even the people from the Parks and Recs they were there at that time and you needed to get all these clearance and so forth. But given the fact that you know we need to put this RFP out you know the challenge is going to be there and of course we have to addressing that transparently. We just don't want to just say because you did you were the first one you did our work first it's not fair but then you know be competitive and I for one I would just rather be locally be whether it be anyone of us whether it be Perez, you, Smith or whatever come bidder to this issue. But they would go to the same process and given the timeframe that they need to and that's something that Monte we need to work out when these people,

if we go to the RFP and whoever applies for it that they have a certain time that they have to come up because it's not you know. We need to address that.

Administrative Director Monte Mafnas - I would like to ask the assistance in maybe assisting us in writing the RFP because I don't know if we have this capacity or the capabilities in writing it right now because we don't have an attorney. You might have to wait until the October fiscal year kicks in the 2012 before we can hire an attorney and we are not able to write the RFP unless you gentlemen have an idea.

Jere Johnson - I've been working on this for over ten years so we're very patient.

Administrative Director Monte Mafnas - And maybe you have suggestions that the Board can always look at it and fine tune it.

Jere Johnson - I'd love to offer the services of Dan here I mean he's the one that put this together and I'm sure he'd work with..(interrupted).

Administrative Director Monte Mafnas - Can you work with that draft it up at least and when, if and when we get the counsel we can have the counsel you know.

Commissioner Michael Borja - It needs to come finally from us because I don't want to have any come back with favoritism.

Acting Chairman Oscar Calvo - My only problem with that is yeah and being an associate with your company I don't think so it's a fair play to do the RFP for that matter and that's just to protect the interest of the Chamorro Land Trust and also because if they say well they wrote it themselves so they know what it is already. So I think it's more and like Mr. Monte said once we get our legal counsel in October which is just next month maybe that's one of the things that we would get the legal counsel to but even if we did these things too remember Monte that we also still need the approval of the legislature for this.

Administrative Director Monte Mafnas - Did you speak with Senator Pangelinan?

Jere Johnson - We spoke with him about the rules and regulations and we gave him some suggestions on the rules and regulations but we didn't get any..(interrupted).

Acting Chairman Oscar Calvo - Because he said he was going to write it a year ago.

Jere Johnson - We gave him some suggested language for this type of lease because there was no provision on the rules and regulations for doing a license for this type of project.

Acting Chairman Oscar Calvo - Because to do this kind of work, network is totally different to do this RFP because you're dealing with a different type of work. It's not like doing an RFP for a building but this has to be done because you're dealing with quarry type and it's almost like really getting an outside opinion that someone within that expertise how it's broken down, how the rocks and production and so forth and that's maybe Monte that's the thing that we have to.

Administrative Director Monte Mafnas - We need a checker on place that's for sure. Whoever wins it we need a checker to count how many trucks go back and forth and the size of the truck because nowadays they have this gorilla truck.

Jere Johnson - Henry keeps us pretty honest on the raceway park and we make sure we have the daily truckloads and we tally those and it matches up and we weigh the trucks and estimate the average cubic yards per truck and everything. So we don't want to jeopardize what we have by shorting you on what we pay for rock.

**Commissioner Michael Borja - I make a motion that we have the Administrative Director of the Chamorro Land Trust Commission proceed with a request for proposal on a short term, purpose specific, non-possessory, revenue generating site improvement license.**

**Vice-Chairman David Matanane - Second, I second that motion.**

**There were no objections.**

**Acting Chairman Oscar Calvo - So be it passed.**

Jere Johnson - Thank you very much.

Administrative Director Monte Mafnas - Mr. Johnson I strongly suggest you talk to our good Senator Ben Pangelinan just to re-courtesy and explain what's happening.

Jere Johnson - Okay we'll give him a copy of what we presented today and we'll meet with him.

Administrative Director Monte Mafnas - Thank you very much.

**2. Ko'Ku Recycling - Continuation/termination of license agreement**
Administrative Director Monte Mafnas - We did ask Ko'Ko Recycling Benny Bello to present his case and he's not here. What he wanted to do was offer two things. One, let him clean it up but he has a remaining term of twenty one years on his lease or two, absolve him and terminate the lease, license, the lease agreement that was executed back in 2005.

Acting Chairman Oscar Calvo - How much back rental that he if we were to.

Administrative Director Monte Mafnas - He's part of the seven point five million dollar credit. Both lot numbers were annotated on the lease and remember last board meeting I said we should terminate anything to do appertaining to Benny Bello, Benny Benavente, Ko'Ku, Ko'Ku Recycling because his track record is not that good. He said either way he's okay so I think can you make a motion and to that effect that we should terminate his license?

Commissioner Michael Borja - Has he been given a letter asking him to be here at our meeting to discuss his issues?

Administrative Director Monte Mafnas - No sir I failed to do that I met him on one to one.

Commissioner Michael Borja - Has he been given any other formal notice of a pending termination of lease?

Administrative Director Monte Mafnas - No I did not.

Acting Chairman Oscar Calvo - I think we still need to give him that letter.

Commissioner Michael Borja - I would rather we give him a letter certified that it's been delivered to be here at the next meeting prepared to state his case prior to a termination that we're going to be discussing a termination and failure to show or failure to respond will not be any to his benefit.

Administrative Director Monte Mafnas - Very good thank you Commissioner.

**3. Department of Hawaiian Homelands-Envinit/Attorney Ed Ching**

Administrative Director Monte Mafnas - The company's name is Enviniti, now I was thinking of having the internet pull who's licensed on Guam who lives in Hawaii oversee this. This is the story, this guy's name is Robert Hall and he has thirty years of Department of Hawaiian Homelands Administration. He's the retired Deputy Director. He has built twenty five thousand homes. I had started a dialogue with him several months ago and he's come to a point whereas he's able, willing to assist Chamorro Land Trust increase their work load, find grants, find funding to build affordable homes and improve Chamorro Land Trust because basically Chamorro Land Trust is patterned after Department of Hawaiian Homelands almost verbatim. Basically he wants to help us with the commercial lease, residential lease and agricultural leases. So overall the big picture is he wants to share all his institutional knowledge at a price of course and I did not discuss the price because I wanted to get approval from the Board prior to moving forward. Now I have a lot of friends in the State of Hawaii that are of serious background and they quantify, qualify, validated this guy. I met the money man from Hawaii his name is Donald Estes of USDA now talking to USDA to take our seed money into the USDA loan under the SUTTA program to get us infrastructure loans was the purpose of meeting with them. Now he told me three times Mr. Bob Hall is my go to guy in the State of Hawaii, Bob Hall is my go to guy in the State of Hawaii. So having quantified, qualified and validated that statement it's imperative that we look long and hard if we can bring this guy on board and I think the cost is the last stumbling block how much it's going to cost us to hire this person. But he can take us to the twenty first century and help us modernize our system and most importantly assist us in affordable homes.

Acting Chairman Oscar Calvo - I have no qualms with that Monte and I support that issue and I want to bring him on board to here my only problem there right now is do we pay his airfare?

Administrative Director Monte Mafnas - No.

Acting Chairman Oscar Calvo - That's my biggest thing there is if he's able and willing to come over on his own at his own expense and so forth.

Administrative Director Monte Mafnas - Oh we do that it's at his own expenses then he bills us anyway. I would like to ask him can we do teleconferencing, email.

Commissioner Michael Borja - Well he can also just send to us some kind of written..(interrupted).

Administrative Director Monte Mafnas - He did he gave us a litany of what he can do and I apologize I didn't bring it here I think I had in the last two Board meetings but it's my mistake I should have brought it again.

Acting Chairman Oscar Calvo - And also at the time if you do make that contracting what would be his dollar figure?

Administrative Director Monte Mafnas - That's right but I wanted the Board aware of this prior to asking him how much now. So of course at the end of the day you have the right to deny or accept the amount. Now I'm always conscious of cost myself and that's why I didn't ask him I wanted to get your feedback first. But I sincerely feel that and I firmly feel that we should bring him on board maybe six months maybe one year. I don't expect him to work for five or ten years. I want him to lay the ground work and then after that we can replicate it. If we know who the correct contacts are if we know the documentations needed and he presents all the necessary documentation then we can replicate that. That's what I'm saying so that's why we won't need him there for you know a year or two. Once that contact is made I think we can go forward.

Acting Chairman Oscar Calvo - I think in general to that ideally that is one of the things that the Chamorro Land Trust also has always needed that kind of expertise but it goes back on here on the budget issues that we need to address and what is wants us to pay for him and do the scope of work. Because basically that's what he would have done for us to do all the scope of work what it takes to do this and what it takes to do that and a time given frame. I certainly want to meet with him and talk with him and give the opportunity to the Board on what he can present and offer to us and say this is what and what the profit zone that can be given to the Chamorro Land Trust.

Commissioner Michael Borja - Maybe we should just have him make some sort of a teleconference meeting with us it shouldn't be more than an hour and then he makes his presentation what he can offer and what it's going to cost and what benefits we're going to get out of it and what he's going to do and a timeline of how to be able to do it. And you know we just get together and chat with him and if it's something we need to..(interrupted).

Administrative Director Monte Mafnas - We could make that happen we can effectuate it at GHURA's conference room I think they have the capabilities of doing that.

Acting Chairman Oscar Calvo - At GEDA.

Administrative Director Monte Mafnas - I can check on GEDA too I don't think so but I do know that GHURA can do that so we can just have one meeting there.

Acting Chairman Oscar Calvo - So just set the time and date and hour.

Administrative Director Monte Mafnas - It has to be their time which means early in the morning.

Commissioner Michael Borja - It's a four hour difference right from Hawaii so just you know we do it at ten o'clock in the morning that's two his afternoon and it shouldn't take more than an hour.

Administrative Director Monte Mafnas - I appreciate that because I think we can take a quantum leap with his guidance and his institutional knowledge and it's going to be tougher to get money and grants from the federal government right.

Commissioner Michael Borja - Well you know who knows if there is a way to get grant.

Administrative Director Monte Mafnas - This guy can do it all.

Commissioner Michael Borja - And he can pay for himself from the grant.

Administrative Director Monte Mafnas - Maybe one time we might bring him over maybe I don't know and thereafter it's up to him. I don't know but I'm just suggesting initially we can meet with him because it makes a difference to be on a face to face meeting as opposed. But I would definitely enlighten the Board with all his capabilities and take it from there and find out how much it would cost and we can do the teleconferencing at the GHURA Board.

**4. GEDA MOU**

Administrative Director Monte Mafnas - GEDA has submitted to CLTC a memorandum of understanding to assist in the commercial marketing of our properties. Simply because of two reasons, number one, they make a commission and number two, all investors go through GEDA. Because of the lack of commercial division of CLTC and the tight number of employees or the framework or the skeleton crew we only have ten workers you know and we have over thirteen thousand applicants not counting probably what fifty, sixty commercial applications. Because of the lack of bodies I would like to request of the Board to think about hiring GEDA to market our properties because all investors go through GEDA and they can prequalify them and when the decision has to be made it will be made by the Board so there's a control. And if they deliver ready, able, willing licensee or lessee that's when we can pay for the commission. Now there's a commission that's being paid by Ancestral in the amount of fourteen point seven five and I don't agree with that. I think we should counter and go lower than that. But if they do all the commercial processing it eliminates a body and salary and benefits of CLTC. So basically they'll be working for us and when they deliver we pay. No performance then no pay simple as that. They don't deliver they don't get paid.

Acting Chairman Oscar Calvo - Actually this issue too that we if we were to get on board Mr. Hall and has all the expertise in this issues that would work too in our way of line.

Administrative Director Monte Mafnas - From a federal contact not from private.

Acting Chairman Oscar Calvo - Well even to at least well in the federal side portion of that money and I'm saying on the local side I'm pretty sure he's got some..(interrupted).

Administrative Director Monte Mafnas - I agree but his work is on the federal, he's built over twenty five thousand homes, he's also built a green subdivision so he's very in..(interrupted).

Acting Chairman Oscar Calvo - You and I talked about it and that also alleviates the workload in your part too Monte because you know our Director too he's wearing three hats and so I know that if he can focus on that and have GEDA taking care of that at least and like you said when it's time to say hey Monte I have a buyer or investors that's willing to do this okay show us the you know.

Administrative Director Monte Mafnas - We're a good company a federal Government federal department right?

Commissioner Michael Borja - Yeah I have no problems with this at all so I think that we just need to just go ahead and work on this agreement, fill in the blanks as appropriate.

Vice-Chairman David Matanane - I suggest that as soon as we get our legal counsel on board wait another thirty days.

Administrative Director Monte Mafnas - Well I'll give you guys the format from GEDA. We already have the basic MOU already.

Commissioner Michael Borja - Yeah we do and there's just some stuff that needs to be filled in just do that and then we..(interrupted).

Vice-Chairman David Matanane - We'll have the legal counsel go over it and of course to protect the people that signs in the back there.

Commissioner Michael Borja - Yeah but it's one Government to another Government and it's just basically they have to ensure it's the best interest of themselves so it's not like competing with somebody that's not in the interest..(interrupted).

Acting Chairman Oscar Calvo - Monte we really honestly and truthfully we need to, one of the, I think one of the priorities we need to set right now is that legal counsel we really got to get that thing going right now. I tried to go down and see Claudia but she wasn't in yesterday.

Administrative Director Monte Mafnas - But you did meet with her last month and she told you right that..(interrupted).

Acting Chairman Oscar Calvo - Because I think what we need and I don't know maybe you can have a dialogue with her one more time I guess is to because I told we definitely need that legal counsel right now because a lot of issues now are coming up today and certainly none of us can really..(interrupted).

Commissioner Michael Borja - Yeah I'd like to get this Younex thing out of the way, done with, they're a headache and they can you know that to me it looked..(interrupted).

Vice-Chairman David Matanane - She didn't take advantage of giving her the credit and just pay us the balance.

Commissioner Michael Borja - I think it's just a stall tactic.

Administrative Director Monte Mafnas - Definitely.

Commissioner Michael Borja - And they have no intent of paying it, we just need to clear it and..(interrupted).

Acting Chairman Oscar Calvo - Actually in reality if you look at it even if she wants to meet with the lawyer it has to be an approval to the Board.

Administrative Director Monte Mafnas - It's okay because she's going to be paying court costs and penalties and attorney fees.

Acting Chairman Oscar Calvo - And the Board alone has really the final say so. So I think if she's trying to go around and just play ball with the legal counsel it has to come for us to ratify that.

Administrative Director Monte Mafnas - So I'll address that tomorrow I'll give you guys a report next week.

Vice-Chairman David Matanane - The reason why we say you know because of this percentage and in order for us to come to a specific amount of percentage we need to consult and see how much is you know the services that we are presented. Also like I said we'll wait till our attorney if we do acquire and of course the Governor like you said and his attorney and the AGs involved so I don't think they're going to short change us.

Commissioner Michael Borja - I think that percentage amount is something we can talk amongst ourselves between CLTC and GEDA.

Administrative Director Monte Mafnas - We can do it now, in real estate if you sell unimproved property, vacant property the commission is pegged at ten percent.

Commissioner Michael Borja - I mean what would it be on the market? And see so that's the point I mean it should be better than the market.

Administrative Director Monte Mafnas - Yeah and improved property, properties such as houses, condos, anything and buildings it's typically six percent. Now that's not set in concrete of course but that's the going rate nationally and locally.

Commissioner Michael Borja - So they should be at a discount on that.

Administrative Director Monte Mafnas - Right that's the way I see it too.

Commissioner Michael Borja - And so that's all we have to do is just come up with a rate that is agreeable to both. Are they doing something similar like this with anybody else?

Administrative Director Monte Mafnas - Ancestral and they're paying fourteen point seven five.

Commissioner Michael Borja - That's way too much. It's way above the going rate.

Administrative Director Monte Mafnas - I guess the Executive Director then is a nice guy.

**5. Consolidation of CLTC with DLM effective 10/1/2011**

Administrative Director Monte Mafnas - The merge that would happen is this would not be a conference room we're going to have to operate out of GEDA's conference room which is located on the fifth floor. It's larger than this. This will be converted to land agents cubicles and operation. We're going to open up the two front doors here as Chamorro Land Trust possibly one desk for Ancestral because it's easily accessible and this should accommodate most of our staff. The other side of the corridor would house Mario the Planner and Desmond the map guy and land agent and Greg Sablan, all of our documents our filing cabinets.

Commissioner Michael Borja - Does this consolidation need to be addressed as an Executive Order from the Governor or is it a public law by the legislature?

Administrative Director Monte Mafnas - Well it's being submitted as bill I think 145 by Senator Duenas but the Governor is just pursuant to a suggestion by someone he's going to issue out an Executive Order.

Commissioner Michael Borja - And so does it delete the Boards?

Administrative Director Monte Mafnas - No the Boards stay in place. Their Board meets on a Wednesday. But the end result, there's a lot of win-win here for CLTC in terms of land registration maps that can be more expedient in the process because I will be overseeing that, land surveys, abstracts of title and process server. They're capable of doing process server which is not a defined time it could be eight to five, it could be swing shift or graveyard shift. Sometimes you just can't find that person but we have to serve all the neighboring owners. Also efficiency we will increase the capacity of CLTC to the twenty first century. By that I mean we'll be scanning, we'll be indexing, we'll be copying the maps we'll have redundancy capacity and also to the point where if you have an iphone, you're in the internet you can access documents, lot number, zoning, maps, other liens and encumbrances even soil condition, utilities possibly.

Commissioner Michael Borja - Has Land Management gone to that point now where they're full three dimensional topographical on the computers where you can see those?

Administrative Director Monte Mafnas - Yes they're working on it.

Commissioner Michael Borja - Because I know some of the issues that have occurred have been where just because two properties are together which you don't see on a flat map is that one is ten feet below the other one and then someone goes and fills it and then suddenly the people below that are all flooded.

Acting Chairman Oscar Calvo - The advantage that we have here basically like what Monte said is being in that position he can actually move a lot easier now to get a piece of maps and so forth.

Administrative Director Monte Mafnas - And quicker.

Acting Chairman Oscar Calvo - And quicker because that's really been the problem with Chamorro Land Trust all these years and you heard it for a fact from some people saying well my map has not been approved or hasn't been followed through so I know that he's got his hands full but at the same token it's an advantage for the Chamorro Land Trust at the same time because you know and the equipments are all here. They have all the surveys..(interrupted).

Administrative Director Monte Mafnas - And the database.

Acting Chairman Oscar Calvo - And the database is here. So now what's happening right now is if they needed an information Desmond or somebody from up there has to come down here to get all that information.

Administrative Director Monte Mafnas - So we save a lot of time, travel time and gas and man hours. So contributively it's really a blessing in disguise really even for the lessees, they can record right here, have it notarized right here so it's a one stop basically. And even the master planning that we need to do to identify the highest and best use of our property, the planning staff is right there. And most of all we have over thirteen thousand applications that's confidential information if there was a fire today and we lose that information we're finished. There's going to be a lot of irate and pissed off people and we scan we index we do redundancy to protect that information.

Acting Chairman Oscar Calvo - That's one of the things we you know we started first back with Joe and Dave that's one of the ideal thing that we wanted to do because when I first got on board that's one of the things I said man.

Vice-Chairman David Matanane - And we're going to build our own building on our own land.

Acting Chairman Oscar Calvo - And charge our own rental.

Vice-Chairman David Matanane - What's this going to be called now that..(interrupted).

Administrative Director Monte Mafnas - Land Resource Building. It's not going to be CLTC it's not going to be DLM. And actually let me inform the Board that I met with Historic Preservation Officer with the Director Linda Aguon and Pete Calvo who are very able and willing to give us a certificate of authority once we sign a contract to perform mitigation on

the subject lot. I met with EPA and they said they're willing, the administrator Ivan Quinata is willing to sign off in one month provided we stay away from underground injection systems.

Commissioner Michael Borja - Where's this?

Administrative Director Monte Mafnas - We're going to build a new building on Block 24 in Agana almost directly across Julale.

Commissioner Michael Borja - Oh you do not want to get involved with this underground injection. I'm dealing with one of those with EPA its crazy, it's tough and costly but it's crazy.

Administrative Director Monte Mafnas - So they're willing to sign off provided we sign the U.S. EPA standards because it's over an acre. The building is going to be situated right next to Governor's Garden, Salas building, fronting Hessler and Julale.

Commissioner Michael Borja - Who's taking care of that land? Who's cutting it?

Administrative Director Monte Mafnas - Parks and Rec, they're nice people, good people. The loan is approved provided we get USDA guarantee. It's fifteen point seven five million, it's pegged at six percent interest rate amortized over thirty years and Bank of Guam won the..(interrupted).

Commissioner Michael Borja - You need to start moving the Government back to the capital.

Administrative Director Monte Mafnas - It's going to be a lien approved building and we hope to break ground before the end of December.

**VII. DIRECTOR'S REPORT** - None.

**VII. EXECUTIVE SESSION** - None.

**IX. ADJOURNMENT**
Meeting adjourned at 3:31pm.

Transcribed by: Teresa Topasna: Teresa Topasna Date completed: September 21, 2011

**Approved by Board motion in meeting of:** Oct. 20, 2011

Administrative Director, Monte Mafnas: Monte Mafnas Date: 10/20/11

Chairman (Acting), Oscar Calvo: Oscar Calvo Date: 10-20-11