



Eddie Baza Calvo
Governor of Guåhan

Ray Tenorio
Lieutenant Governor of Guåhan

Commission Members

David J. Matanane
Chairman

Joseph I. Cruz
Vice-Chairman

Amanda L.G. Santos
Commissioner

Pascual V.A. Sablan
Commissioner

(Vacant)
Commissioner

Michael J.B. Borja
Administrative Director

Chamorro Land Trust Commission

(Kumision Inangokkon Tano' Chamoru)

P.O. Box 2950 Hagåtña, Guåhan 96932

Phone: 649-5263 ext. 435 Fax: 649-5383

REGULAR BOARD MEETING AGENDA

Department of Land Management Conference Room
3rd Floor, ITC Building, Tamuning
Thursday, August 20, 2015; 1pm

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF MINUTES
 1. July 16, 2015
- IV. PUBLIC COMMENTS
- V. OLD BUSINESS
 1. Decha Farms/James Adkins Land Transfer
- VI. NEW BUSINESS
 1. Chamorro Loan Guarantee Fund Rules and Regulations
 2. Agfayan Inc. License Issues
 3. Teresita T. Torres – Subleasing of improvements
 4. Clarita S. Tongol – Subleasing of improvements
- VII. DIRECTOR'S REPORT
 1. Revenue collection report for the month of July 2015
- VIII. EXECUTIVE SESSION
- IX. ADJOURNMENT



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COMMISSION MEETING MINUTES
Department of Land Management Conference Room
3rd Flr., ITC Building, Tamuning
Thursday, August 20, 2015; 1:03pm – 4:10pm

I. CALL TO ORDER

Meeting was called to order at 1:03pm by Acting Chairman David Matanane.

II. ROLL CALL

Present were Acting Chairman David Matanane, Commissioner Amanda Santos, Commissioner Pascual Sablan, Legal Counsel Kristan Finney and Administrative Director Michael Borja. Not present was Vice-Chairman Joseph Cruz.

III. APPROVAL OF MINUTES (July 16, 2015)

Commissioner Amanda Santos moved to approve the minutes of July 16, 2015 subject to corrections. Commissioner Pascual Sablan seconded the motion. There were no objections, MOTION PASSED.

IV. PUBLIC COMMENTS

1. Angel Santos – My name is Angel Santos. I came here to let you people know that we have to stand up. People are coming in and they're taking advantage of us. I used to work in our neighboring island and it was not like what I'm saying now. I go to their island and into their property they chase me away you know. Sometimes they're inviting me and they don't like the way I claim myself. This land look at Saipan you know Saipan they're very good in their laws. What about us? You people are being authorized especially the Director of Land Management and Chamorro Land Trust Mr. Borja. I respect him but we have to stand up because a Chamorro was given a piece of property from the Chamorro Land Trust in return they give it to the outsiders and the outsiders are the ones cultivating the property. Sometimes they put plenty cans of beer or junk cars and when they left they just leave it there. So we have to stand up and do something about this because Saipan is very good in their you know they're very strict in people coming in. Not like us I don't know for what reason we cannot do like what the people from Northern Marianas are doing. So if Mr. Borja he's the head of the Land Trust and there's a lot of people out there in my place there's people renting houses. I'm not going to say what kind of nationality. There's one old man he died already and the wife took over the house there's a lot of people that are renting. They're renting the house. So they're not supposed to do that so Mr. Borja if he practice his authority I trust him. I respect him and even his family they're a good family. But we have to do something about it because in the Spanish time people the Spanish and the American then the Japanese and then the American come it was like volleyball or tennis back and forth you

know. So if we can do something about our own people we have to stand up and treat our people differently from the other people. Maybe we can be straighten up all the trouble that we have. I don't know that's all I can say.

Acting Chairman David Matanane – Thank you Mr. Santos. Of course we are doing our best and I believe Mr. Borja is really shorthanded right now but we are eventually going to be taking care of those. Complaints that do come in we are addressing it but as soon as we get enough people on hand to go out there and look around and see what's going on we are going to take action on it. So thank you Mr. Santos for that comment.

2. Sophia Palacios – I'm Sophia Santos Palacios. I'm here before the Board I'm supposed to get my papers all together for my qualification. I went up to UOG and still I don't know what the years of my great, great grandparents I have to go back to Saipan. But I'm asking you guys the Board because I cannot do nothing I went to the end. I just need (interrupted).

Acting Chairman David Matanane – How do you spell your last name excuse me? How do you spell your last name ma'am?

Sophia Palacios – Palacios.

Administrative Director Michael Borja – Ms. Palacios when did you start residing originally began residing on the property?

Sophia Palacios – Since 1984.

Administrative Director Michael Borja – Okay do you have a Mayor's certification?

Sophia Palacios – Yes sir I do have everything.

Administrative Director Michael Borja – You know what Commissioners I'd like to try and take this off line and deal with this in a different way. Ms. Palacios has been here before. She originally resided on a piece of property in Dededo where she came before actually a neighbor came to us as well asking us to take care of the issues on the property that she formally resided on with her children and raised her children for many years because these people who had come in had come in at the invitation of her ex-husband's new wife. I think we might have a way to solve this issue so we'll take that from there okay.

Acting Chairman David Matanane – You heard Mr. Borja he's trying to work something out.

Sophia Palacios – Yes I myself too I will try my best.

Administrative Director Michael Borja – So make an appointment to see Margarita and then we'll get together.

Sophia Palacios – Thank you.

3. Emilia Palacios & Antonio R. Palacios

(Chamorro translation by CLTC staff Eileen Chargualaf)

Antonio Palacios – *This problem is with two properties and it's like bothering me. This case is since 1974. I went in as a hog producer under the University of Guam and this land when they showed me in the beginning Land Management didn't want to give me because it's next to private property. When my nephew died the person who owned this private property came and told me to remove the pigs where my brother lived. I called Land Management and when they saw it they told me that they cannot give it to me because it's next to private property. When I came for a rosary for two days they asked me what happened and they told me that they couldn't because it's close to private property and Land Management might get sued. Come by and I'll show you the markers. This paper I'm going to show you in the very first time that they showed me this land this is the beginning.*

Acting Chairman David Matanane – *What year was that?*

Antonio Palacios – *1974. Behind 308 and 306 is private property and I didn't know. I used to go crab hunting and this is where I grew up. I didn't know that this is how large the government land is.*

Acting Chairman David Matanane – *Where is that property located at?*

Antonio Palacios – *Santa Ana by the Chapel.*

Acting Chairman David Matanane – *Oh Agat.*

Antonio Palacios – *Yes Agat. When Consuelo sold the property that's when the game changed.*

Acting Chairman David Matanane – *Cruz?*

Antonio Palacios – *No Reyes. When he sold it this is where the bull cart trail is and he would park his jeep and he would walk where the bamboo tree is to where his property is at. When Land Management came I showed them the property markers and then that's when they approved it. When it was approved this is what it came out to be.*

Acting Chairman David Matanane – *What program did you get the land under?*

Antonio Palacios - *I got the pig farm under the Farmer's Home Administration. Under the University of Guam to show me how to raise pigs. They showed me and schooled me on how to pull the pigs out when they're giving birth and how to cut the umbilical cord. They also taught me how many days before the pigs give birth. This land is best for experiment for agriculture. They asked me if I can be an instructor for the kids when they go on a field trip. But I forgot to say in the beginning that times have been changing. This is the problem things are always changing. The changes with the Governor and the Board. There's a never ending. It bothered me about three months ago someone came because the*

neighbors have been complaining that it's private property. There is a lot of cost involved that need to be investigated because I've been wanting to meet for quite a while. That's what I want for you guys to come and see the property to see if I'm really abusing the property. Come and witness before we meet. They called me and my wife to come to this meeting today. I'm glad that they asked me to come because I even took pictures. The private property is taking the 40 feet easement. I asked the person that was measuring how come the easement came to my boundary markers? He said that they bought the easement. If that's the way this is going then I need to do some investigation.

Acting Chairman David Matanane – *Who owns the private property?*

Antonio Palacios – Davis.

Acting Chairman David Matanane – *Davis who?*

Emilia Palacios – John Davis.

Antonio Palacios – John Davis. *This land had been straight since Tommy Tanaka that's who was behind me Tommy Tanaka now it's Davis. This mark was straight until it came to Davis it went forward and took the 40 feet.*

Administrative Director Michael Borja – Mr. Palacios now you've spoken with Mr. Dave Camacho on this already right? And we also had our survey people come down to the property to work with you on this problem right?

Antonio Palacios – *Before we get there the person that you told me about is what bothered me. You know what he told me that I'm an alien.*

Administrative Director Michael Borja – Well Mr. Palacios there is an issue because of the Chamorro Land Trust (interrupted).

Antonio Palacios – *Wait a minute just let me finish I am not an alien. Since way back when my mom gave birth to me I'm from Guam the Salas. My grandmother is Santos.*

Administrative Director Michael Borja – We're working with you and your wife on this issue. One of the problems Commissioners we had with his property is he had an easement that went around three parts of the property which we didn't understand how that ever occurred. So we're trying to work in removing the easements and correcting the problem and getting his land to be appropriate because I think right now even the way the lot is drawn it encroaches through or cuts through his existing house. So we're trying to increase the size and take away the easement so that the actual size of the lot becomes a lot, lot bigger. But we are working with you Mr. Palacios on this and I'm well aware of your situation and we're going get this resolved for both of you we will. Right now the surveying of it does take a little bit of time. Because those easements are there we'll get them also removed it's not just erasing a line on the paper. But we are working on that in Land Management to help you out along with Chamorro Land Trust to make sure the lease is set

up for you guys so that it's all set there for you to have you know everything is all taken care of.

Acting Chairman David Matanane – *He's aware already Chamorro Land Trust and Land Management. The Director understands that there is a problem. He said that it will be taken care of. You can finish your testimony.*

Antonio Palacios – *I have been staying on this property and I will say I am not embarrassed I am divorced from my wife when I was staying there on the property. 15 years and I even made a song for her. For me not to hurt my wife I was stuck with Guam Housing all I needed was \$10,000 to finish my house that I was building. But they didn't want they wanted me to borrow \$50,000 in order to get it approved. I said oh my God. All my savings were depleted but that's what happened. When things keep changing when it was Gutierrez' time they gave my wife a piece of property in Yigo. They changed it and gave her my property where I was living since 1974. So when their meeting ended I went to the Governor and I said excuse me if my wife gets pissed off she's able to chase me out because you guys gave her the title I mean the lease. They were saying this property is two kinds. They were saying 476 is not in Land Trust inventory. I've been waiting for my mortgage to be paid off and when it was paid off the Title Company said it was under my wife's name. But now if you go to Land Trust my wife's name is there and mine is not. I told my wife if they gave it to you that is alright. I'm not greedy with land. But what is bothering me if this is what's its going to be and they have to cut the property in half for my son and half for my wife. This is the map that you guys did.*

Acting Chairman David Matanane – *Who did that map?*

Antonio Palacios – *I don't know if it was Borja because things keep changing. When I started this it was Aguon that approved it. It is signed. The property size started at 7,000 when they approved it it went down to 4,000. Land Management said that where his property boundary is it's going to be a road. Wait a minute and let's all understand. So I did research here to find out where the wrong doing is. When I did my research this is what came out and I got a copy of the map for my neighbor that's where the road should be on his side. This is Lot 476 this is where the road should be.*

Acting Chairman David Matanane – *Private property?*

Antonio Palacios – *This is the private property but now they're saying they bought the road. This is really hurtful because I've already mortgage that piece of property Lot 476. I told University of Guam I'm not going to spend \$70,000 to build a house and for the pigs for a year to year lease because that's what it was back then a year to year lease.*

Acting Chairman David Matanane – *Was it University of Guam that looked for you or you looked for University of Guam?*

Antonio Palacios – *No they told me what's the right way to do it, for me to go to the Farmers Home Administration. The Farmers Home Administration was the one that*

advised me to go to the bank. The banks will not give me any loan because they don't mortgage for pigs. So I asked them to put it in writing then that's when it was approved and I built. The neighbors were complaining why was I building a home when the structure should only be 12x12 according to the arrendo law. The neighbors don't know that I'm following the advice I was given and I even told the Director I'm not going to build for the stealers. That's why they were able to approve me to build.

Acting Chairman David Matanane – *Okay sir can you please contact Mr. Borja so you guys can resolve the problem? This is being recorded and maybe by the next meeting we will have some kind of solution.*

Antonio Palacios – *Before I close I would like one or all of you from the Board to come down to the property to see so we can talk better. I don't like this because all they're telling me is this is just a sketch. How can I build a house if it's just a sketch? I don't understand and I am not trying to downgrade any of your staff but this is what's scary that they should have a sketch. And if you like it then they should write it down and then this is how it should be done and be signed.*

Administrative Director Michael Borja – *I'll give you my card you give me a call when it's a good time to come down. I'll come down with one of my land agents and we'll walk your land.*

Antonio Palacios – *Thank you very much. I've been wanting to meet for a long time and I'm already 72 years old and it's been a long time. I'm getting old I'm shaking and I'm getting forgetful. I'm paying attention to the law and this is all my paperwork.*

Acting Chairman David Matanane – *Please bring all your paperwork when the two of you meet.*

Antonio Palacios – Okay thank you.

4. Doroteo Terlaje Diaz – *My name is Doroteo Terlaje Diaz. I'm the son of Doroteo Diaz Diaz. I left Guam in 1956 right after I graduated from George Washington High School. Went to college for four years and then went in to the ROTC there in University of Maryland and I right after graduation I went to the Air Force as a reserve officer. Anyway from 1956 to 1981 I was in the service and the property that I want to ask you folks is the deed, the lease for Lot 249 located, here is a map that you folks might be able to.*

Acting Chairman David Matanane – Where is that at?

Doroteo Diaz – It's located in Maina municipality of Asan.

Commissioner Amanda Santos – Is that Land Trust or private?

Doroteo Diaz – It's not a private land. The land was leased by my dad before the Japanese occupation.

Administrative Director Michael Borja – Is this Ancestral Lands?

Doroteo Diaz – This was released by the Navy back in 2000 when Governor Gutierrez was still the Governor.

Acting Chairman David Matanane – Is this Ancestral or?

Doroteo Diaz – I really don't know where the land Lot 249 is inventoried at either at the Chamorro Land Trust or at the Ancestral Lands. It belongs to the Naval Government.

Administrative Director Michael Borja – Jhoana is this Ancestral Lands?

Jhoana Casem (CLTC) – Yes.

Administrative Director Michael Borja – This is Ancestral Lands so we can still entertain you in another forum not just this one because this is Chamorro Land Trust Commission. But you can come on in and speak with pretty much the same group of people over at Land Administration. Jhoana after this can you please just take care of him and we can begin working with you on that so that we can help sort out the issues that are with this. Because it really is an Ancestral Lands issue we can help you to figure out the points here.

Doroteo Diaz – The issue here is that I want to use the land to farm. I want to grow cauliflowers and also string beans and that lot is the jurisdiction of the (interrupted).

Acting Chairman David Matanane – But Mr. Diaz do you know who owns the land?

Doroteo Diaz – The Naval Government used to own it now it's Government of Guam.

Administrative Director Michael Borja – Right but it might be returned its part of the Ancestral Lands Commission. There may have been some ancestral owners who have already had a claim of interest on it and it may or may not have already been deeded out to somebody. But we can find that out for you.

Doroteo Diaz – Yeah I did approach the Ancestral Lands two years ago and they said they're going to check it out but I went there and there's no status at all.

Administrative Director Michael Borja – Sometimes there might not be and sometimes it might still be held by the Naval Government but we'll see and Jhoana can help you on that but this is not Chamorro Land Trust property. So we can't even give you any authorization or even talk about it because it has nothing to do with the Chamorro Land Trust Commission unfortunately. Ancestral Lands is really a totally different creature a different kind of method of handling the land so there's another process to take care of that.

Doroteo Diaz – Even though I'm going to use the land for farming?

Administrative Director Michael Borja – We can't authorize that from this Commission. We may not even be able to give you that authorization if there's already been a deed. I mean there's a way to do it if it was a crown land which is lands that were never owned by anybody but the Spanish Crown and was given to the Ancestral Lands then we can work out and issue out a license or lease with you. But under this circumstance I can't talk to details because I really don't know too much more about it but Jhoana can get with you. We can get the information and set up a time so we can go over the details with you on what the issue is with this land.

Doroteo Diaz – Okay Mr. Borja my problem is I did some research okay and the PTR that I obtained through Guam Title is they located the land in Sumay. Lot 249 is not, it might be a lot in Sumay but it's not the lot in Maina municipality of Asan. Nobody else knows this land that it is a landlocked land. It's adjacent to Lot 248 which belongs to my ancestral my Grandmother Ramona Diaz Angoco okay. Lot 248 was partially released partial released. Out of the 38.9 acres only 10 acres were released by the Naval Government and the 28.8 or .9 plus or minus is still in the hands of the Federal Government okay. Now if that's the case what am I supposed to do with only out of the 6 people that were on Lot 248 one of them is my father?

Administrative Director Michael Borja – See I can't answer that question this is the wrong forum to deal with it because it is an Ancestral Lands issue. And I'm serious if you would just allow Jhoana to work with you right after you step from the desk and she can set up a time or go down and start working with you to show you some of the information that we might have or what we can do. But otherwise give us the opportunity to research it and then have you come in. But really this is not the correct forum. This is not the group that discusses that we don't have anything to do with Ancestral Lands Commission. There is an Ancestral Lands Commission and we do have regular meetings and you can definitely show up for those and ask that same question but this is not the forum because we can't answer that. In many times when the Naval Government gives back the lands they have federal excess lands they return first to the Government of Guam who then determines whether or not there's a need for the land or not. Let's say something is already sitting on there and obviously we have a need for it and if there's none then it's returned back to the original landowner. This map you gave us is dated 2010 and you can see on here there's a number of areas where it talks about return to original owner and not returned land and it's held by the Government of Guam. So this is all part of Ancestral. None of these lands were ever part of the Chamorro Land Trust Commission so we don't have any jurisdiction over this land because it wasn't part of our lands in the first place. So we really have to defer you over to the Ancestral Lands Commission and Jhoana Casem one of our land agents will help you out in that matter. She's worked with Ancestral Lands Commission for quite a while.

Doroteo Diaz – You know I've been trying to get land from you folks Chamorro Land Trust. I put in my application since May of 1998 and every time I came through the Land Trust secretary my number is not up yet.

Administrative Director Michael Borja – No it's not sir because (interrupted).

Doroteo Diaz – We're going 18 years now. I'm 79 years old.

Administrative Director Michael Borja – Exactly well can you imagine the individuals who had signed up in 1995 out of the 8,000 people on our list over 90% of them signed up within the first two days in 1995 and that's what we're working on. That's what has happened and we're trying to move it faster but there's significant number of limitations that prevents us from moving it any faster. We're getting close to that and we've accomplished quite a few other things and we're hoping for a few more but we can't get through that list as fast as I would like to get it through. But just understand that the vast majority of our people on that application list signed up within the first several days of the application sign up in 1995 and that's why we're still in December of 1995.

Doroteo Diaz – There's three Governors now that changed.

Administrative Director Michael Borja – Well there's about 7,700 people in front of you and I can't jump the line and it's very, very unfortunate. Now I do highly recommend that you know if you have a beneficiary on your listing I mean your number can be transferred over to someone else.

Doroteo Diaz – My son and I both put in our request on May of 1998 that's when he went to Kuwait and he's now retired from the service. And this is the reason why I came to this to this Board to find out what's going on what's the status and you just told me that my number is not yet since you guys are working only on 1995 requests, applications.

Acting Chairman David Matanane – That's true Mr. Diaz and we can't jump from one end to the other since you're two years after '95.

Commissioner Amanda Santos – Three years.

Doroteo Diaz – I don't want you to circumvent the regulation okay. I just want to make sure that hey are we working on it or are we sitting on it or until hell freezes over and I'm dead 6 feet under.

Acting Chairman David Matanane – And that's why we have problems here too. The reason why we are reluctant to just dish out the lands without really checking and making sure so you understand where we're coming from and I thank you for showing up. But please avail yourself with the Department of Land Management Director and the staff.

Doroteo Diaz – I agree and pardon my language but it's disheartening. Alright thank you folks for listening to me.

Administrative Director Michael Borja – And Jhoana Casem will be able to help you out.

V. OLD BUSINESS

1. Decha Farms/James Adkins Land Transfer

Administrative Director Michael Borja – I just want to appraise the Commissioners on the status of what's happened here a little bit more update than the paperwork. The last time when we met about two months ago you had asked for a status on the pros and cons and since then a number of other activities have occurred to include discussion with me and Mr. Adkins from Decha Farms and with the Governor of Guam. We've determined that we'd like to proceed in requesting through the Legislature for a land transfer where Decha Farms in properties in Windward Hills would be transferred in a value for value for this property in upper Tumon. And then after that conversation we had an issue where Guam Waterworks then presented a request to assume a portion of that land as well so that they can put in another water tank that's right there near Nissan since this is the adjacent property. I don't know how much they want. Right now they asked for about 6,060 square meters and I've been asking them to give me an update on what that's supposed to be and I haven't heard back from them. We're still working that out and then still processing so nevertheless this property is going to most likely have to be transferred out for partial use for Guam Waterworks at a potential sale to Waterworks. We're not going to be giving it to them we're going to be requesting that they pay for the fair market value on the portion of the property that they want. Likewise Mr. Adkins and Decha Farms would like to do a value for value transfer again for the remaining portion which is approximately 7,440 square meters. Hopefully, greater than that if I can get the GWA space to be lessen for properties up in Windward Hills. What I see here is they are going to get approximately around 2 acres of land in exchange we'll get probably close to about 12 to 13 acres of land if the value for value holds up the way I think it will. But that will all still be determined through appraisals and through surveys at a later time. What I request from the Commission today is that you give me the authority to begin the transfer process to work with the Legislature to allow this property to be portion of it transferred to Guam Waterworks for fair market value of the price that they want and of course a portion to Decha Farms for a value for value transfer for properties up in the Windward Hills area. All those things I think I showed you I have maps that were all attached to your report. But it still would require legislative approval and we're working with the Legislature right now on this process.

Acting Chairman David Matanane – Mr. Adkins anything you want to make a comment on on things that's going on after the last time we met?

James Adkins – No sir I think Mr. Borja had explained it pretty well and we agree with what he said.

Acting Chairman David Matanane – As you remember I asked for the pros and cons remember that Mr. Adkins? He did provide me with one and he has two alternatives, two options okay and I think there's a third option which is really our you know where we're coming from where all the commercial license will be due pretty soon right?

Administrative Director Michael Borja – Hopefully it will be pretty soon.

Acting Chairman David Matanane – So you know we're in the business of leasing and although we wanted to preserve the land for the Chamorro Land Trust and make money out of it and save the land for the Chamorros right. So in his presentation here he has two options which is one to exchange the other option is to sell and there's that other option where we can lease too you know.

James Adkins – Right.

Acting Chairman David Matanane – I'm just doing this so that it is recorded and we're not going to vote because you have changed your mind as far as I'm concerned you changed your mind. Well really not really because the fact that there is another process with that step where you're going to exchange property it doesn't come from here. It has to go to another process where the Legislature has to deal with that right?

Administrative Director Michael Borja – Right.

Acting Chairman David Matanane – So that's where I'm coming from and Mr. Borja's only asking that he has to follow through with that. Of course he has to follow through with the interest of Chamorro Land Trust and of course Mr. Borja will take our interest and he will follow you and he will help you along and take care of what you need. It depends on the Legislature now whether you know that this is what you're asking for and they would give it to you. Of course I don't think the Commissioners will negate from not having Mr. Borja go and entertain you and take care of you and protect our interest. And I don't believe we need to put a motion on that not unless the other two Commissioners here feel like they want to take a vote. But we will give the Director and of course the Director will provide that because that's his purview to help you along if that's the case with what you would need. We are done with the exchange and it has to go to the Legislature process and if it comes through then we will come back again and then we will finalize it right? Is that how the process goes?

Administrative Director Michael Borja – No, no you're giving the authority to go to the Legislature. The Legislature is the final approval. They have to approve all land transactions regardless of whether we can't approve the land transfer.

Acting Chairman David Matanane – And the Director is only there to help you or give you the information that is needed but to protect the interest of Chamorro Land Trust.

Administrative Director Michael Borja – But I do just want to ask if you can give me a motion so that when the Legislature asks me does the Board allow you to do these things you had allowed me to do this.

Commissioner Pascual Sablan – Where does Decha Farms comes in? How did this name derive?

James Adkins – How did that name arise?

Commissioner Pascual Sablan – The farms Decha Farms, where's the farms?

James Adkins – Well we had a farm site down in Agat that's where we started there and then that property got somehow sold and we kept the name and then we bought the property up in Yona and use the same corporation. We have 37 acres of farm land there. So that's part of the property we're exchanging for some property in upper Tumon. It's frontage across from Windward Hills golf course there.

Commissioner Pascual Sablan – That's how the name derived because of the corporation Decha Farms?

Administrative Director Michael Borja – Yes.

Commissioner Pascual Sablan – Now if we were to, for example 6,000 square meters is going to Guam Waterworks. Is Guam Waterworks going to pay us?

Administrative Director Michael Borja – That's the intent and that's the kind of conditions I believe that the Senators are also going to be expecting. Now if you look at it I keep using the round figure because it's pretty close of a million dollars for that piece of property. What Guam Waterworks is currently asking for that's roughly around \$435,000. What I had originally thought of doing is that we get an in-kind trade and services where they were going to put the infrastructure into our lands but I believe one of the Senators believe that he would rather they put the money into an account a Chamorro Land Trust infrastructure account and then that money will then be used to build our own infrastructure the way we see fit.

Commissioner Pascual Sablan – It's not going to be like the same deal up at the back road to Anderson, GPA and Guam Waterworks?

Administrative Director Michael Borja – Oh no, oh no they learned their lesson. We all learned our lesson.

Acting Chairman David Matanane – Commissioner Amanda do want to make a comment about the particular item here?

Commissioner Amanda Santos – No.

Acting Chairman David Matanane – Anything else Mr. Sablan?

Commissioner Pascual Sablan – No that's it.

Acting Chairman David Matanane – Can you make a motion to allow the Director to go ahead and proceed?

Commissioner Pascual Sablan – Mrs. Santos make the motion to allow the Director to.

Commissioner Amanda Santos – I make a motion to allow Mr. Borja to approve this Decha Farms.

Administrative Director Michael Borja – I need the authority to be able to begin the land transfer for Lot 5075 Tamuning to be transferred in portions to both Guam Waterworks for fair market value and to Decha Farms for value for value and to work with the Legislature to accommodate this.

Commissioner Pascual Sablan – That was your motion right?

Commissioner Amanda Santos - Yeah I move.

Commissioner Pascual Sablan – I second it.

Acting Chairman David Matanane – It has been moved and seconded. Mr. Director you are allowed to do that.

Administrative Director Michael Borja – Okay.

Commissioner Pascual Sablan – Not yet, not yet we have to vote first.

Acting Chairman David Matanane – Oh, okay show of hands of the approval. (All in favor) Thank you Mr. Adkins please work with Mr. Borja in getting the process going.

VI. NEW BUSINESS

1. Chamorro Loan Guarantee Fund Rules and Regulations

Administrative Director Michael Borja – The Chamorro Loan Guarantee program which you guys have a copy of is the new rules and regulations that we're proposing to put through the Triple A process. Remember in January we had a policy and procedure we adopted that basically had instructions on how to do home loan guaranties and how to control it and how to determine how much we can guaranty. The rules and regulations (interrupted).

Acting Chairman David Matanane – Mike hold on for a second please. What was the name of that lady the one that asked a question?

Teresa Topasna (CLTC) – Del Nadler.

Administrative Director Michael Borja – She's a regular user of Land Management facilities here for research.

Margarita Borja (DLM) – Del Swagler's daughter.

Administrative Director Michael Borja – Del Swagler's daughter.

Acting Chairman David Matanane – Because previously when we have meetings there's usually two gentlemen, haolie guys that attends our meetings.

Administrative Director Michael Borja – Oh they're lawyers.

Acting Chairman David Matanane – Previously and I overheard she's the investigator.

Administrative Director Michael Borja – No, no she researches land.

Acting Chairman David Matanane – Yeah investigated before.

Administrative Director Michael Borja – Oh no I don't she's an investigator.

Acting Chairman David Matanane – Oh okay I'm sorry I broke it up, I just wanted to find out because I'm going take notes on that. I'm sorry continue.

Administrative Director Michael Borja – So the rules and regulations the proposal here for the loan guaranty program is pretty close to a mirror image of the policy that we did but we want to make it with more meat and control. The only way to do it is to do it through the rules and regulations process. Having rules and regulations like this in place is very, very important because it involves money. We have a trust fund right now that is established the loan guaranty trust fund which is \$500,000 plus. It's only growing because of interest. That is the amount of money that has to be used as a source of income or a money source to pay for delinquent accounts. The law actually provides us with the process of how to deal with defaulted loans. Basically we pay on the month to month basis until we find a replacement. Someone to take over and assume the loan and the home and then they pay all the costs including everything we've paid for already and take over the loan. So that we're not paying for the full mortgage value of the property we're paying just for the delinquency of the loan and then we pay it back whenever we find someone to take over we take that money that they have to pay that we've paid and they pay us back on it we put it back into the account. Now it's important to grow that trust fund and one way to do that is to first have rules and regulations in place to set the standards on how it's going to be used. Secondly, the reason we have to grow the account is because the more money you put in there the more you're going to be allowed to use. As we stated in these rules and regulations that account has to be at least \$500,000 or 5% of what we are guarantying whichever is higher. Actually it says in the language it should be no less than \$500,000 or 5% of what we're guarantying.

Acting Chairman David Matanane – You know what I was going through and maybe this is just an idea that if we do approve one of those particular loan for a building we need to secure an insurance cost.

Administrative Director Michael Borja – Oh yeah it talks about all of the things they're going to be required to do.

Acting Chairman David Matanane – Which section is that? It's either insurance for the loan or insurance for the structure.

Administrative Director Michael Borja – Oh no it talks about all those.

Commissioner Pascual Sablan – I think any loan mandates the (interrupted).

Acting Chairman David Matanane – Should mandate but then I see loans that don't even you know have any. Even at Guam Housing.

Commissioner Pascual Sablan – What?

Acting Chairman David Matanane – The insurance some of them don't have any.

Commissioner Pascual Sablan – Cannot be.

Acting Chairman David Matanane – Yes.

Administrative Director Michael Borja – Yeah we say here that we would want to see a private mortgage insurance.

Acting Chairman David Matanane – Yeah we need that to protect not only the individual that is you know and also for Chamorro Land Trust the guarantor.

Administrative Director Michael Borja – Also it talks about when the money is; the borrower cannot get the money in a full lump sum. It has to only be issued to the construction company at increments. At increments based on the completion of the different completion steps of a house. Also it talks about how we only guaranty like I said to you only a certain amount based on the family size not on what they want. You know if a guy came in and said I got a \$300,000 loan I got approved for it to build a house on Chamorro Land Trust property but they want a loan guaranty. If there's only so many people living in the house and they have to verify if it's not an off-spring and there's guardianship they got to provide us with guardianship documentation to prove that they're legal guardians of a person you know if I can only guaranty up to \$75,000 that's all I can guaranty. We can't obligate the system to be greater than what we you know we only have so much money to do this. We're currently in the process of looking through to try and find all the people from the previous set the ones that have loan guaranties right now. And just as you know a coincidence I had a discussion with a person from the SBA in the States who deals with disaster assistance and they're actually touching base with the Chamorro Land Trust to find out how they can be prepared in the event of a disaster here on Guam. There is the belief that Guam is sooner or later sometime this year we're going to get blasted with our own storm. We've been quite lucky but look at the number of storms so statistically we're kind of going to be getting a bullseye hit here at some point and they want to be prepared. So they wanted to know who are the people that have leases so we don't just have everyone coming flooding to us saying oh, I'm a lessee and they have no way to prove it because their papers all flew out the window. So they want to have something to start it

up with. Well I told him and provided him with a copy of our policy already and a copy of these draft rules and regulations. So what I need from you today is just the go head to press on with the Triple A process for these rules and regulations. The time that is set for the first public hearing would be at our next Board meeting next month. These rules and regulations can still be modified up till 10 days prior to the meeting. So if you have any other inputs or changes you want to make by all means let me know but by 10 days prior we have to publish the proposed rules and regulations online and have it available for the public to review.

Acting Chairman David Matanane – And still when we do submit it down there still will be other (inaudible) for them to make any other from the legislature.

Administrative Director Michael Borja – Oh yeah once we go through our Triple A process I have; well part of the Triple A process again is once we go through our public hearing and then I make any revisions and you will do one more approval of that document and that's what we send forth for the Attorney General to review and get their concurrence. Once they give us their concurrence and they sign it approved to form then we send it to the Governor for his transmittal to the Legislature and there again it sits for 90 days before it's adopted or sooner that they want. But this again there's probably be going to be a couple more sets of rules and regulations I'm going to introduce here. Again it's all part of the necessity to have financial controls and financial responsibility in our monies. The Public Auditor in all our last audits continually mentions the need for having this and so this is part as one of the reasons as well. But again I can't ask for more money to be put into our account if I don't have the rules and regulations in place that shows how we're going to control that.

Commissioner Pascual Sablan – Who drafted this?

Administrative Director Michael Borja – Well I drafted it but it's based on again the original policies and procedures that we came up with and passed in January. I can provide you a copy of that but that's what we used initially. We actually sat down and came up with this whole process because we were having all these storms coming through. The Public Auditor had pointed out to us that we had 12 million almost 13 million dollars in loan guaranties and we didn't have any clue what that it was all about. I just gave you an update on the loan guaranty program basically out of the \$12,900,000 we're down to \$9,400,000.

Acting Chairman David Matanane – This is not the total inventory for loan guaranty which is the only two in July (interrupted).

Administrative Director Michael Borja – No look in the very bottom the very last thing out of originally we were committed to \$12,980,000 now we're down to \$9,435,000. So we've cleared up a whole bunch and a lot of these what we have discovered and this is the only way we can find it is by touching base with the consumers themselves the borrowers and getting a copy of their statements. Now if we can't find any of these other ones we're going to have to find a way to write it off I mean we're going to go after all these people and in some cases there's going to be a few of them that are going to get, you're going to see

them here. Like for example the guy who got his loan guaranty to build his house on Chamorro Land Trust property but instead he built it on his private property next door he's going to get it canceled. We're going to write that off completely. We're going to terminate it, we're going to write a termination and whoever his loan is being paid to we can't guaranty it. They're going to have to go after him and that's his problem he built his home on non-CLTC property so he has to deal with them and that will bring us down.

Commissioner Pascual Sablan – How about those homeowners who self-construct their house?

Administrative Director Michael Borja – No they didn't take a loan out. If we didn't guaranty the loan we're not involved. This is only for the formal loan guaranties that we provide to for actual loans.

Commissioner Pascual Sablan – That's true I should of thought of that but do you have an inventory of all the people that (interrupted).

Administrative Director Michael Borja – Oh yes we do, we provided you that listing at one point. In fact if you recall there was even an ad in the papers a little less than a month ago where we announced to everybody hey have you (interrupted).

Acting Chairman David Matanane – Seen these people.

Administrative Director Michael Borja – Have you seen these people tell them to come and see us.

Acting Chairman David Matanane – So what do you need? I guess we need to go ahead and proceed.

Commissioner Pascual Sablan – You're putting Finney's job is jeopardy Mr. Borja.

Administrative Director Michael Borja – I'm putting your job in jeopardy? No she has to deal with the Attorney General for due process. Her job is to spin the wheel so that it can go (inaudible).

Commissioner Pascual Sablan – That's why I asked you who drafted this it looks like an attorney's work.

Administrative Director Michael Borja – So I needed from you the Commissioners is just the go ahead to proceed with the Triple A process. That's all I needed from you guys and like I said if there's anything within the 10 days prior to the next meeting you have any updates let me know because then I would be able to make those changes. But after that when we make the first announcement we have to have the draft to go as is. But you know there's going to be times to change it anyway during the public hearing we're going to hear comments left and right from people. If we have to make any changes we'll make the changes at that time.

Commissioner Pascual Sablan – How about if you submit this to Senator Ada and attach it on the bill and (inaudible) modify it.

Administrative Director Michael Borja – Well you know there's another way you can do that. We have to go through the Triple A process unless somebody wants to introduce it right away as a bill but it's going to go through a public hearing. You know you're exactly right why did I even go through the Triple A process when they went and introduced it and had to go through a public hearing process again. It made no sense. But that's the order in which we have to follow so they'll put me you know I had to go through the Triple A process.

Commissioner Pascual Sablan – Okay.

Acting Chairman David Matanane – And we're still at the edge by September 1st our commercial rules and regulations are going to be done. Hopefully that they you know approve it themselves rather than let it go to law. Okay so you want it in a motion form Mr. or you want the individual to say yay.

Administrative Director Michael Borja – It doesn't matter, there's no motion required but actually probably there is just say yeah you agree that we need to move forward with doing this. Yeah a motion and that gives me the go ahead and the authority to do so.

Acting Chairman David Matanane – **Commissioner Amanda make a motion for Mr. Borja to proceed with the proposed rules and regulations.**

Commissioner Pascual Sablan – I second it. She's making a motion to (interrupted).

Administrative Director Michael Borja – Just say so moved Mrs. Santos.

Commissioner Amanda Santos – I move and second it.

Administrative Director Michael Borja – No just say so moved to what he said.

Commissioner Amanda Santos – I move.

Commissioner Pascual Sablan – I second it.

Acting Chairman David Matanane – Show of hands for the approval of Mr. Borja to go ahead and go forward on the approved rules and regulations for Chamorro Land Trust to go through the Triple A process. (All in favor).

Administrative Director Michael Borja – Thank you.

2. Agfayan Inc. License Issues

Administrative Director Michael Borja – This is Mr. Peter San Nicolas from Agfayan Inc. and the property he has a license with for the Chamorro Land Trust is at that intersection of Harmon Loop road and Marine Drive across the flea market in Dededo. What came to our

attention was an individual who came to Department of Land Management Planning Division to have a business license renewed and in the form our Planner had to object to the approval of the business license on two reasons. One was zoning and the second one was that the sublease, the master lease did not allow for any subleasing. The master lease is in fact a Chamorro Land Trust commercial license agreement that was granted to Agfayan Incorporated. They are making a copy of the sublease and what you do have is; do you guys have this recorded document for the original lease? In the recorded document of the original lease there is a section here which does not allow for I think its section 9 assignment rights. There's no permitted assignment or subleasing that's authorized under this license agreement just like there never has been in the law at all. And so this is a violation of the license agreement as we have found. We've asked Mr. San Nicolas to come before us to speak about this. I do have some alternatives that we can work on you know but there's really two alternatives you have. One is either a lease termination or two is to do some other modifications that I can speak about later on.

Acting Chairman David Matanane – What was the violation again Mr. Borja?

Administrative Director Michael Borja – Again the violation was item no. 9 assignment of rights to be able to sublease the property but there's no subleasing authority in any license or lease agreement that the Chamorro Land Trust can permit currently and at that time as well.

Acting Chairman David Matanane – On the account receivables is he up to date?

Administrative Director Michael Borja – There's \$14,000 arrears. He's invoiced for \$3,500 but he's paying \$5,000. How does that work?

Joey Cruz (CLTC) – The \$1,500 is credited to the arrears.

Administrative Director Michael Borja – \$1,500 is credited to arrears. Was this normal he was supposed to pay only \$3,500? So this is just on arrears that's being paid off over time?

Joey Cruz (CLTC) - \$1,500 is credited to the arrears.

Administrative Director Michael Borja – Okay so he's on schedule, he's good.

Joey Cruz (CLTC) – As far as his monthly payments that's the \$3,500.

Administrative Director Michael Borja – Plus the \$1,500.

Joey Cruz (CLTC) – Plus the \$1,500 that's credited to the arrears.

Administrative Director Michael Borja – So he's good on his payments. He's been allowed to pay; that's the agreement we had a couple of years ago right where he would pay so much which will pay off part of the arrears and he'd payoff the current amount.

Acting Chairman David Matanane – Which corporation or individuals are you renting it out to Mr. San Nicolas?

Peter San Nicolas – Good Afternoon members of the Board, Mr. Chairman thank you. My name is Peter San Nicolas, President of the Agfayan Incorporated. I've been working for this property for I guess all these years. I appreciate if you could put in writing that you say that I'm in violation but as far as I'm concerned and of my company I'm still in compliance. I am not subleasing the property. The facilities I have is a usage agreement for my facilities that I built. So I am not, to be clear I am not subleasing the property. If you take a look at the lease usage agreement from Chamorro Land Trust I believe I am in compliance. So for any other questions you have or violations I'd appreciate it if you could put it in writing so that way I might you know specifically answer those that seem to be in violations that you think is in violation. But I've been operating now this business for gosh maybe close to 8 years.

Administrative Director Michael Borja – But a usage agreement could be seen as allowing someone else to use your facilities and area as well when you don't have that authority to do any kind of assignment or subleasing. It might not be called a lease it might be called a usage agreement but it certainly acts like one. It requests and demands certain amount of payments per month and gives a period of time in which it is permitted. So it's really you know it can be called a usage agreement but as I was once told if it looks a lease and it acts like a lease and it smells like a lease it's a lease or a license and you don't have that kind of authority within your current master lease your license rather to be giving out any authority to others to use it. That was the conditions that we and the law doesn't allow, the law specifically doesn't even allow that currently to do any kind of to give a usage agreement or anything like that. It's very clear in the law that it doesn't have that. In fact it's so clear Commissioners in the law that when we were modifying and putting together the new commercial rules and regulations the sections that we had included that discuss subleasing and sublicensing and assignment had to be struck from the rules because there is nothing in the law that permits us to be able to do that. The current rules and regulations which are pending in the legislature have an amendment to the law as part of the bill for the rules that will allow for the subleasing and the sublicensing and the assignment of master leases and licenses and only for commercial purposes and not for any other purpose. So you know it doesn't exist right now, had never existed and there is no authority no matter whether you call it a usage agreement or a license agreement or an assistance agreement whatever it's still allowing for the purpose of charging a fee to someone else. It acts like a license and it acts like a lease and you cannot be allowed to do that.

Acting Chairman David Matanane – Maybe after September 1st right?

Administrative Director Michael Borja – Maybe after September 1st he will have, well hopefully yes we'll have the ability to do this. So the only thing I can present to you sir is that you know we have a copy of that and after reviewing it it is considered to be an assignment of the lease. And you know there's two options as I mentioned one is either to show the lease in violation and to give a penalty for that violation which include up to a termination of the lease or perhaps we have the opportunity to then be using to modify your

license agreement to permit you once the commercial rules and regulations are fully adopted and in place. Granted that the subleasing and the assignment portions of it are also authorized that we can because it allows us to modify if we have to. Now if you did do that so that you can be allowed for modification you will also have to be held responsible for all the other requirements that the new commercial lease has to include an adjustment or a modification to your rental scheme. Because in this process it will require the rentals be part be determined based on the fair market value of the property and that any subleasing that you do or sublicensing that you do that we also receive a percentage of that and that's the way it's written. So you know I'll provide you with a current copy actually you know the most recent copy of a bill or as it's been introduced into the legislature it's still subject to some minor modification so it's by far not the truth yet. But we can do that as an alternative if we had to make some modification and I would suggest that you look at that. I mean we don't want to terminate you you've got a livelihood you still have time left on your existing license you don't want to alter but you have to weigh those other considerations. You can actually access this proposed rules and regulations online at the legislative website under Bill I think its 139 and you can read it for yourself what it has to say. But like I said the final product hopefully well it will be adopted on September 1st as we transmitted it or it will be passed by the legislature prior to that with some modifications which actually make it a little bit stronger. But in any case that's the issue that we have before you and you know while you might disagree that a usage agreement doesn't necessarily have the same language it's still the same kind of thing. We had to terminate a major usage agreement ourselves just days prior to its execution because we didn't have these rules and regs in place. So you know we have had to also suffer the consequences of trying to right some user agreement that really felt and acted like a lease and it's the same thing.

Acting Chairman David Matanane – So you do understand.

Peter San Nicolas – I appreciate that and (interrupted).

Acting Chairman David Matanane – Hold on but then did we give him a notice on this Mr. Borja?

Administrative Director Michael Borja – A notice on what?

Acting Chairman David Matanane – At least a letter saying that he's in violation.

Administrative Director Michael Borja – Well we called him here to advise him of that.

Acting Chairman David Matanane – But do you understand where we are at right now?

Peter San Nicolas – I understand and first of all I appreciate the different alternatives and things but I'd like to ask the Board to ask Mr. Director Borja to maybe like you said draft a letter so that way we can specifically address that at the same time. So if I may ask (interrupted).

Administrative Director Michael Borja – I'll get you a letter tomorrow morning. If you wish to pursue this in court we'll definitely go all the way okay. But if you'd like you know you can either go this a rational way or we can take the most drastic alternative. It's your choice and right now you know you will have a letter saying you are in violation of Section 9 of your recorded lease and that the copy of the sub-use agreement that you have is in violation of the terms.

Peter San Nicolas – Okay.

Acting Chairman David Matanane – You understand that as soon as the commercial lease agreement is approved by the legislature then you have to come in also and we adjust the agreement that you have currently. So it is that time that it's very close but not yet.

Peter San Nicolas – Okay I appreciate that.

Acting Chairman David Matanane – Okay you understand that?

Peter San Nicolas – Yes Mr. Chairman thank you.

Acting Chairman David Matanane – You understand that Mr. San Nicolas. I think Mr. San Nicolas and I have been at it since a long time ago.

Peter San Nicolas – We try to work together you know me.

Acting Chairman David Matanane – Yes I understand and I you know I might of course you know standing up although we do have complication with that I'm okay with it and you're okay with it and we're doing it the way it should be.

Peter San Nicolas – I really appreciate your different options.

Acting Chairman David Matanane – And I don't want to go back and try to pull things out that's not really we're at least what I hear I'm glad that you're up to date in our agreement remember that Mr. San Nicolas? And by God you know we'll give you that and see where you're going to take it.

Peter San Nicolas – Thank you.

Acting Chairman David Matanane – Make sure that you watch over the horizon because it's coming close and we were waiting for it you know all this time. It is upon you that we did that because the fact that we have encountered that. That's the reason why the commercial lease and licenses and we even abstained from doing any other contracts or agreements because of that nature. Remember that Mr. San Nicolas we were down in Agana, Anigua and all that we've been (inaudible) and I'm glad to see you Mr. San Nicolas.

Peter San Nicolas – I'm very happy and you know giving me this opportunity (interrupted).

Acting Chairman David Matanane – Oh I wonder where's Randy?

Peter San Nicolas – No I try to save money.

Acting Chairman David Matanane – You know the last time was right here and when I said to Randy don't let that door kick you when you go out. But that was (inaudible) man and I met Randy and I said look man I can't you know be just trying to baby you guys because you are making business right. Mr. San Nicolas and that's it I think Mr. Borja will give you that letter and you can take it to where you want to go.

Administrative Director Michael Borja – While we have you here I just wanted to just kind of add you know you are really in a very, very prime part of our island. We would really like to probably see if there's a way if you can do something just to enhance the appearance of your facilities over there in any way that you can so that it can be more of an attraction. I mean even if it's just landscaping it's the same kinds of things the Land Use Commission would ask for people who are going to rezoning or doing something. You know try to do some landscaping in the area to at least give it a little more attractiveness to that corner of a major busy intersection just to help it all out in appearance. And the other part you know we have to address is we have an issue there of possible zoning. That was one of the other reasons why the business license renewal application was rejected because the business activity didn't match the zoning requirement. So we need to take a look about whether or not there's a zoning issue and we need to work together to work on that.

Peter San Nicolas – I believe the zoning has been corrected its commercial zone already.

Administrative Director Michael Borja – It's what?

Peter San Nicolas – It's a C zone.

Administrative Director Michael Borja – Okay so what was the issue with the zoning that the Planning Division had?

Margarita Borja (DLM) – I'm not sure. It went through Public Law right it went through the Legislature.

Administrative Director Michael Borja – Okay alright so we'll follow up on the zoning problem that Planning Division had.

Acting Chairman David Matanane – Has the warehouse been done?

Peter San Nicolas – Yes (inaudible) done, everything is in progress really. You know I'm very happy it seems like its half way up already but I'll take the advisement from the Director because I want to make the Chamorro Land Trust too proud on the facility as well. It's like a pet project too for you know. Thank you.

Commissioner Pascual Sablan – You mentioned that the zoning there is commercial right?

Peter San Nicolas – My lot is zoned commercial.

Commissioner Pascual Sablan – When you say your lot.

Peter San Nicolas – The lot I'm leasing now.

Commissioner Pascual Sablan – You're leasing now?

Peter San Nicolas – Yes.

Commissioner Pascual Sablan – How did you rezone that?

Peter San Nicolas – I really don't know how but we did have it zoned commercial.

Commissioner Pascual Sablan – After the lease agreement or before?

Peter San Nicolas – Originally it showed a C zone but when they did the research and that's why when they first authorized me to do commercial license they were basing on that map. It's just in the beginning but come to find out after I've gone through all the process and tried to put up more business I couldn't get no further because it's not zoned commercial on paper although they put it as C okay because the other areas are housing. So that's a left over portion of this big lot over I guess what you call that Layang you know across because the pipeline cut across that line.

Administrative Director Michael Borja – Oh there's an easement there.

Peter San Nicolas – Federal the gas line.

Margarita Borja (DLM) – POL line.

Administrative Director Michael Borja – Oh there's a POL line cutting right through that intersection? Oh so that's why then you can't build anything on top of that.

Peter San Nicolas – No you cannot come 75 feet it's already there. In fact when I installed the water line and then the fire hydrant I had to get it permitted from them. But I wasn't even digging within 75 feet but they already have their markers there now but prior they didn't have no marker.

Administrative Director Michael Borja – Are they going to cutting through to add the new pipes have they done that yet?

Peter San Nicolas – Not yet they're still in I guess in Barrigada.

Administrative Director Michael Borja – No they're even up by NCS. They're going to come through they're coming from two sides. So you know if they need some assistance when they begin the digging just let us know but I mean it's coming just know that.

Peter San Nicolas – That's one line that cross. The other big major line is the Waterworks they have a big sewer line down there 48 inches passing right through a portion of my lot and portion of the and went right through GTA. So that's a big hassle you cannot build over those things either. You can only put temporary kind of building but you cannot put permanent concrete buildings. You can put you know tin stuff that they can destroy and get it off at minimal cost should the sewer line break.

Commissioner Pascual Sablan – So can you answer my question?

Peter San Nicolas – Yes I'm sorry sir.

Commissioner Pascual Sablan – Well I asked you a question.

Peter San Nicolas – How did I get commercial?

Commissioner Pascual Sablan – Yeah.

Peter San Nicolas – I turned in an application process and I asked Mr. Benavente at that time assisting me because he knows how to do the procedures so that's how they routed it.

Commissioner Pascual Sablan – So you went through the Guam Land Use Commission process?

Peter San Nicolas – I don't believe so it went through another route because it shows commercial and they don't.

Commissioner Pascual Sablan – So you go through spot zoning, Legislature.

Peter San Nicolas – I believe it went through that route.

Commissioner Pascual Sablan – Did you get any authorization from Chamorro Land Trust to rezone it?

Peter San Nicolas – I wasn't sure of the process the whole thing on going through but (interrupted).

Commissioner Pascual Sablan – No but you?

Peter San Nicolas – All I did was request to put it and somebody took care of it.

Commissioner Pascual Sablan – Did you request this body the Guam Land Use Commission authorization to rezone it?

Administrative Director Michael Borja – No the Chamorro Land Trust.

Peter San Nicolas – I didn't personally request I don't know if they went through here.

Commissioner Pascual Sablan – Because like that you know you need an authorization from like if it's a private property and you're leasing it for so long you need an authorization from the property owner to rezone.

Peter San Nicolas – Yeah I believe so but I didn't specifically walk the process I just filled out a form put it in but I didn't go through here to ask that.

Commissioner Pascual Sablan – Shall we call that strike one against you?

Administrative Director Michael Borja – No that happened a long time.

Commissioner Pascual Sablan – No when he signed the contract then they rezone.

Peter San Nicolas – I don't know if it's a strike one sir but I think it's improving the area and improving the place because it's like I'm in the middle of the mess so I'm trying to fix it up at the same time. It's a long like to get even a building permit at those time because they told me it's commercial and I'm authorized to get commercial later on I'm stuck because it's not commercial and just getting the building permit and all that stuff you're; but I don't want to go back it's a long story.

Commissioner Pascual Sablan – My second question is do you still want the Director to write you that letter?

Peter San Nicolas – So that way you know we need to know because as far as I'm concerned I'm not in violation. It might smell and all those stuff but I don't know so I need to have something in writing to you know try to answer that question.

Commissioner Pascual Sablan – So you're somehow asking us to establish kind of like an audit trail or violation trail that you have done, rezoning it then subleasing it. Do you think that will be in your favor?

Peter San Nicolas – I'm not sure I don't think.

Commissioner Pascual Sablan – So you still want the Director to write you a letter?

Peter San Nicolas – Okay so then what I guess I ask cause see I don't know where the guidance is sir. Like Mr. Borja I'm willing to come meet with you and you know resolve different alternatives what we need. I'm here to be in compliance, I'd like to stay in business and still pay the fees. So you know it's a long journey that I've gone through already and I want to make sure I'm still in compliance. I don't know today the Board may say this if Mr. Borja I don't mind meeting him any time in the future and then make sure I'm

in compliance. It's not that I'm trying to fight the Board. I never tried to do that. I've always tried to just protect the interest I have and try to go forward as much as we can.

Commissioner Pascual Sablan – Correct me if I'm wrong Mr. Chairman but earlier Mr. Borja knew somehow kind of like suggesting to him to be more patient and wait until September 1st but he as very adamant in putting it writing.

Administrative Director Michael Borja – I think we need to in accordance with our provisions of the license anyway we will notify him in writing but this is to serve notice that you got noticed today (inaudible).

Peter San Nicolas – Oh okay already sir thank you.

Acting Chairman David Matanane – But we did make him aware that things are going to change pretty soon.

Administrative Director Michael Borja – You agree that there was a usage agreement that you provided to a tenant?

Peter San Nicolas – Yes I'm aware that we have a usage agreement because it's you know in compliance. Would I still be able to work with you?

Administrative Director Michael Borja – Yes you will. We can go one of two ways but you know some of that is going to be dependent on the passage of the rules and regulations because I really can't act on anything until that's completely passed but it's only a couple weeks away.

Acting Chairman David Matanane – Mr. San Nicolas so if Mr. Borja gave you that letter what's your next step?

Peter San Nicolas – Oh my next step is see my first step actually I'm trying to figure out but I want to work with him.

Acting Chairman David Matanane – We're not trying to disfigure or derail you but what else?

Peter San Nicolas – My next step is I never had anything I just want it clear so that way oh I'm in a problem but he gave me an alternative to work with him I really appreciate that.

Acting Chairman David Matanane – Okay so then we're still giving you this opportunity also that in a few not even month hopefully that those things that the Legislature has in their hands the 90 days is gone and it's there. So just to make you aware.

Peter San Nicolas – Thank you again.

Acting Chairman David Matanane – Thank you Mr. San Nicolas and we will be in communication.

Peter San Nicolas – Please yes thank you.

3. Teresita T. Torres – Subleasing of improvements

Jhoana Casem (CLTC) – This is for Ms. Teresita T. Torres subleasing. So we have the facts here. Location of Ms. Torres' property is on 257 Fausto Pangelinan Street in Pagat, Mangilao. Her lot size is 3.312 square meters with an agricultural lease. Her lease is not recorded. Field description, the subject lot has one concrete structure and meets the agriculture compliance however the applicant has not surveyed the property. Rental – complaints made by tenants Glenn Alianza and Christina Quichocho. Chronological Facts; we have the application date and time under December 9, 1995 at 10:05am with a numerical number of 1515. July 15, 2015 we received a complaint from tenant Christina Quichocho in regards to renting out Ms. Torres' home. We went out to do an inspection with Mr. Matthew Leon Guerrero the CLTC supervisor to the Mangilao property only to find that the area was blocked off with a chain and cone. So we were unable to see the area. We contacted the applicant Ms. Torres to set a meeting to come in and meet with the Land Administrator Mrs. Margarita Borja or the Supervisor Mr. Leon Guerrero. On July 29, 2015 we met with Ms. Torres to do a site inspection along with Land Agent II Ms. Eileen Chargualaf because due to the previous site inspection report indicated she was not in compliance. However upon inspection we found that Ms. Torres was in agriculture compliance. She did admit that she was having the family of Christina Quichocho come and claim their belongings on her property. Upon inspection we did see that there were random belongings inside and outside of the property. We have the summary conversation between the tenant Carlos and Ms. Torres regarding collection of rental payments and arrears from water and power connection. Violations; Under Section 20 of the agriculture lease assignability and subleasing, lessee shall not sublet or assign this lease or any part hereof. Under recommendation; pending the Board's decision, termination of lease. We have the attachments on the second page. We have under Exhibit A, we have the pictures of Ms. Torres' property. Exhibit B, we have the inspection report from July 15, 2015. Exhibit C, we have the inspection report from July 29, 2015. Exhibit D, we have a memo to file from Chamorro Land Trust Land Agent I Lorraine Nededog dated November 2014 and July 27, 2015 regarding the rental with tenant Glenn Alianza. Glenn Alianza contacted Chamorro Land Trust regarding his rental with Teresita Torres. Exhibit E, we have the letter from tenant Christina Quichocho dated July 13, 2015 to the Chamorro Land Trust Commission. Exhibit F, we have a mayor's verification from Christina Quichocho indicating their time of stay at 257 Fausto Pangelinan Street in Pagat, Mangilao since December 3, 2014. Exhibit G, as stated a summary of conversation between Carlos and Teresita T. Torres for different recordings submitted to CLTC from Christina Quichocho and Carlos. We have recording one, applicant heard on recording requesting for \$142.68 from Christina for the water and arrears from the power and water hookup. Recording two, Ms. Torres heard on recording requesting for March, April, May rent and June and July rental payment of \$200; remind mother about the water and power disconnection. Recording three, applicant heard on recording requesting for pending rental payment of \$300. Recording

four, applicant heard on recording bickering with Carlos about pending rental payment. Everything as mentioned is attached with the report that you guys can take a look over.

Commissioner Pascual Sablan – Under chronological facts B, you said July 15 is this a different report on the attachment because it mentioned July 15 but I was looking at the report it was dated July 13 is it?

Jhoana Casem (CLTC) – July 13 was when we got the letter from Ms. Christina Quichocho in regards to the complaint and it was on July 15th that we did the first inspection with Mr. Leon Guerrero so that's a correction then sir.

Acting Chairman David Matanane – You have anything to say Ms. Torres?

Teresita Torres – All I'm going to say is I am not renting the premises up there. The reason why Christina and her family were staying there is when they approached me in December because I was trying to rent out one of my units and I informed her that I had somebody in mind. So she practically called me every other day to find out if I had another place that she and her family can stay because her mom has fallen off the stairway several times and she was taken by ambulance due to injuries. I kind of felt for her because first of all she's family and her mother was kind of frail when I saw her that day she had bruises all over her body. So out of the kindness of my heart I told her I said you can probably stay at my house temporarily until you can find a place to stay either go to GHURA or find family that can be able to assist you because my son you know was in the military and the house was vacant and they're welcomed to stay there until they can find a better place to stay because they were homeless. The conditions I set forth was just for them to pay the water and the power and maintain the yard. Other than that no rental thing was discussed. The only time I discussed about rental is when they were inquiring about my unit.

Acting Chairman David Matanane – You have other units?

Teresita Torres – Yes sir I have a duplex right next door to my house. And even with the utilities I would ask them for payments and majority of the time they don't have money to pay. So when the utilities got disconnected and her mom was admitted to the hospital I had to assist them to have everything reconnected because they won't release the mom unless there is at least water on the premises.

Acting Chairman David Matanane – You said your family?

Teresita Torres – Yeah the Quichocho from my dad's side.

Acting Chairman David Matanane – But do you know that you cannot lease out or rent out?

Teresita Torres – Well I'm not. I wasn't renting or I wasn't subleasing the property to Christina. I afforded them to stay in there because they had no place to stay. Her mom was frail, she had small kids. I did inform them it was Land Trust property.

Acting Chairman David Matanane – You did?

Teresita Torres – Yes sir I did. And they can only stay there temporarily until they're back up on their feet and that was my understanding with Christina. I guess it didn't fair well with her when I told her they had to go because I had paid for all those utilities.

Acting Chairman David Matanane – Did you get any rent payments from that?

Teresita Torres – No I did not get any rent payment and as a landlord if I get rental I always provide receipts to tenants and my tenants also I have contracts with them.

Mary Kaulia – I'm her oldest daughter and I live up there in Pagat because we're all back to back on our lots back there. There's myself, my sister, my brother David and my brother Dean which is the house that's in question right now. I'm just going to get straight to the point because we're all running on time right here okay. Bottom line is this, my mom approached me told me that there was a family that was homeless she has several kids they even go to school with my son. They have an elderly mother sickly on medication everything and she was like what do you think can I just let them stay over here for a little bit so they can go and seek either emergency shelter with GHURA, go to Catholic Social Services, Public Health, somewhere okay. I was very hesitant with my mom assisting because although they're family we've had encounters too where you help family members and they just take you for granted okay. This is exactly what happened here is she took them in let them stay with the understanding that they said they were going to go seek GHURA help and they were going to check public assistance programs and whatnot. They said that Christina's spouse, boyfriend whatever was working as well as her older son Mark and that they would be able to pay the utilities while their duration of stay was there. We were only thinking maybe a couple of weeks, a month something like that so that they can go into emergency shelter with GHURA especially she has young kids. When that didn't happen then when she started telling them you need to pay the utilities and she comes to find out later she gets these notices they're delinquent she's trying to get a hold of them they're avoiding her. She asked me can I walk over there and find out if Christina's there. I've approached Christina numerous times she always tells me they do not have money to pay the utilities. They don't have money for food or anything for the kid's needs and whatever. So I said well are you guys doing anything to help yourself because this is the whole reason why my mom housed you okay. Not to take advantage of CLTC property because that's my brother's house he left for the military did his time he's back on island and needs to come back into his home and she's not about to jeopardize that. These guys used their blood, sweat and tears to pick up that house that's not mortgaged that was taken out of their own personal finances to erect that house for my brother. And now these people are saying that there's rent. Every time I go over there and I ask them hey my mom said you guys owe \$150 in past due utilities I'm here to collect that. They like to say oh I cannot pay her the rent. It's not rent its utilities and I say that to them. It's not rent I'm asking you. I'm asking you for the money to pay the utilities that you guys have racked up here. And when the house just started just going basically it just went from being a beautiful home they've really damaged a lot of things in the house itself as well as the exterior. I told my mom I said I'm sorry it doesn't look like they're trying to do anything.

They quit their jobs the two men in the house quit their jobs and they're just sitting there all day drinking beer. So I said if you don't tell them to get out and I'm sorry for the kids and the mother but you got to draw the line because now they're taking advantage. So I said they got to go out and when that happened this girl Sandra the sister starts threatening that she works for Department of Land Management and she's going to turn in my mom that she's renting and make sure that she loses my brother's house. So you know we had to call the police and everything to get them out because they didn't want to leave okay.

Administrative Director Michael Borja – Sandra who?

Mary Kaulia – I don't even know I would think her name is Quichocho unless she's married as a matter of fact when my mom (interrupted).

Administrative Director Michael Borja – There's two families living in the house?

Teresita Torres – No.

Mary Kaulia – She's not supposed to be there. See my mom was only emergency shelter for Christina, her kids and her mom.

Teresita Torres – She comes there once in a while to visit the mom. She doesn't stay there.

Mary Kaulia – Yeah but she was the one making the threats of we're going to go and say you guys are renting if you chase my sister out.

Teresita Torres – She said she works for CTLC.

Mary Kaulia – CLTC.

Teresita Torres – Land Trust she's I guess a land agent or something.

Margarita Borja (DLM) – She used to work for Land Management long time ago.

Administrative Director Michael Borja – Sandra who?

Margarita Borja (DLM) – Sandra Duenas at the time I don't know if she's a Quichocho now.

Acting Chairman David Matanane – And where are they now?

Teresita Torres – We are clueless. We are trying to get a hold of them to get the remaining stuff that they have there. I've tried all the numbers that they gave me and to no avail. I can't get a hold of them I have no idea where they're at. Because I want them to take their stuff and remove it from the premises and I can't seem to get a hold of them.

Mary Kaulia – Anyway bottom line is they still have a lot of their trash at the house. I refuse to clean it unless I really have to because that's a lot of stuff they left behind. They really trashed the house inside and out it's just disgusting already.

Administrative Director Michael Borja – What did they leave? Furniture and clothing and stuff like that?

Teresita Torres – Everything in there, furniture, clothing.

Mary Kaulia – Clothing, tools all kinds of stuff.

Administrative Director Michael Borja – TV, things like that?

Teresita Torres – They took most of it but a majority is still there and we didn't want to touch anything because we don't want them to say that we're (interrupted).

Administrative Director Michael Borja – Are we in contact with any of these people?

Mary Kaulia – We've afforded them actually like three or four visits. We're only supposed to do one according to Mr. Camacho and he called Christina in front of me as I was sitting in the office and they didn't even make it that day.

Administrative Director Michael Borja – Mr. Dave Camacho?

Mary Kaulia – Yes. They were supposed to come 9 that Saturday and they didn't even show up till like 2 o'clock that afternoon and I basically told the spouse I said I don't even have to allow you to come in because you're supposed to be here since 9 I'm not going to run on your time. But I've allowed them to come three, four times back to come and load up stuff but they don't finish taking their stuff. And then they're telling the Deputy that we are not allowing them to come and get their stuff and I allowed them why? They have kids, their kids need the clothes their shoes and whatnot the mother. We're not heartless you know and I just told Mr. Carlos I even gave a video to Ms. Margarita for you guys to review afterwards and will hear Carlos himself say there that they do not have money they don't even have money to buy cigarette let alone put gas in the car. But you're going to make an accusation you're paying \$700 a month plus deposit? If that's so why is the power and the water disconnected? It's just ridiculous you know and honestly just read the letter I have because this is a long standing feud up there in Pagat. It's a long standing feud.

Margarita Borja (DLM) – Can I just ask them to just explain, you indicated in your letter Dean's house.

Mary Kaulia – The reason why I'm saying Dean's house is because originally there was an arrendo there with my mom and dad then Chamorro Land Trust came into play and because my sister and myself had already applied for the land for the landless program on the first day they decided to take their property and subdivide it for the four of us. And

because my brother Dean was only 12 I think at the time Chamorro Land Trust advised her to put the lease on her name until he is of majority and they can transfer that lease.

Administrative Director Michael Borja – But you haven't transferred the lease yet.

Teresita Torres – Well the reason why I didn't transfer the lease is because when I went down to Land Trust when you folks were down in Anigua I went in there to transfer because you know my son was of age so I spoke to Lorraine and she said Terry you don't need to because he's your beneficiary you can just leave it under your name so I left it at that.

Administrative Director Michael Borja – Okay.

Teresita Torres – Now I used to work for Revenue and Tax under property tax so I'm pretty much familiar with a lot of these land issues. So since they're the expert you know when you tell a client this is how it is then that's how it is.

Administrative Director Michael Borja – Does he have an application in?

Teresita Torres – None of that because he at the time I did that apps it was in 1995.

Administrative Director Michael Borja – What I would recommend then is your beneficiary we can do the transfer over to the beneficiary alright and let's go ahead and come on in so that everything is legal in his name including the lease because that's the kind of stuff utility people are going to want to do. They're not going to give him the thing without your authorization so let's just go ahead and deal with those things. Commissioners I ask you to say yes or no on the claim of subleasing and I you know let you make the decision on there and then we move forward from here.

Acting Chairman David Matanane – You mean the subleasing actually to me I feel for you guys.

Teresita Torres – Yeah I mean you know you help people out and they fuck you over. I'm sorry about the language but that's reality.

Administrative Director Michael Borja – I think what the Land Agents has done is we had to take you know what has been brought to us seriously and to come to this whole process. The Commissioners are the ones that have to make the decision on this to direct us which way we need to go. So if Commissioners you don't feel that there is any substantiation behind the subleasing we just want to remind you too there is no subleasing permitted so we have to be very, very strict about that all across the board all the way around because it is an issue. We are being constantly told by the Public Auditor that the compliance and enforcement of the law is absolutely important in this whole process. It's something we haven't had the opportunity to do because of lack of manpower but we're going to begin doing quite a few more of those kinds of things. But when someone comes to us and tells us something we have to also take action unless there's just no reason to believe but it doesn't seem like, it seems like someone was trying to abuse the system here especially if

it was a former member of the Commission or Land Management. The only thing I can ask if you would please on your two statements that you guys provided can you please sign and date for us so we can keep it for the record because I think you just have a typed information on here. Commissioners unless you have anything else this case will probably be closed.

Acting Chairman David Matanane – Well you know on your situation we understand where you're coming from. I don't know if the other two Commissioners will take any action on this particular matter. As far as we're concerned I'd like to mention with the vulgar language that you; what other can we say? So whatever you're going to take care of see Mr. Borja and as far as the violation is concerned I don't know if the other two Commissioners will say anything else other than it's up to you how you do the properties that or the (interrupted).

Mary Kaulia – Yes that's what I was going to ask.

Acting Chairman David Matanane – Well if they don't pay your well I'm condoning to that but it's really up to you with what properties they have in there. I mean it's your property right?

Mary Kaulia – I was already telling her I was just going to rent a truck from the Home Depot the flatbed and I was just going to put everything and if they do not come when I say this is their last chance and they don't claim it I already told them I'm taking it to the dump.

Acting Chairman David Matanane – It's up to you. I don't think the Commissioners will disagree with you guys and out of your goodness you know (interrupted).

Administrative Director Michael Borja – How would you deal with your rentals? If they abandoned it and took off and you couldn't get a hold of them. You'd clean it out and get ready for the next.

Teresita Torres – Yes.

Mary Kaulia – We'd just throw it out.

Administrative Director Michael Borja – So I would agree with that too.

Mary Kaulia – The only thing now is she's stuck now with like I don't know \$1,700 worth of power bills not paid. So that power is not going to be connected for quite a while. Of course us kids would help her.

Administrative Director Michael Borja – But I do recommend you get your son down to do the transfer so we can get a lease issued out.

Teresita Torres – Can I get a letter of authorization to do that?

Administrative Director Michael Borja – Is he still off-island?

Teresita Torres – No he's back already so I can send him down but do I have to be present for him?

Matthew Leon Guerrero (DLM) - A notarized letter.

Margarita Borja (DLM) – Yeah she needs a letter.

Administrative Director Michael Borja – A notarized letter to transfer it over.

Margarita Borja (DLM) – And as long as it's been 7 years from the execution of the lease it should be okay.

Teresita Torres – Oh okay.

Commissioner Pascual Sablan – Terry you used to work for Revenue and Taxation?

Teresita Torres – Yes sir.

Commissioner Pascual Sablan – How about Mary?

Mary Kaulia – I used to work Rev and Tax as well now at Public Health and Retirement Fund and the school, I've been around.

Commissioner Pascual Sablan – I believe I've seen you up there you know.

Mary Kaulia – Yes Property Tax.

Commissioner Pascual Sablan – So you follow your mother's footsteps.

Mary Kaulia – Yeah but then I moved on to greener pastures now.

Acting Chairman David Matanane – Much, much greener.

Mary Kaulia – They're paying me more over there. Thank you so much for your time.

Teresita Torres – Thank you for your time I appreciate it.

Acting Chairman David Matanane – Alright you too thank you take care.

(Commission took a break: 2:18pm - 2:31pm)

4. Clarita S. Tongol – Subleasing of improvements

Margarita Borja (DLM) – Ms. Tongol is currently residing on a lot in Mataguac, an unregistered Lot No. 7153. She is currently occupying a half acre. She has no lease and what we found was two structures. One is a two story and attached is a semi-concrete structure. She is a 1997 applicant. We had just received certification from the Mayor that she has been occupying since 1994 and that was just provided to us about a week ago. We received a call from an unknown individual but it became known later when she provided us documents that Ms. Tongol has been renting the attached structure. What was provided to us from the individual was a signed document indicating, it was an agreement, contract agreement between Vanessa Lynn Eligio who is the daughter of Clarita Tongol. It was between Joseph and Joan Aguon for \$750 and receipts were provided for six months which started in December 2014. Site inspections were made after we received a call. Two site inspections were conducted on the 15th and the 30th of July. We were unsuccessful until the last inspection that was done we provided them with a contact sheet to contact our office. She responded and we spoke briefly with her with the Director and she was advised to come before the Board. Attached are exhibits of the structure and the receipts and the agreement that was provided to us by Joan and Joseph Aguon.

Administrative Director Michael Borja – Commissioners what we have and I did have a discussion with the applicant is a situation which they jumped ahead of everything they were supposed to do. They made an application and assumed that they can just go ahead and begin staking claim on a piece of property. So we know that there is no lease, this is unregistered property, they built a building a two story semi-concrete building home on this piece of property. How they were able to accomplish all of these to include utilities without a lease is beyond us but they did. So you have a photograph of the facility that they have here and the documentation showing that they had actually been leasing it and collecting money. We had a serious discussion about this, there was a contention it was only for utilities however I do not want to discuss that part because I don't believe it was for utilities and it didn't seem like that is what that was for. I mean if I had utilities for \$750 I'm nearly living in a monster house. Because of all these issues you know we are almost prohibited right now from even issuing a lease in any way because there is no, it's not registered land. Now we have had to make provisions for current things that have happened. There are a lot of these kinds of problems we have all over the place and we can't neglect the fact that there already exist a family on a piece of property with a well-built home already there. We can't just have it demolished and tell them to leave the property. I mean otherwise we'll have an even bigger problem. So what my recommendation would be is number one they be given a fair warning and that another violation such as this could cause us to have to evict them completely off the property. But we can go ahead and move forward in getting a survey sketch which they must accomplish. I think is that what we talked to them about? That they would have to provide a survey sketch we can't get a map but we can get a survey sketch from a surveyor to delineate the property lines and do an as-built of what's existing on that property and then we can proceed forth with a lease agreement that would use that. Because they would actually need all these things in case for utility purposes and just also to legitimize them so that they are on the property tax rolls. And that's where we stand but that any other further violation such as this would definitely cause us to have to remove them away.

Acting Chairman David Matanane – Definitely if you're going to survey that you're going to have to because there's two structures there so you're going to have to cut it.

Administrative Director Michael Borja – Well the other structure is really just an add-on to the existing building. Its part of the existing building just added on and it's connected together.

Acting Chairman David Matanane – This picture here is this the same building or attached?

Administrative Director Michael Borja – Yes it's attached. We haven't gone in to inspect it.

Acting Chairman David Matanane – This one here?

Administrative Director Michael Borja – Oh yeah they're the same thing you're looking, one is from the back side one is from the front side. But if you see this picture here this one right here it is connected to the main building from what we're told and that there is a doorway that goes into that area so it's you know. But nobody is supposed to be occupying this except for the immediate residence of the home and that it is not you know to be used as a barracks for people she's bringing in and to allow other relatives to start residing. It's a single unit dwelling that's how it's supposed to be. It's not a multiple unit dwelling and so (interrupted).

Acting Chairman David Matanane – How big of a structure is this? How big is it?

Administrative Director Michael Borja – How many square feet is it with floor space? It's pretty large. You can see a good part of the first floor there's a carport. But it's a good size building. It's not overly large but I mean it's a good size building.

Acting Chairman David Matanane – We have some clients that we can re-limit because of the fact of you understand where we limit them on their because of the, but this one here is built without any financing on this?

Clarita Tongol – No self-construction.

Administrative Director Michael Borja – And that's my concern too self-construction all the way to the point there was no building permit, no occupancy permit and so you know I have to have some kind of concern that you know a two story building like this that's semi-concrete I mean how can you know is it built to code and could it be potentially be dangerous to the inhabitants. Because that's the reason we have a building code to prevent things from happening and killing people, killing and injuring people. So I have no idea. When was this house built? What year was it completed?

Vanessa Eligio – The two story?

Administrative Director Michael Borja – Uh huh.

Vanessa Eligio – The two story was being built 2009 and finished in 2010.

Administrative Director Michael Borja – Okay so the building was built well after any major typhoon has occurred. So you know its ability to withstand wind is unknown and so you know there are definitely wind standards that are required. Now you know she has a brother the applicant has a brother who had some training although he's not registered in any way to be an architect and to some extent the plans of this house were reviewed by you know someone of competent authority but you know again they were not approved in any way by Public Works building permit or occupancy permit. But you know either way there's a family already residing here. I don't want to eject anyone else but we can formally give them warning that any activities that occurs will cause them to not only lose the land but everything on it they can't take away.

Acting Chairman David Matanane – And also the condition that you don't lease it out.

Administrative Director Michael Borja – Well the leases and that's the problem there's no lease but the leases all do state that they're not permitted to lease out. So they went in here assuming they can take a piece of property (interrupted).

Acting Chairman David Matanane – Yes but they got formal papers Mr. Borja.

Administrative Director Michael Borja – Oh no correct they went about and did it but (interrupted).

Acting Chairman David Matanane – This is formal as far as I'm concerned.

Administrative Director Michael Borja – But they don't have a lease with the Chamorro Land Trust.

Acting Chairman David Matanane – Yes but with all the documents they have been issuing out which is you know up to par I'm not saying it's the best in the world but it is from (inaudible). You know you're running a business here. Look at you know all the items that you really need in a business is this and of course the money that you're going to collect. So you know you should on the warning and it (inaudible) no more of that subleasing.

Administrative Director Michael Borja – What we could do is we can fine them an amount that includes the total of all the receipted copies of the payments.

Acting Chairman David Matanane – Yeah.

Administrative Director Michael Borja – I don't know if we have that full authority to give them that kind of a fine but if we can fine them that and say you got to pay us for whatever was collected for that period of time (interrupted).

Acting Chairman David Matanane – And state so that this is a fine if in case she continues we will state that and then in the second time around it's not going to be oh slap our hands and say goodbye. No I'm really kind of ranting about this.

Vanessa Eligio – We were really honestly we were just trying to help.

Acting Chairman David Matanane – Because it looks like professionally done I'm sorry but you know that you're not knowledgeable of business aspect. But to me this is you've been tutored. I'm not saying that you guys cannot do it but my God you are in business besides the lease and besides the license and I hope that Revenue and Tax will fine it. I'm sorry, I'm pissed. But the warning that the Director is stating I don't know about these two Commissioners but really this is making fun of us. I mean come on guys. We're not here just to play around I'm sorry I am pissed and I'm telling you.

Vanessa Eligio – I'm sorry and we apologize.

Commissioner Amanda Santos – Unregistered land.

Acting Chairman David Matanane – Yes and all this behind the back of the Chamorro Land Trust.

Del Nadler - The people of Guam.

Acting Chairman David Matanane – Yes, yes ma'am thank you.

Commissioner Pascual Sablan – Can I ask this question? What give you the incentive to build something that the land is not yours? You don't even know who's the owner?

Acting Chairman David Matanane – God the tenacity to do that, I'm sorry I'm kind of (interrupted).

Commissioner Pascual Sablan – Can you answer that question? Why did you build on land that you don't even know who's the owner?

Clarita Tongol – The thing is I went and I applied for the Chamorro Land Trust and then I paid for it and then they told me where I told them in Yigo next to Joe Aquino and Ignacio Aquino. But I didn't know if anybody had that place or if it's available we just cleared it up because we don't have no place to stay. Just after the typhoon in Dededo where we were staying the house got broken down so whatever the landlord just gave us back our money and we started building a small shack for us to stay up there.

Commissioner Pascual Sablan – So this house is it safe for me say it was built by SBA money?

Clarita Tongol – Oh no, no sir.

Commissioner Pascual Sablan – Or any kind of grant?

Clarita Tongol – No see my daughter came in from the States and then she stayed with us.

Commissioner Pascual Sablan – It takes a lot of money to build this type of house.

Acting Chairman David Matanane – When did you apply for the Chamorro Land Trust?

Commissioner Amanda Santos – Did you apply for a contractor?

Vanessa Eligio – It was self-constructed ma'am.

Acting Chairman David Matanane – When did you apply for the Chamorro Land Trust?

Clarita Tongol – Here in Tiyan.

Margarita Borja (DLM) – 1997.

Clarita Tongol – Yeah.

Acting Chairman David Matanane – Was she entertained as to where the property is going to be designated for her?

Administrative Director Michael Borja – Well no, no in an interview most likely but the applicant's assumption was that after she had paid her \$50 in application fee that she was free to go and occupy the land which they had asked where she was staying at.

Acting Chairman David Matanane – Those were the days huh?

Administrative Director Michael Borja – And that was when they stayed there so we you know only discovered this because of tenants who had made a complaint about of not being able to get their goods. Is that what it was?

Vanessa Eligio – They didn't leave anything only trash.

Clarita Tongol – Trash on the outside.

Administrative Director Michael Borja – Right but the point is they came to complain to us that they weren't able to get their stuff back and they were asking for our assistance to get their stuff. Then when we looked it up that's when we had all these discoveries that number one no lease had even been given so we visited the site and called in the applicant and had a discussion about the matter.

Acting Chairman David Matanane – Fortunately Land Trust knew about this huh?

Administrative Director Michael Borja – Well we found out yes within last month.

Acting Chairman David Matanane – So your recommendation Mr. Borja is to give them a slap on the wrist and then continue?

Administrative Director Michael Borja – Well we have to get them, well yes not necessarily a slap on the wrist but maybe we give them a warning that is put in for the record and that any other violation would include either an eviction but that they have a certain limited amount of time in which to get their survey completed and so that we can proceed forth. That any infraction of any kind from their lease would cause termination of the whole thing and it's the loss of your home too you know. Now there are provisions that require us to have to compensate you if we take the house but again for a home that never even had an occupancy permit there's going to be an expense to get it inspected to ensure it's built to code. And those kinds of costs even get put onto you in somewhere or even to the cost of the home and it gets deducted out of whatever we have to pay to do that.

Commissioner Pascual Sablan – The Director has a point you know if we were just to allow this to you know what would happen if someone gets hurt or the building collapse.

Administrative Director Michael Borja – Maybe perhaps we can also ask for isn't there like a post occupancy permit type of inspection that can be done?

Matthew Leon Guerrero (DLM) – I believe they can hire an engineering firm or an engineer themselves to determine whether that structure is safe enough for occupancy or not but that cost again is going to be (interrupted).

Acting Chairman David Matanane – We're not going to burden with the cost they're going to pay for it.

Matthew Leon Guerrero (DLM) – They have those sir for the after the fact permit issued.

Administrative Director Michael Borja – Well we'll probably be putting something like that and you can understand why we're doing this too. It's not because we want to make you pay for something unnecessarily this is really for your own safety and wellbeing and for everyone that's living in that home because you have a two story semi-concrete structure that has absolutely no proof of its durability and has no certification whatsoever to its safety. These inspectors can come in and determine whether or not it meets the codes and it's safe because you know you don't want to wake up one night and find you know the house is leaning in a direction that's ready to collapse because of a simple earthquake or because of a typhoon. You got to look out for your safety that's why we're also very, very concerned about it because it's on our lands too. So that's an issue that I have and you know when we talked I had that concern of how this house was built.

Commissioner Pascual Sablan – And they'll pay for the surveyor too.

Administrative Director Michael Borja – Yes like it's always I mean everybody has to. So you know you got to get the surveying done but it's going to be what's called a sketch. It can't be a full blown survey map because the land is not even registered. See we don't

even have the authority to put you there because the land is not registered. There's a legal process that we have to complete with the land.

Del Nadler – My name is Del Nadler and I am a resident of Guam. This is a very interesting issue that has arise and I take heart with the Director's comment that we have many issues. This is appalling what has happened here and I want us all to be kind of sensitive to the fact that we don't want other, this to be an example of other people to take advantage of.

Acting Chairman David Matanane – Of course people knows this and then they do things like that you know and it happens you know.

Del Nadler – Well intentionally abusing but also to in addition to the fines that the Director is proposing that these individuals this family also pay the taxes on this building from the day it began till currently with a penalty as well as the real estate taxes as well. But if this got out to our general public that this has happened under Chamorro Land Trust and then this family you know just will be hanged. It's not good.

Acting Chairman David Matanane – Not so huh?

Del Nadler – No not good at all.

Acting Chairman David Matanane – Definitely that's why I'm kind of ticked off.

Administrative Director Michael Borja – Well the issue concerning property tax could only take effect once we have the lease in place. So that's what we have to work on but their seven year exemption would begin when they I guess assumed control of the land in 1997 so the seven year period of time and that takes them to 2004 so there will be property taxes following 2004.

Acting Chairman David Matanane – Do stipulate on those things that you were ironing out stipulate that and have them sign it that at any time we have to confront with them that's it and we're not going to be entertaining it.

Administrative Director Michael Borja – Alright.

Acting Chairman David Matanane – Get together with Mr. Borja, get that piece of paper that you're allowed to stay there for now until everything is straighten up okay.

Commissioner Pascual Sablan – How many power meter do you have?

Clarita Tongol – Power meter only one.

Commissioner Pascual Sablan – How about water?

Clarita Tongol – One.

Commissioner Pascual Sablan – Thank you.

Acting Chairman David Matanane – Thank you, please get together with Mr. Borja as soon as possible.

Administrative Director Michael Borja – Contact Margarita and when we need to talk okay.

Clarita Tongol – Okay thank you.

Commissioner Pascual Sablan – Within one year to get all these things right?

Administrative Director Michael Borja – We'll come up with a timeframe.

Clarita Tongol – Thank you.

Administrative Director Michael Borja – Okay thank you.

VI. DIRECTOR'S REPORT

1. Revenue collection report for the month of July 2015

Administrative Director Michael Borja – As we have told you we're putting all the Chamorro Land Trust is putting all its finances into Quikbooks and we have put in every single lessee and commercial license and lease into the systems that we can account for every single person. So what you have now we're going to be providing you is a balance sheet. The first one is the loan guaranty program and you can see the balance sheet for the operation's fund so you can see what kind of monies we have and what the balance is. The loan guaranty fund as I've told you when the Chamorro Land Trust Commission was created they actually appropriated \$500,000 so it sits in all these three different bank accounts. So it's grown to \$590,000 so that's where we are on what we can basically use as a guaranty. This is the fund that has to continue to grow in order for me to be able to issue out more loan guaranties. And if we're going to move towards trying to do subdivision development whether it's going to be homes built and sold to Chamorro Land Trust applicants that are eligible and qualified for the bank loans this has to be a bigger amount. So at some point we can be talking you know 5 million, 10 million dollars and (interrupted).

Acting Chairman David Matanane – We need to get at least a percentage of whatever when we do have the development up there. A percentage of it has to go to this.

Administrative Director Michael Borja – I agree but this is what's going on right now the Senators are trying to create two different accounts for Chamorro Land Trust. One is called the survey account and the (interrupted).

Acting Chairman David Matanane – Capital improvement.

Administrative Director Michael Borja – No not capital improvement there's already the operations fund but one to do surveys and the infrastructure account. Right now there's

going to be a bill that's going to be introduced again that says that the sale of any lands, slivers, bull cart trails things like that goes into a survey or infrastructure account which ever one it was going to be. Senator San Nicolas is also insistent too that property taxes, the rental payments that we receive all goes into a survey account. All the property taxes that we receive from all these properties goes into the survey account so we can pay off surveys. Once we get all the surveys done then we can then take that monies and start saying put it into the loan guaranty fund. But I really don't want to start populating more money into the loan guaranty fund until we have rules and regulations in place that will give it some integrity. So anyway that's the loan guaranty fund and then the other one is the operations fund. Joey Cruz ran away and he could be the best one to explain what this is all about but it talks about what our appropriations are too on here.

Acting Chairman David Matanane – The only thing I'm wondering is the due from General Fund and why is it a negative rather than a plus?

Administrative Director Michael Borja – Where is Joey?

Margarita Borja (DLM) – He left.

Administrative Director Michael Borja – Tell him he needs to talk about this. We'll get him in here.

Acting Chairman David Matanane – Total current assets.

Commissioner Pascual Sablan – So this should be liability.

Acting Chairman David Matanane – Indicated other assets due from General Fund minus \$137,000.

Administrative Director Michael Borja – No there's probably a good explanation. Because this is the kind of stuff we're going to provide for the financial audits and so this is information that is based on information used for the financial audits as it is already. And this was run past the auditors as well to ensure that the list of the accounts were what was necessary and the data that's included is also correct.

Commissioner Pascual Sablan – Going back to the loan guaranty fund I'm still not totally convinced do we have to provide or maybe only on those (interrupted).

Administrative Director Michael Borja – Do we have to provide a guaranty?

Commissioner Pascual Sablan – Uh huh.

Administrative Director Michael Borja – When a person goes to get a loan from the bank the banks when they want to do a mortgage they want to be able to have the ability to put a lien on the entire property, land and building right.

Commissioner Pascual Sablan – I was aware of that but how about on the past loan mortgage I mean (interrupted).

Administrative Director Michael Borja – Many people haven't been building houses they've been building shacks and doing it on their own like this family did.

Commissioner Pascual Sablan – Well because maybe they cannot because the banks (interrupted).

Administrative Director Michael Borja – Well you know when we get to some people that you know there may not be an ability to borrow so they don't ever borrow but for those that can borrow that's when they come forth to us and say hey I would like to have a loan guaranty because the bank requires it in order to close off the account.

Commissioner Pascual Sablan – I understand but for those individuals that they have the ability to (interrupted).

Administrative Director Michael Borja – Pay for their own?

Commissioner Pascual Sablan – Yeah.

Administrative Director Michael Borja – Then there's no loan guaranty because there's no loan.

Commissioner Pascual Sablan – No, no, they go to the bank and they applied and they were given a loan.

Administrative Director Michael Borja – Well if they're not required a loan guaranty we don't do a loan guaranty.

Commissioner Pascual Sablan – Okay.

Administrative Director Michael Borja – VA is apparently one of them. We got an individual sitting over here who got a VA loan that didn't require a loan guaranty. So the VA is not going to request so that's pretty good. I am hoping to try and find a way that the banks don't have to require a loan guaranty but you know I can't make banks do something that they don't have the authority to do.

Acting Chairman David Matanane – Not unless they have a good credit.

Commissioner Pascual Sablan – One more question Mr. Borja you keep on repeating the word bank I thought only Guam Housing that loan out to (interrupted).

Administrative Director Michael Borja – No.

Commissioner Pascual Sablan – Who's the other bank?

Administrative Director Michael Borja – Anyone, anyone you can go to Bank of Hawaii, you can go to all these other guys, Bank of Guam and get a loan. If you can't get a loan from them then you go to Guam Housing and they have to find a way to secure a loan. But these guys will ask for a loan guaranty.

Commissioner Pascual Sablan – If they ask but I'm talking about really to the best of my knowledge only Guam Housing is the one that loan out money for (interrupted).

Administrative Director Michael Borja – Only Guam Housing to CLTC?

Matthew Leon Guerrero (DLM) – Correct, Guam Housing, SBA and VA. The other lender won't because they can't (interrupted).

Administrative Director Michael Borja – Because they can't mortgage the property the land but if they you know if they know there's a loan guaranty they might do it.

Commissioner Pascual Sablan – Well maybe but as of now only Guam Housing and SBA right?

Matthew Leon Guerrero (DLM) – And the VA.

Acting Chairman David Matanane – Well VA hasn't completed yet right? VA hasn't come in and here's the money and (interrupted).

Matthew Leon Guerrero (DLM) – They do it sir they just closed on that one house in Yigo the one I was sharing with you. That Chamorro Land Trust recipient went directly to the VA they funded it, went through Guam Housing he already lives in his house he's got a \$300,000 house up in Yigo.

Acting Chairman David Matanane – Good for him then we didn't have to guaranty that but still if anything happens it still comes back to Chamorro Land Trust.

Administrative Director Michael Borja – No it doesn't, no it doesn't.

Matthew Leon Guerrero (DLM) – If he defaults then we have to find the next person to take over the loan but they don't come and demand payment like the other banks does.

Acting Chairman David Matanane – So in case it does foul up (interrupted).

Matthew Leon Guerrero (DLM) – We look for the next Land Trust recipient who can afford to take over.

Acting Chairman David Matanane – But not purchasing, getting that loan doesn't mean that he owns the property.

Matthew Leon Guerrero (DLM) – No, no it's the same as the others.

Administrative Director Michael Borja – And that's what's happened already we had a situation up in Yigo where the lessee passed away and his son couldn't assume it anymore and so they had to drop it all and we had to find someone else and the law is real specific about this. The law already tells us how to do this which is good forth sight on the part of the crafters of that law many years ago because it really does help us out in telling us how to do it this way. Not to go out and use this money to pay for a guy's mortgage. But Joey Cruz is the one that put together, is doing all our financial stuff.

Acting Chairman David Matanane – My question is why is it a negative?

Joey Cruz (CLTC) – The reason why there's some asset accounts of a negative is because for instance the due to/from GSA the negative would mean that we owe GSA money and that derives from like when we make purchases from the Tenda or we make encumbrances.

Acting Chairman David Matanane – That amount? What did we purchase?

Joey Cruz (CLTC) – The \$278?

Acting Chairman David Matanane – No the \$137,000.

Joey Cruz (CLTC) – This could be the due to the General Fund is we've made some adjusting entries the last fiscal year because maybe because the cash flow for Chamorro Land Trust is not yet up to par with our expenses so we owe the General Fund money.

Acting Chairman David Matanane – General Fund paid for that?

Joey Cruz (CLTC) – They covered us and then we have to reimburse them.

Acting Chairman David Matanane – Make sure that the ones they say they covered is coming to us right?

Administrative Director Michael Borja – Yeah he's also coordinating with the account person in Department of Administration (interrupted).

Acting Chairman David Matanane – If it's due to us then yeah but you have to be diligent in watching that because sometime they (interrupted).

Joey Cruz (CLTC) – At the end of the year is when we do all our reversing and adjusting entries. The report is only as of October 31, 2014 only because we're doing our best to ensure that we minimize our adjusting entries at the end. So the report should be as probably the report you get each month should be great not good.

Administrative Director Michael Borja – It won't look good because you didn't make adjustments right.

Joey Cruz (CLTC) – Yeah.

Acting Chairman David Matanane – Have they gave you notice saying that this is how much I owe?

Joey Cruz (CLTC) – Excuse me?

Acting Chairman David Matanane – They gave you notice that these are the amounts?

Joey Cruz (CLTC) – These amounts were extracted from the AS400 which is what DOA has inputted for October 1st to October 31st. This is at the end of October 31st this report. The next meeting we have would be much further it's just only because we're populating also the Ancestral and the other fund which is the home loan guaranty fund.

Acting Chairman David Matanane – This is not co-mingled with Ancestral Lands?

Joey Cruz (CLTC) – No, no, no.

Administrative Director Michael Borja – Oh no they're separate. They have to be separate because they're separate audits as well.

Acting Chairman David Matanane – I understand but he should understand also that if you co-mingle who's going to be? You understand where I'm coming from?

Joey Cruz (CLTC) – Each fund has been set up as a different company to comply with the law because it says to.

Acting Chairman David Matanane – Just be careful with that that's all I'm saying because if we do whether you say oh it wasn't intentional there.

Joey Cruz (CLTC) – Understood.

Acting Chairman David Matanane – You got where I'm coming from.

Joey Cruz (CLTC) – Yes sir.

Acting Chairman David Matanane – And this accrued payroll what is that?

Joey Cruz (CLTC) – This is payroll like for instance at the end of the year maybe like last fiscal year for one week is like for FY2014 but payroll is not until the first week of FY2015 so that becomes a payable. We recognize it as a payable then we will reverse it at the end of the year.

Commissioner Pascual Sablan – At the end of the year or the following month?

Joey Cruz (CLTC) – At the end of the year. Anytime there's an increase in payable at the end of the year just like I mentioned about the payroll it will be reversed the next fiscal year.

Commissioner Pascual Sablan – This is fiscal year not calendar year right?

Joey Cruz (CLTC) – Fiscal year yes.

Commissioner Pascual Sablan – So you say when you accrue something what are you using modified or full accrual?

Joey Cruz (CLTC) – We're using accrual basis accounting.

Commissioner Pascual Sablan – Yeah is it modified or full accrual?

Joey Cruz (CLTC) – No full accrual. The Government of Guam practices cash basis but because (interrupted).

Commissioner Pascual Sablan – On the payroll the Government of Guam use modified accrual.

Joey Cruz (CLTC) – Okay but for our reporting purposes we're using accrual to ensure that we're in line with GAF and the reporting requirements.

Acting Chairman David Matanane – Now the reason why is because we want to learn from you. That \$127,000 deferred revenue, being deferred yeah.

Joey Cruz (CLTC) - \$42,000 of that is from the Guam Raceway Park. GASB13 which is the government accounting standards board allows us to account for any escalation in lease revenue for the year as a receivable. So that's what \$42,000 of that is. The remainder are receivables that the commercial owe and other. It's deferred because we haven't collected nor received it so we're considering it deferred.

Acting Chairman David Matanane – But still on top of that we do send out that we still haven't been paid for that.

Joey Cruz (CLTC) – Yes.

Acting Chairman David Matanane – Just as long as we notify them. Notify them again and just keep going until (inaudible) then let us know. You know where the consequences. Due GovGuam what do you mean by that?

Joey Cruz (CLTC) – This is what we owe them to GovGuam.

Acting Chairman David Matanane – Who is they?

Joey Cruz (CLTC) – The Government of Guam. This could be like from the fringe benefit, the health benefit, the retirement benefit, the liability.

Acting Chairman David Matanane – But that amount is we have tons of employees unless only a portion of (inaudible). You understand where I'm coming I mean that's a large amount.

Joey Cruz (CLTC) – It's not necessarily one item it could be several.

Acting Chairman David Matanane – Of the insurance and whatnot okay.

Administrative Director Michael Borja – Do you have the long version of this balance sheet where you can spell out like you know you just said for example deferred revenue was made up of a couple of different things you have subaccounts for that if we did the (interrupted).

Joey Cruz (CLTC) – We can show we can identify.

Administrative Director Michael Borja – You can print out and show the long version of a balance sheet.

Joey Cruz (CLTC) – This is just a standard version.

Administrative Director Michael Borja – There's a long version if you want to see that. Maybe that might be good for the first few times so we can see this thing and you can understand what these things are at.

Joey Cruz (CLTC) – Okay no problem.

Acting Chairman David Matanane – What's the minus \$29,000 the encumbrances?

Joey Cruz (CLTC) – The appropriation account is the main general ledger account. The encumbrances and reserve encumbrances are contract accounts. Encumbrances are money that (interrupted).

Administrative Director Michael Borja – The contract accounts so why would they have been done like that?

Joey Cruz (CLTC) – That's the way DOA has set it up and we're just following (interrupted).

Administrative Director Michael Borja – But what does the \$29,000 mean?

Joey Cruz (CLTC) – For encumbrances means that money has been, a requisition has been already transacted so that money is put aside for a certain purchase.

Acting Chairman David Matanane – It's just in and out.

Commissioner Pascual Sablan – The offset encumbrances is the reserved encumbrances.

Joey Cruz (CLTC) – Because it's then it's already identified for something.

Commissioner Pascual Sablan – You study accounting?

Joey Cruz (CLTC) – Yes.

Commissioner Pascual Sablan – Okay.

Acting Chairman David Matanane – What's the unappropriated surplus?

Joey Cruz (CLTC) – This is money that's in the bank that will carry over to the equity. It's our equity account.

Commissioner Pascual Sablan – The \$1,586,000 is money in the bank?

Joey Cruz (CLTC) – This is the total appropriations.

Commissioner Pascual Sablan – Appropriations by the Legislature?

Joey Cruz (CLTC) – Yeah what's given to us for our budget.

Commissioner Pascual Sablan – Oh okay.

Joey Cruz (CLTC) – The unappropriated surplus is money that hasn't been appropriated to budget law or anything like that. This is only as of October 31st so all the revenue that was earned from November to present is reflected here.

Acting Chairman David Matanane – Okay because I was thinking that 1 million that comes in we maybe throw it over to the (interrupted).

Administrative Director Michael Borja – What million? You know something I don't?

Acting Chairman David Matanane – Well it came from the horse's mouth over there.

Administrative Director Michael Borja – No I mean in the new budget for example you know if what we normally get appropriated is \$1,500,000 and we're going to get \$2,500,000 that 1 million would be for the purposes of things we've already assigned to do and that maybe we'll have as you know try to specify that to show where they're going.

Commissioner Pascual Sablan – The public fund and we could say CLTC fund and this is the analysis?

Joey Cruz (CLTC) – This is just the operation fund for CLTC which is a separate account that's separate from the General Fund. This is the special fund that (interrupted).

Commissioner Pascual Sablan – Like for example the checking account of \$2,160,000?

Joey Cruz (CLTC) – This is an account that is in the hands of DOA.

Administrative Director Michael Borja – You know when we receive monies, payments and things like that they go into this account to be able to provide us funding for our budget. This is the operations funds and just to let you know in this budget bill that's on the floor there are two specific fund sites that were identified as untouchable by anybody else. This is one of them. You can't go and transfer out of this for borrowing to use for somebody else this is strictly for CLTC.

Commissioner Pascual Sablan – So there's no co-mingling of public and CLTC monies?

Joey Cruz (CLTC) – No this is strictly a special fund called the Chamorro Land Trust operations fund that no one can like the boss said use or transfer for other accounts.

Commissioner Pascual Sablan – Can you look into this like for example you're putting down up here Bank of Guam operation 2 million you said this is coming from DOA. This is appropriation right from the Legislature?

Joey Cruz (CLTC) - This is our bank account. This 2 million is what's supposed to be in the bank.

Commissioner Pascual Sablan – I just asked a question whether this is a public fund and CLTC fund.

Joey Cruz (CLTC) – This is only a CLTC fund. The General Fund is not included in this. This bank account is separate from the Government. It's not co-mingling with the General Fund it's a separate account that's being monitored by Department of Administration.

Commissioner Pascual Sablan – So you have this 2 million in the checking account?

Joey Cruz (CLTC) – DOA has it.

Administrative Director Michael Borja – We don't have signature authority to it. We don't have a checking account to be able to go and write a check on this account. We do not have the authority to spend our own money and write our own checks.

Joey Cruz (CLTC) – The only checking account that we can really actually see and tell you is the home loan guaranty which there's \$200,000 in that checking account which is the other balance sheet that you have.

Commissioner Pascual Sablan – And the unappropriated surplus?

Joey Cruz (CLTC) – That’s money that hasn’t been appropriated for us to use.

Commissioner Pascual Sablan – And where’s the money again?

Joey Cruz (CLTC) – It’s in the bank.

Commissioner Pascual Sablan – At DOA.

Joey Cruz (CLTC) – Yeah.

Commissioner Pascual Sablan – Okay.

Administrative Director Michael Borja – And see these numbers have to be when we’re all set and done doing our stuff we reconcile with the AS400 and if there’s issues because that’s what the auditors going to want to see. DOA gets audited separately and when they look at those numbers and say here’s the Chamorro Land Trust numbers they’re going to come to the Chamorro Land Trust balance sheets and say do they match.

Commissioner Pascual Sablan – Exactly you know why because DOA is the official accounting record.

Administrative Director Michael Borja – For the Government of Guam but Chamorro Land Trust is a totally separate unit from the Government of Guam’s accounting system. That’s why we have to be audited.

Commissioner Pascual Sablan – But it’s your job to reconcile and balance it with the Government of Guam right?

Administrative Director Michael Borja – Yes and that’s what we do. We’ve been doing that but we’ve been doing it on spread sheets and so now we’ve incorporated an accounting software to be able to do this all the time so there’s not a spreadsheet. And you have an audit trail that you can follow to ensure that the transaction entries are correct and not been manipulated.

Acting Chairman David Matanane – Since you have the lead information if you can do the quarterly?

Joey Cruz (CLTC) – For?

Acting Chairman David Matanane – Quarterly.

Joey Cruz (CLTC) – Our reports?

Acting Chairman David Matanane – Yeah.

Joey Cruz (CLTC) – Yeah we can do it quarterly.

Acting Chairman David Matanane – So you just punch a button and you already got it right?

Administrative Director Michael Borja – Yeah.

Acting Chairman David Matanane – So it's not too much work right?

Joey Cruz (CLTC) – No, no it's not. It can be done quarterly.

Acting Chairman David Matanane – Thank you Joey.

2. Proposed Office Building

Acting Chairman David Matanane – What's the status on our building?

Administrative Director Michael Borja – GEDA put out the RFP for the loan for our building and so we're just waiting to hear what the status of the; I believe they extended the deadline I'm not sure exactly when but just know that when we do get the results they're going to tell us. We got three inquiries, they asked a lot of questions, we provided them with all the answers. In the five story building because it's always been five stories we really only need to occupy three so we're trying to find occupants for the other two. We've got several agencies and we're only looking at Government agencies that currently have leases some place because that money for their leases can be used to help pay the debt. George Tydingco is our Management Analyst, George do you know what the GEDA deadline is for the DLM building the land resources building?

George Tydingco (DLM) – August 31st would be the submission for the proposal and then after that we review the (inaudible).

Administrative Director Michael Borja – Would you like to be one of the reviewers? Any of you? Are we looking for somebody?

George Tydingco (DLM) – More with the financial background.

Commissioner Pascual Sablan – When August 31st?

George Tydingco (DLM) – August 31st would be this Monday.

Administrative Director Michael Borja – So anyway that's where it is and we've had three different agencies that have expressed interest when we've asked them it's just a matter of just waiting to see what we're going to use.

Acting Chairman David Matanane – Make sure where we are at so have you claimed any of the second story? Bottom or top?

Administrative Director Michael Borja – Well I want to use the first floor exclusively for all our customer services. I don't want people going up and down the stairways and elevators

and busting them but I mean make it convenient for the people. The first floor is also going to have a big public meeting room. It will be a really large facility. I've got ideas of how to make that even you know to be really formalize where we're sitting across a panel all the Commissioners because we've got three Commissions within Land Management. Plus other Government agencies can use it as well. But it's a public meeting room and it can hold up to 85 people.

Acting Chairman David Matanane – Just make sure ADA compliance.

Administrative Director Michael Borja – Oh yeah it is don't worry it shows. The bathrooms are the size of your kitchen just so they can spin around.

Commissioner Pascual Sablan – Okay last but not least somebody has to explain this to me. We elected a Vice-Chair, you were elected Vice-Chair by the previous Board right? How can you be an Acting Chairman when we already elected a Vice-Chair? In other words what I'm trying to say either (interrupted).

Administrative Director Michael Borja – No he's not the Acting Chairman he is the Chairman the Governor appoint him to be the Chairman.

Commissioner Pascual Sablan – Exactly the only way he can become a Chairman when the Governor appoints him.

Administrative Director Michael Borja – No the Governor appointed him as the Chairman so he really is the Chairman.

Commissioner Pascual Sablan – So I guess we have to correct the document here that's saying Acting Chairman.

Administrative Director Michael Borja – It says Chairman on here.

Teresa Topasna (CLTC) – No on our minutes I put him as Acting Chairman because his term has expired.

Administrative Director Michael Borja – Oh as Acting Chairman okay. It expired? I'll follow up with Legal again on this but I believe we're good but let me just follow up with Legal. You haven't gotten your documentation or anything?

Acting Chairman David Matanane – I did.

Administrative Director Michael Borja – No recently to reappoint you again for another term?

Acting Chairman David Matanane – No because it doesn't expire (inaudible).

Administrative Director Michael Borja – No the appointment to be Chairman is different from the appointment (inaudible).

Acting Chairman David Matanane – Oh okay.

Commissioner Pascual Sablan – But Mr. Borja as long as the Governor hasn't rescinded he's still Chairman.

Administrative Director Michael Borja – Yeah he is Chairman but his term limit has reached its maturity.

Commissioner Pascual – It already maxed so I can start circulating petition.

Acting Chairman David Matanane – Sure.

Commissioner Pascual Sablan – Okay so from now on Chairman right.

Administrative Director Michael Borja – Oh yeah.

VIII. EXECUTIVE SESSION – None.

IX. ADJOURNMENT

Commissioner Pascual Sablan moved to adjourn the meeting. Commissioner Amanda Santos seconded the motion. Meeting adjourned at 4:10pm.

Transcribed by: Teresa Topasna, WPSII: *Teresa Topasna*

Approved by Board motion in meeting of: *Nov. 19, 2015*

Michael J.B. Borja, Administrative Director: *[Signature]*

Date: *11/19/15*

Joseph I. Cruz, Vice-Chairman: *[Signature]*

Date: *11/19/15*