



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. 651 Fax: 649-5383

REGULAR BOARD MEETING AGENDA

Department of Land Management Conference Room
3rd Flr. ITC Building, Tamuning
Tuesday, January 6, 2015; 1pm

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF MINUTES
 1. October 16, 2014
 2. November 20, 2014
- IV. PUBLIC COMMENTS
- V. OLD BUSINESS
 1. GRRP Rent Status
 2. GICC Rent Status
 3. Commercial Rules & Regulations
- VI. NEW BUSINESS
 1. CLTC Loan Guarantee Program
 2. Post Office License Renewal
- VII. DIRECTOR'S REPORT
 1. Revenue collection report for the months of October & November, 2014
- VIII. EXECUTIVE SESSION
- IX. ADJOURNMENT

Rev. 10/16/2014



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COMMISSION MEETING MINUTES

Department of Land Management Conference Room

3rd Flr., ITC Building, Tamuning

Tuesday, January 6, 2015; 1pm – 4:14pm

I. CALL TO ORDER

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

II. ROLL CALL

Present were Chairman David Matanane, Vice-Chairman Joseph Cruz, Commissioner Amanda Santos, Commissioner Pascual Sablan, Legal Counsel Kristan Finney and Administrative Director Michael Borja.

III. APPROVAL OF MINUTES

1. October 16, 2014

Commissioner Amanda Santos moved to approve the minutes of October 16, 2014 subject to corrections. Vice-Chairman Joseph Cruz seconded the motion. There were no objections, MOTION PASSED.

2. November 20, 2014

Commissioner Pascual Sablan moved to approve the minutes of November 20, 2014 subject to corrections. Commissioner Amanda Santos seconded the motion. There were no objections, MOTION PASSED.

IV. PUBLIC COMMENTS – None.

V. OLD BUSINESS

1. GRRP Rent Status

Administrative Director Michael Borja – I just need to advise the Commissioners that I had mentioned once before there is an issue with GRRP rent status. They are past due for quite a bit of time. They owe in the neighborhood of about \$54,000 and that goes for a year and half. The issue was hopefully to have been resolved on a meeting with Mr. Wagdy Guirgus and in that meeting we presented him with the issue of them defaulting on the lease for non-payment and he presented to us a counter (inaudible) on the Commission's behalf because of a comment made by a Commissioner at a public hearing in which he was trying to obtain a permit to operate his business and as a result of that there were countering defaults. We're trying to reach a resolution on the matter. We have a third party attorney that's an intermediary. We've made our offer based on what his request was and he hasn't responded back yet and his response is to pay us in full. So we're still waiting on that but right now we're at a possible stale mate with some legal issues based on mutual defaults but I'll keep you guys abreast of that.

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Chairman David Matanane – But the issue is the rent status. I'm kind of curious about the check that they issued us and not rectifying that.

Administrative Director Michael Borja – Right well that's what was brought up and like I said in this resolution we had he was going to pay in full based on a letter we were to provide him to demonstrate what it says specifically in his lease. There's a portion in almost all commercial leases that states that the Commission will assist you know summarizing it not verbatim that will assist in their application for permits and whatnot to conduct their business. And because a Commissioner an active Commissioner kind of spoke against them not getting a permit that is a possible violation of the contract that we have with that company.

Chairman David Matanane – That's not an issue for me as far as I'm concerned here on the agenda it's the rent status. And those other comments coming from the outside not to put you down Mr. Borja but we were getting along together and issued us a check and he bounced that check and that's all the issue is according to this particular situation here. Anything else about their lease and all that we will deal with it when it comes to us.

Administrative Director Michael Borja – Exactly and that's my point. We presented him with a default on his lease for non-payment. We were in the process of presenting him with default but he then countered with the fact that we were in default as well which we confirmed. So we're in the middle we're trying to obtain the payment we've worked out through a third party attorney but you know we've had different sets of attorneys all the way up throughout the Government and with private attorneys to try and work this out as well.

Chairman David Matanane – You know the last time when Mr. Sablan was here he said that they were going to put up that court documents for the (interrupted).

Administrative Director Michael Borja – Right there was a judgment against the Government which they won and the sum of money was a significant amount and they were willing to turn over that judgment the monetary judgment in favor of GRRP to the Chamorro Land Trust which we (interrupted).

Chairman David Matanane – We didn't agree we didn't want to and we renege from that. Anything else that he mentioned whether he's going to make it right?

Administrative Director Michael Borja – Well yes he was supposed to make a; I would provide him with the commitment that the Chamorro Land Trust will honor the agreement as it states in writing and he would give me the money and we told him if the money clears the account would be aside from the letter and the letter sits in possession with an attorney.

Chairman David Matanane – You know Ms. Finney will verify this that if you issue out a check there's a penalty and there's some reason by law that they have to come up with.

Administrative Director Michael Borja – Well we'll still go beyond that. The issue here is that if in fact we did not fulfill our obligations of the contract by a person saying that he

wasn't supporting the permit and we are in default. He could technically come back against the Chamorro Land Trust and say well in that case not only had you defaulted but you probably will have to pay me back all my previous rent from the start of the agreement which is a considerable sum of money. So there is an issue where there's some sets of iffy because I'm not going to want to obligate us into having to pay something but you know I'm just saying (inaudible) you know we need to try and work this out. We're working on it right now.

Chairman David Matanane – It's just that they put it out in the media concerning his lease but isn't he by defaulting the rental payments he violated?

Administrative Director Michael Borja – He is but we have to (interrupted).

Chairman David Matanane – I don't know where he's coming from.

Administrative Director Michael Borja – But the Land Trust by virtue of an active Commissioner making statements publically at a hearing.

Chairman David Matanane – And you have verified that.

Administrative Director Michael Borja – We had verified that okay.

Chairman David Matanane – Okay thank you.

Vice-Chairman Joseph Cruz – But is the Commissioner at that time representing the body or as a public individual?

Administrative Director Michael Borja – If the individual states that he is a Commissioner of the Chamorro Land Trust at the hearing when he was offering testimony oral testimony he's committing the Commission even though the Commission did not condone that. I mean it's something that the Commission can look at but it's in the minutes. In that case that's why it's a good example to just advise all the Commission including myself that what we say publically as a member of this body can be held and used as it could be committing us to something that we don't totally agree with.

Vice-Chairman Joseph Cruz – If you identify yourself as an individual then the Commission is not (interrupted).

Administrative Director Michael Borja – No but if you identify yourself as a Commissioner.

Vice-Chairman Joseph Cruz – Then that's the risk you're taking.

Chairman David Matanane – Because you're wearing that hat already but he put a disclaimer out of it. He didn't put a disclaimer on it?

Administrative Director Michael Borja – I mean it's one thing to disagree here in this forum but once we commit to a motion I mean if it was brought up as a motion in this Board and we decided that we were not in favor of that then you know that's the way we speak. We would speak as a group but if you disagreed and you know it's not in your place to go and speak against it in an open forum that will be counter to the agreement that we entered into. So we're working on that but I just needed to bring it to your attention because it's been an ongoing issue for quite a while and it continues to be. But I just want you to know that this has the attention of much higher levels.

Chairman David Matanane – Okay anything else on that particular item?

Administrative Director Michael Borja – That is all.

2. GICC Rent Status

Administrative Director Michael Borja – They actually made a significant payment last month. Two months worth of rent and they're still currently now \$80,000 in arrears. They're working this out, they're in the process of taking care of a lot of internal issues that they have to try and work this issue out and bring it to a resolution. They are working on it. We've had some discussions with the folks there and we have given them and issued them demand letters.

Chairman David Matanane – Just for curiosity sake I passed by there I think a week ago or more is that name still under GICC?

Administrative Director Michael Borja – Yes it is. What it is is that and this is what's ongoing the contract is with the Guam International Country Club but any company can be running that.

Chairman David Matanane – The management.

Administrative Director Michael Borja – Right and that's what's happening. If we terminate their contract completely and absolutely for this then what we stand is the necessity to go through the entire procurement process to obtain an operator of the golf course which could be an extremely lengthy process which would have to be in accordance with the rules the commercial rules and regulations which will be discussed later on. That is going to be a lengthy process which will put us out of any kind of income. So we're working something out but just like before they still have xx number of years left on their contract. If somebody bought the company then we continue to operate under this existing lease. If we terminate the lease anything new would have to go through the complete procurement process.

Commissioner Amanda Santos – Do you collect arrears on that?

Administrative Director Michael Borja – Well that's what we're working on yes we're working on getting all the arrears. I've had conversations and I think a group of us, Ms.

Finney and I our legal counsel have had conversations with the general manager of the country club.

Chairman David Matanane – But still under GICC?

Administrative Director Michael Borja – It's still under GICC.

Chairman David Matanane – The placard outside is still GICC.

Administrative Director Michael Borja – It should well I mean it's the country club I don't know what (interrupted).

Chairman David Matanane – Just to remind you maybe have somebody check.

Administrative Director Michael Borja – Okay what does it say?

Chairman David Matanane – There's something else there I don't know but looking at the you know the post when you enter the place there's a big sign there Guam International Golf Course right before? I don't think so not anymore.

Administrative Director Michael Borja – Well I mean what they put out in display but what the legal paperwork operator is it's (interrupted).

Chairman David Matanane – But have somebody check it out. Have they changed over? I was wondering why.

Administrative Director Michael Borja – No they have not made any change.

Chairman David Matanane – I was kind of speeding too but I think I saw something.

Administrative Director Michael Borja – Don't say that there are law enforcement people around here.

Chairman David Matanane – But really when I passed by I thought hey, have they changed they know something that I don't know? Okay anything else that you guys want to make any comments Commissioners on the GICC? Hopefully we can get some results on that.

Administrative Director Michael Borja – Yes we are working on that.

3. Commercial Rules & Regulations

Administrative Director Michael Borja – What I provided all of you Commissioners is the Commercial Rules and Regs that were heard in a public hearing on November 20th. The items in blue are the changes made or added on and the items in red were what was originally printed and removed and we'll go page by page. But what I provided to you is a section that would go on to page 3 section 6.9.4 and that's a subject that was brought up by

a number of individuals and reminded to me last month that it talks about the eligibility requirements for having commercial lease and what it basically says is that and this an item that we had discussed as a working group when we were putting this all in a final packet. Eligibility priority shall be granted to sole proprietorships, partners, corporations, limited liability companies and limited liability partnerships whose owner or company officer is a native Chamorro as defined in 21GCA Chapter 75. So basically what its saying is Chamorros would get the priority if they own the company.

Chairman David Matanane – That’s on line 24 and 25.

Administrative Director Michael Borja - Let me just go through on the first page if you want. Do you want to go through it page by page or do you have any questions? One of the big highlights we had here is the definition of licenses and leases. They’re not the same thing but yet this thing covers both of them. So we added it in a number of areas to make it uniform throughout that talk about leases and licenses and (interrupted).

Chairman David Matanane – But hold on so the leases and licenses is still within the procedure, it still remains?

Commissioner Joseph Cruz – It’s still a definition.

Administrative Director Michael Borja – Yes. I added a definition of what a lease or license means.

Chairman David Matanane – We’re not eliminating any.

Administrative Director Michael Borja – No we’re not but sometimes we do a license and not a lease so we want to make sure that we cover all the grounds on this. Some of the changes were really to make grammatical corrections and some further additions to be cleared. On page 2 under 6.9 commercial leases that item in blue what we’re stating is what’s the purpose of this and the purpose of commercial leases and licenses are intended for the highest and best use of CLTC lands to provide necessary revenue to improve and enhance CLTC residential and agricultural properties. It wasn’t included in here yet we kind of alluded to it a couple of times you know what’s the purpose and this is what’s the purpose of commercial leases are and that is what it was intended and so going down we made a commercial license definition. And in the next item commercial use we also added that this does not include aquacultural just like it doesn’t include agricultural it doesn’t include aquacultural use. You had a question on page 3?

Chairman David Matanane – On top of 3 line 4 on the proposal you were just eliminating those (interrupted).

Administrative Director Michael Borja – Well I didn’t want to say, what I needed to do here is it talks about that we would issue out RFPs request for proposals and I don’t want to limit us to just request for proposals there are other kinds of procurement requests and that’s why I changed it to procurement request. And I didn’t say to lease I just took it out the

word lease because it didn't apply to the sentence but you'll see further on down I (interrupted).

Chairman David Matanane – One example other than having the RFP?

Administrative Director Michael Borja – RFIs. There's other ways of doing this and so I just wanted to leave it general I just said as an example request for proposals but I wanted to leave that general because there are other things. There may be other ways of doing procurements other than just RFPs but that is definitely one method of request for proposals. The big one is on 6.9.4 that I talked earlier that under the eligibility those of Chamorro descent as defined in the law would have priority if they're in the company ownership or leadership.

Commissioner Joseph Cruz – What will offset the priority versus I give you an example eligibility priority?

Administrative Director Michael Borja – Well as we go further and we're comparing three companies and one has a Chamorro owner but has none of the financial necessities needed to do the project that we need to do by virtue of their financial report or may not be offering more money than these others. We're looking out for the best interest of the Trust. Now if I had two that were equally the same and one had a Chamorro then the priority would go to the individual or the company that has the Chamorro. That would give them the priority but if they're not offering the same amount or they may not be able to meet the obligations required to do the procurement we're asking for and may not have the financial backing then that would exclude them. That would exclude them period probably because the review process I'm sure is going to say blindly look can these people meet the financial obligations that is going to be required to do this thing we're asking to do?

Chairman David Matanane – A point factor.

Administrative Director Michael Borja – Yes it'll be a point factor. It will be done through the procurement process but like I said if it comes to a tie.

Commissioner Pascual Sablan – Is there a way we can say eligibility priority shall be given preference instead of granted? When you say grant it looks like automatically you're giving away to.

Administrative Director Michael Borja – Okay I can change that.

Commissioner Pascual Sablan – Get the concurrence of the others instead of granted make it preference.

Administrative Director Michael Borja – Well what I'm saying is they'll be given an eligibility priority they're automatically a priority if they're Chamorro but that's to assume they are especially in a tie breaker. But I can say shall be given preference. Page number 4 there really wasn't any big change there except to just say change a few words that really

just makes it much clearer. On the fair market rent on page 5 the discussion here from one of the written testimony from Vice-Speaker Cruz you know what if a person came in and said you only wanted 10% but I want to give you 12. Now realistically that's never going to happen but what we found is that you know if you say 6 to 10% you're kind of leaving yourself in a big gap to deal with. So we came down and said the real market value is about 9%. What these numbers are used for when the person is going to want to make a bid he's going to say well how much do I have to pay on rent so I can come up with a perform a financial statement to determine how much my cost is going to be so I can know how much I need to bid. If he sees 6 to 10% he's going to go in for the 6% and then he's going to do all his bids based on that 6% and that's how he's going to determine his cost. And then a guy comes in and says well I'll pay 10% well that makes it a little bit different but it gives everyone a clear picture that's going to go bid on this thing what it is so they're all bidding on the same amount how much they're going to pay to the Trust for the use of the land. And that helps them in determining their expenses so we came up with 9%. Then the rest of the stuff was to be deleted out because it didn't make sense to talk about the rest.

Vice-Chairman Joseph Cruz – It doesn't mean that the 9% is the minimum or lower.

Administrative Director Michael Borja – No the rent shall be established at 9%.

Legal Counsel Kristan Finney – Was it meant to say shall be established at not less than 9%?

Administrative Director Michael Borja – Okay at not less?

Chairman David Matanane – Yes it can't go lower than 9 but you can go higher.

Administrative Director Michael Borja – Okay.

Legal Counsel Kristan Finney – I think that's what these guys were trying to say

Chairman David Matanane – So no less than 9 and if you want to pay us more then that's fine.

Administrative Director Michael Borja – It also stated that we'll go at 5 year intervals for rent escalation. Now one of the issues we have and it's really kind of outside of this whole thing but it definitely affects us is that the current law sets us at 5 year limits on contracts and there are provisions established in the law where as to request additional time to 50 years within 49 year additions. That's kind of a real big killer to any kind of offers when we're trying to market out our land. If you tell them well by law I can only let you use the land for 5 years unless I get legislative approval. It's a real significant problem and nobody wants it. GEDA has already tried it even though we told them we did a determination of need and we requested. The fact that there are speed bumps along the way is a significant problem and they're not, the potential investors moved on.

Vice-Chairman Joseph Cruz – So why don't we tailor it toward defining it between the two where you have a lease and a license? So when it comes to those kind of (interrupted).

Administrative Director Michael Borja – No we're stuck on both. Nothing can be more than 5 years unless I go to the legislature for approval and it's not just this it's anything in the Government. It's anything and everything in the Government.

Chairman David Matanane – It's stipulated in the law right?

Administrative Director Michael Borja – Yes. We didn't specifically describe that part of the law but that's the governing directive that's the overriding rule in the law so we're bound by that but it's an issue that I'll definitely take up with the new chairman of the committee who is Senator Tom Ada.

Chairman David Matanane – Most of the commercial type wouldn't want to go into 5 year terms.

Administrative Director Michael Borja – No, no I mean if you're going to put down a hundred million dollars on a lease to build something (interrupted).

Chairman David Matanane – He cannot even recover.

Administrative Director Michael Borja – No, no I mean you're not going to even want to talk if 5 years is the limit with speed bumps along the way to make it more. I mean we can say we'll make it 99 but there's speed bumps and so that's an issue. If I can go back to the beginning of this thing real quick what the law does state as well and we kind of just didn't get into it but it says you know we have to get legislative approval prior to any of these leases. That doesn't mean we have to get the approval of the legislature for the lease but we have to go before the legislature prior to the lease. So let's say we're going to go do a request for proposal on a piece of property we would then go to the legislature and get by law have a bill introduced saying that the Chamorro Land Trust is authorized to lease x piece of land for x purpose period. And at the same time we'll be putting in the determination of need and then we can move forward in working on the lease. Nothing is worse than you know it's the end. What we found in a public hearing with GRRP just last month in the opinion of the Attorney General it is contrary to the separation of powers for the legislature to approve the lease, it's not in their business. They can approve, give prior approval to say we can proceed but when the document is fully negotiated and ready for signature it's not their business to approve it. The final approval process is to the Attorney General for approval of form and to the Governor to sign.

Commissioner Amanda Santos – Not the legislature?

Administrative Director Michael Borja – No the legislature cannot and I think Vice-Speaker Cruz kind of concurred with that comment as well. So we got some pretty good clearance from that and understanding from the legislature hearing last month on GRRP and that help us a whole lot in our clarification on where we stood on a lot of these things.

Chairman David Matanane – But there's that provision of after we negotiate we can go to the legislature in order for them to approve the operation?

Administrative Director Michael Borja – Oh no, no, no we're going to ask for it we'll ask for it first.

Vice-Chairman Joseph Cruz – I guess what could be done is get a master plan a conceptual set up and then present it to the legislature for their concurrence then piece meal out your lease.

Commissioner Pascual Sablan – That would be better because if the lessee were to go the whole nine yards at the legislature.

Administrative Director Michael Borja – Joseph we've wasted everybody's time and money because these investors could be coming from abroad. Subletting and subtenant rent those are all provisions that were already originally included saying that let's say we lease out a piece of property and they build a shopping mall we can obtain rental from the sublets and all that. Nothing really changed in these next two pages but the big change occurs under the environmental compliance. That was a number of people that commented on this and so what we did here is we came up with three different issues under environmental compliance. What the whole basis of this is that we want to know where the land started and where it's at and that it's restored back to its original use or cleanliness condition when it's returned back to us. So what this says is that when you get that lease the first thing you need to do is do a baseline study and tell us where we stand on this. And then it even says that if you're going to renew the contract or agreement then you got to do it again and tell us where it's at if anything changed. Then if the license is terminated or it expires you're going to restore it back to its condition. And then environmental violations it may be cause to terminate the agreement. I mean if they go in and they blatantly violated environmental laws they're going to have to clean it up but they're going to probably lose their license or lease.

Vice-Chairman Joseph Cruz – There's no penalty?

Administrative Director Michael Borja – We leave that to the regulatory agencies to penalize them accordingly. Their penalty is they could lose the lease and everything on it. So if they built something on there they could stand to lose that because we obtain the assets.

Chairman David Matanane – Even if the land for Chamorro Land Trust has been marked?

Administrative Director Michael Borja – No we're asking them to bring it back to baseline study.

Chairman David Matanane – Once it's ruined it's not going to be back to the original one.

Administrative Director Michael Borja – No they're going to have to go through a mediation process to clean it up that's the intent.

Chairman David Matanane – That there will be a finality on it.

Administrative Director Michael Borja – Yes because that's why we ask them even at the point where we you know if they're going to build something that's going to already have regulatory monitoring they're going to be the ones that's going to catch it. Let's say it's even just a large building they built and they put an underground storage fuel tank for their generator that's an EPA requirement to monitor. And if something happens in that monitoring process that there's a leak there's a violation.

Chairman David Matanane – You know a good example like the dump the Ordot dump we have no use of the land right now or maybe so many years before we can even use it or let somebody else use it that's where I'm coming from.

Administrative Director Michael Borja – Right well I mean no what we want to do that's why we have to have this baseline study, know what the land is like when you receive it and when you're ready to terminate or let the lease expire we do the study again to know where it's at.

Chairman David Matanane – And it's still usable.

Administrative Director Michael Borja – If it was tarnished they're going to have to bring it back to baseline study and that's what we say here. The tenant shall restore the land to baseline levels established at the start of their lease or license and shall bear all expenses.

Chairman David Matanane – As long as you know the land is protected and the land is usable again for other people to use it, Chamorros can use it again. Stipulate that in black and white.

Administrative Director Michael Borja – Oh yeah well this just gives us the basis of how to write the lease.

Chairman David Matanane – Because you know they can always put it in that gray area and say oh (interrupted).

Administrative Director Michael Borja – No, no, no, no it's a whole separate area here where it was also a matter of concern brought up by I think a couple of different people that provided testimony.

Vice-Chairman Joseph Cruz – At what point to you get notified for these violations if you were to terminate the lease?

Administrative Director Michael Borja – Well if we were to terminate the lease yes then we would ask them to (interrupted).

Vice-Chairman Joseph Cruz – Because EPA would be giving citations to the tenant so as a landlord at what point do we know?

Administrative Director Michael Borja – Well see I think we can probably even have it written into the lease that there be some kind of Trust fund set up to help with potential especially if it's something that will have a potential for environmental damage. Let's say it's a gas station or let's say it's just something that has the potential for creating an environmental problem we can definitely put something in place where there's insurances and we talk about insurances later on that that would help to cover that kind of stuff. But the insistence that it be brought back under their expense would require us to make sure that there's insurances available to cover that. There was another area on page number 10 a couple of times first in the top and the middle it mentions company officials so the comment was what is a company official and so we determined a company official is really an officer or legal representative of a company. Now an officer or legal representative of a company is identified in the annual corporate report provided to Rev and Tax every year and that's where you would need to get that information to be updated. The way it's brought up in here is that under audit reports under rent amendments and payment schedules there's a need to provide financial statements and it should be audited. Now in the event the company doesn't do audited financial statements and let's say it's a smaller company right it's a small business that's doing a lease you know some of our commercial leases could be big some of them could be small and in many cases small businesses really don't have audited financial reports but if that financial report is provided it should be certified and attested to by the officer. And the question was well what's an unaudited financial report? One that's turned in that's a tax return. So if they turn it in as a tax return they're obligated to that one. So that was the issue there was to define what a company person is a company official.

Chairman David Matanane – Would a Board member of that particular company be also included as an officer?

Administrative Director Michael Borja – Oh yeah well not necessarily a Board member no it has to be an officer. You could be a Board member but you don't have anything to do with the (interrupted).

Chairman David Matanane – The corporation.

Administrative Director Michael Borja – Yeah it has to be one of the corporate officers. And then the rest of the stuff talks it just kind of helps clean up the language and makes everything uniform.

Chairman David Matanane – How did it happened that it's called consents to mortgage on this particular rules and regulations?

Administrative Director Michael Borja – I don't know it was put in there.

Chairman David Matanane – But you know it kind of surprise me because the whole thing for Chamorro Land Trust you cannot mortgage it and estoppel and consents to mortgage has it here in this particular 6.9.9.1.

Administrative Director Michael Borja – Oh they can get not on the land but they can be mortgaging the buildings.

Chairman David Matanane – Buildings only.

Administrative Director Michael Borja – Yeah.

Chairman David Matanane - Then why don't we say it buildings only instead of generalizing it? Can we Madam Finney? Can you consult us on that because as far as I'm concerned if you're mortgaging the building then state the building not the land. That way we are secured that they are not going to take the land.

Administrative Director Michael Borja – Matt what is it we did the other day with the estoppel request?

Matthew Leon Guerrero (DLM) – The estoppel is just to certify that the individual is clear and is up to date with his lease payments with us and whatnot paid his taxes.

Chairman David Matanane – The only reason why I asked because as we were dealing with GHURA and I think there's a breakage in this particular for Chamorro Land Trust itself because they were saying that the first time I ever done this was that lady up in GHURA that was given I don't know if you remember. You weren't here Ms. Finney and the estoppel type of arraignment was you know mentioned and you know to me for Chamorro Land Trust no estoppel, no mortgages should be inclusive in the rules and regulations. As far as I'm concerned the rules and regulations says no mortgage or estoppel or consent for anything. Why don't we put it if they're going to go through this particular section then it's specifically not the land. So you know nobody is going to question.

Administrative Director Michael Borja – Well what I think they probably will be asking for is that in this case are they current. If they're trying to go get a loan the financing company is going to say are they up to date on their rental payments for the land and that would be what the estoppel certificate would be right something like that.

Chairman David Matanane – Well you know in the first place it wasn't mortgaged at all right?

Administrative Director Michael Borja – No, no, no they're not yeah it's not mortgaged but the lessee is trying to get a bank loan an additional bank loan to build an addition to the building or something and so the financing company is going to want to know the financial background and they're going to want to say landlord is this tenant current on his leases or is he in default I need to know what that is and that's what this would be.

Chairman David Matanane – Okay but specifically state for the building itself no mention of land.

Vice-Chairman Joseph Cruz – Just reword or rephrase your statement here all financing using leasehold interest as collateral shall be used to further the operations of the business located on the premises and then just put down applicable only to infrastructure improvement.

Chairman David Matanane – Make sure it's emphasized that it's only on the building not the land.

Administrative Director Michael Borja – Okay, alright, okay, got you.

Commissioner Pascual Sablan – So what are we going to put in?

Administrative Director Michael Borja – On line number 25 of page 9 it says there used to further the operations of the business located on the leased premises and is applicable to building and infrastructure only.

Commissioner Pascual Sablan – How about if the business or the building is second or third of the business in other words it's just a small building but the lessee has a big investment putting in expensive equipment and all these things on the property that means we cannot attach that?

Vice-Chairman Joseph Cruz – The only thing you can attach is the real property. Any lose equipment is (interrupted).

Commissioner Pascual Sablan – No, no, but I mean let's say he built something and he use heavy metals or equipment there that is stationary if we say the word building that's not a building.

Vice-Chairman Joseph Cruz – If you approve it with those kinds of activities because those are probably accessories to their activity.

Commissioner Pascual Sablan - Do we say that?

Administrative Director Michael Borja – Well let me get a better language on this. Let me get a more formal and legal language on this one we'll incorporate that. Page 12, the one that was once called drive by inspections the comment from the good Vice-Speaker was what you're just going to cruise by to see you're driving along in your pickup truck kind of hanging out and go yeah I looked at the building and its there. So we changed this around to be called compliance inspections. What we changed is that we said that the Chamorro Land Trust may inspect facilities and premises and that would help to determine the condition. A concise and detailed inspection will be submitted. Now you got to remember compliance inspection is part of the overall section on monitoring and compliance. We'll have an annual inspection that's set up. This annual inspection is pretty

detailed there's going to be notification that the inspection is going to occur, the expectations of what's required in this inspection you know making sure that they're business license is up to date and things like that. This compliance inspection is just hey, we're going to stop today and we're going to come in and we want to see especially if somebody who's got potential for damaging their land you know are you doing what you're supposed to be doing. The oil you're changing in your vehicle where are you dumping it you know those kinds of things. We're going to check the condition of the land and it just goes on to say in additional just what we said in annual we'll provide the people with the report because we have the obligation if we're going to inspect we should tell what we inspected. And then we go on to talk about notice of non-compliance and in this section this was also brought up on how many times do we have to give them notice before you think you need to terminate. And so that's what this says down there on line 21 it says should the tenant respond and contest the non-compliance the matter shall be referred to legal counsel for default remedies to include termination of the agreement. So you know let's say the violation is so, so, so very terrible I mean if they're not wanting to fix that problem we can say we're going to terminate you then. I mean why give you a second chance if you're violation was just you know the most heinous thing you can think of. And then there is a second notice that we can give them as well and it goes into the details of that and once again we also add that the legal counsel will try and work out default remedies. We don't want to terminate anyone's lease early. I mean maybe we caught them in something or there's something that's done wrong let's work this problem out and lets continue on. But termination is a possibility if they're not wanting to be a good steward of the land.

Chairman David Matanane – I don't know if we going to put it once, twice or no we'll just leave it like that.

Administrative Director Michael Borja – Yeah. Now what you have is a document that doesn't get into the real absolute nitty gritty and sometimes these things have to stay a bit general because you know we don't know what it's going to be applied to in years to come but it has to still be available. So basically what it's done is it says that there needs to be a procurement process to identify these lands. So if a guy comes walking into the office and says I'd like to get this; we have a good example at a recent meeting someone came to me and said I want to use this piece of property to build this medical stuff plus others just because he asked for it doesn't mean we have to give it. But let's say we have an intention to use that land we publicize the intent to use that land through the procurement process and we allow everybody else. So if there is one individual interested in a 30 acre piece of property to do something that could be pretty good. We still have to go through the procurement process so that everyone is fully aware that we're going to use this property for a specific thing and if people object to it I mean the objections could come forward at that time but it's clear and open and fully transparent that we're going to use the land for a purpose and we're inviting anyone else to come in. Now that guy that came in and said what his intentions were if he ended up giving the best bid he wins. But if the others came in and said wow I think that would be a great opportunity and they win so be it.

Chairman David Matanane – But he better have all his plans together.

Administrative Director Michael Borja – Right he has to have his plans together. So you can't just come in on a whim and say I'd like to do something and you don't have a business plan put together to do that. So that's what this does number one it makes it open and transparent and again it's for the best use of the land to try and get the necessary revenue to enhance all the residential and agricultural properties. That's what the purpose is so we can get the lands that are going to be assigned to Chamorros for homes and farms the things they need to be able to use that land. The infrastructure to be (interrupted).

Commissioner Amanda Santos – They need to bring in a plan.

Administrative Director Michael Borja – Yeah but that's what it's doing for us and then it goes through and explains the different ways that we can go about doing this and how much we can rent okay. Now the process this goes through is that I gave it once earlier but there is a whole section in the law called the Administrative Adjudication Law and in that law it talks specifically about all the definite requirements to turning this thing in and part of it is this economic impact statement. But it goes more specific about how this all gets done. So once we're all done with all of this I put together a complete package which includes the public hearing digest that we just talked about which has everything in there in full detail and it goes all in to the Attorney General to be approved for form. So even the format of this document is prescribed it tells you exactly how to put together this document and who to address it to and let me tell you they can be big sticklers about it if you send it to the wrong person. I can't send it to the Speaker, I can't send it to the Chairman, I send it to the Legislative Secretary and it can only come from the Governor. So once this has gone through the AG's for their concurrence and they concur then it goes to the Governor for his transmittal to the Legislature. Now it will sit there for a period of 90 days for them to concur or non-concur. They can make changes to it at any time and in fact when I submit it to them it comes in paper copy and in electronic form. It even says in word format so they can make the changes to the document as needed. If they make any changes then that's what's going to be put in place.

Chairman David Matanane – On the changes would it still come back and justify their changes?

Administrative Director Michael Borja – No it doesn't state that.

Chairman David Matanane – They don't need to justify.

Administrative Director Michael Borja – No they can make the changes as they want or they can deny it in whole and in which case we come back. Now of course I'm not going to just give it to them blindly I'll be talking with them letting them know its coming. The hope was if we had met last month that the Attorney General's Office would have it this week. Now what I'm looking at in a timeline to pass this is that it goes to the Attorney General within in the next couple of week while I package everything fully together. We'll go through them before our next meeting hopefully and then however long it takes up there then it'll move to the (interrupted).

Chairman David Matanane – Where is the 90 day period wait?

Administrative Director Michael Borja – The 90 day period begins when it's submitted to the Legislature. So if at 91 days nothing happens it's automatic.

Commissioner Amanda Santos – Termination?

Administrative Director Michael Borja – No it becomes a rule and it's adopted and put into law.

Chairman David Matanane – And these particular rules augments the Bordallo.

Administrative Director Michael Borja – Yes it augments. I think one of the comments made by one of the people is that (interrupted).

Chairman David Matanane – That's my main concern it doesn't delete any (interrupted).

Administrative Director Michael Borja – No, no, see the first sentence under appendix A says section 6.9 is appealed and reenacted to read.

Chairman David Matanane – Man you're sharp.

Administrative Director Michael Borja – Really all 6.9 said was this is reserved for the commercial rules and regulations that's all it said.

Vice-Chairman Joseph Cruz – It's just bothering me here where it says on your commercial use, in the commercial use why is it that commercial use includes coral extraction for commercial purposes? Why coral? Why not include top soil, why not include rocks because Chamorro Land Trust has numerous minerals that we can capitalize on this commercial lease. But on this section 6.9.1.3 it says include coral extractions.

Administrative Director Michael Borja – Well then do you want to me to just change it to mineral extraction? Which means anything, it means soil too right?

Vice-Chairman Joseph Cruz – Yeah top soil because this won't apply in Malesso because there's no coral in that area but we have numerous properties down there.

Administrative Director Michael Borja – Yeah but we're not digging out Malesso's dirt to sell.

Vice-Chairman Joseph Cruz – No I know but this is going to be applied applicable to all Government land.

Administrative Director Michael Borja – Yeah but we're digging out coral to sell.

Chairman David Matanane – Not being specific.

Vice-Chairman Joseph Cruz – But being specific to coral only (interrupted).

Administrative Director Michael Borja – Okay so change it from coral to mineral.

Chairman David Matanane – Minerals so it'll be more generalized.

Vice-Chairman Joseph Cruz – Whatever defines the a (interrupted).

Administrative Director Michael Borja – Okay that sounds good. I think mineral was done because we actually have something ongoing with mineral extraction.

Vice-Chairman Joseph Cruz – Because is no different than mining. The activity here is mining and for the use it should be an activity.

Administrative Director Michael Borja – And there's a zoning thing specifically for mining right which includes coral extractions. So I have to go before the zoning see that's the other part is then we'd have to go before the Land Use Commission who puts on their other hat as the mineral extraction commission or whatever. There's another name for the Land Use Commission. What is that Joe do you remember what that is that it's called? The Land Use Commission has another hat they wear.

Vice-Chairman Joseph Cruz – Seashore.

Chairman David Matanane – Seashore there you go seaweed man.

Administrative Director Michael Borja – Do you want to see if there's any comments?

Chairman David Matanane – Anybody who would want to make any comments or any suggestion or whatever?

1. Trini Torres – I'm Trini Torres, Magahaga of Taotaomona Native Rights and also Chairman of Chamorro Cultural Development and Research Institute Non-Profit. I've always been interested and following through with Chamorro Land Trust not so much in detail but this time it has to be in detail because it looks like you're going into so many details into business ventures that not just belong may not belong to our people but you may be kind of allowing somebody who could prove why they can go into this kind of business. For instance you were mentioning mining even which is a very sensitive matter. Mining they could drill down to the whole island. So you need to be careful on that. It should not be there. You would have to really discuss and go over this matter. When it comes to something that somebody is going to be drilling down a big hole on our island because you know our island is very small it's only 209 square miles. So when you drill down there are so many complications. Bothering, disrupting the water lens and even the width of the land you may be caving in something that you may have to go into big venture to study the bottom of the island and whether it's going to land slide into the Marianas Trench or what you know. Even United Nations are coming into the picture of countries that are allowing mining, drilling into lands. So I believe you need to really be either you omit it

or you have to put it under special category that you should not venture into those kinds of things unless you really have done a thorough study in terms of how it's going to disturb the island as a whole.

Administrative Director Michael Borja – If I may interject Ms. Torres what we're doing is generally saying that there's the possibility that this could occur maybe not today, maybe not tomorrow, immediately but let's say 10, 20 years from now. But there are activities that could be happening now. And anyone who wants to do mining for example there's a major clearance process for them to go through, Historic Preservation Trust, all the EPA (interrupted).

Trini Torres – But you say it down in your rules.

Administrative Director Michael Borja – But those kinds of laws exist already without us putting it into the rule. A rule is not a law and the law supersedes the rule and so what we know (interrupted).

Trini Torres – The rule is part of the law.

Administrative Director Michael Borja – It'll become part of the law but under the rules and regulations part that's all it is. If a law is made to supersede it, it will and so we will have to be in compliance with all the and that's why we talked about anyone who wants to do something they don't just have arbitrary (inaudible) to go in and do what they want on the land without the proper regulatory clearances.

Trini Torres – Yes but I would suggest you say it in there may be in brackets or something that you know it has to have special treatment. I mean you have to deal with it on a separate case and it has to be more studied to the point that it doesn't detriment our people.

Administrative Director Michael Borja – I will add that in that the appropriate regulatory clearance will be required for all commercial uses.

Trini Torres – Yes I appreciate that.

Chairman David Matanane – And that's the reason why Ms. Torres we're here and stipulating the rules and regulations because if we just leave it alone you know their attorneys out there come in they even go in gray areas oh, you didn't stipulate in your rules and regulations so we're going to do it because it's not stating in your rules and regulations. That's why we're trying to be more meticulous in how they handle the property.

Trini Torres – Yeah like we agreed that at least it's put in bracket that you know you got to go through this all this process and all this that somebody doesn't just come in and do what they want because they give you proposal and all this. It looks nice and beautiful but the impacts on the island and our own island it might go down to so many layers. Geological layers so that we need to be careful on that.

Administrative Director Michael Borja – Yes and that’s why there’s not only that but there’s all kinds of studies that had to be required for them to do these things and the one office that really has I think one of the strongest controls on land use is the Historic Preservation Trust. I mean they are very, very significant in requiring significant studies of the land not just for what’s down below but what exists on the surface. What exists as far as the wildlife on the surface or if there’s water what exists on the streams. Because you know the creatures that live on this tiny little island are so rare and unique that you don’t want to destroy them and what you do (interrupted).

Trini Torres – Yes and the Chamorros are already rare also right.

Administrative Director Michael Borja – And what you do on this property may affect something further downstream and so those are quite important aspects and I appreciate your comments on it. So I am adding that the appropriate regulatory clearances will be required for all commercial uses of Chamorro Land Trust properties.

Trini Torres – Yes and also is there a way we can get a copy of what’s been all those revisions and all this?

Administrative Director Michael Borja – Yes I can give you one.

Trini Torres – Could we please because ours is already outdated. Is there also a way I can get a copy of the auditor’s report?

Administrative Director Michael Borja – Oh yes the auditor’s report you can go up stairs to the 7th floor and they can provide you one and it’s also available online if you’re interested in looking at it that way. You can get it that way.

Trini Torres – Remember how much we’re spending we’d like to know where it’s going and how much is being spent, how much was appropriated, how much money already since some two months ago and the Governor added some more to make it a million but then you’re talking about so much is being spent. We’d like to also know and follow up follow those things because it doesn’t mean that all of you would be there forever in that Commission you know. You’d be changed here and there. I know I’m not going to be around forever so we cannot just leave it as it’s in limbo because this land you know it’s the only homeland we have and that’s why we’re putting it in Trust. And I like what you said and you keep reviewing that the land the mission of the land the objective of the land is for our people right to build houses and to farm. So it’s not so much for commercial leases please.

Administrative Director Michael Borja – No ma’am it has never been.

Trini Torres – And that’s why we’re worried you’re scaring us to death with going into so many businesses.

Administrative Director Michael Borja – I think you have some very strong Commissioners on board that understand that very much and including me you know I've been on the Board in the past. And it's really the commercial use there's not very many lands out there that are available for commercial use and in fact they would be probably the lands that are least likely to be places you would want to build a home or farm the property. Because you know I don't think you'd want to be building a house that's in the most busy section of town or farm a land where you got big trucks all around you. So we're looking out for the interest but (interrupted).

Trini Torres – And I'm kind of worried where is all those Chamorro Land Trust being given to some organization here and there nonprofit and all this because the land is really for our Chamorro families and then why is our land disappearing here and there.

Administrative Director Michael Borja – And Ms. Torres you know what the Chamorro Land Trust Commission has to comply with are the laws established by the Legislature and if the laws established by the Legislature have allowed for nonprofit clubs to be provided certain things we can't object to that. We have to comply with whatever the law says. That's where issues come in where it's out of our hands to be able to say what we can and can't do.

Trini Torres – But also you can also interfere by raising your objection because you are failing in the mission of the Chamorro Land Trust if you don't say anything. I mean a lot of those Senators went in I hope they all have high school education too because I mean that big chunk of raise they gave themselves is uncalled for and yet our people are still trying to build a house in this little pieces of land that we still haven't surveyed.

Administrative Director Michael Borja – Well and I just want to let you know Ms. Torres I am really making an effort to try and move forward with the surveys but more than that we're hoping to try and eventually get homes built on the lands that people can move into that has all the infrastructure. Because even if a person is just going to farm I don't want to give out land to someone that can't even get water that's ridiculous and that's what we have a problem with. So one of the efforts too as we move along in trying to get infrastructure or affordable homes built for people that we'll exchange if someone got a piece of property in a place that's really useless because it's going to cost them a hundred thousand dollars to put in infrastructure they can trade and that provision already exists. So we'll be very open in allowing that and I'm also trying to work on it so that we're not just doing everything in the north. The people in Umatac in the south have been asking can you do something for us too because you know we don't want to live in the north we love our area; in the central. So we're looking for the different areas on the island you know where people prefer to live. I have a preference on the island where I want to live and that's probably where I'd want to stay too. But we also have to realize too that where the lands are best available and how we can use them and that's what we're working with.

Trini Torres – And I'm glad also that you pointed out that when they have land right is it residential or agricultural is it that they can only have one?

Administrative Director Michael Borja – Yes ma'am.

Trini Torres – Dwelling but there are people who are holding on to land that are allowing people from outside to live and you even said that (interrupted).

Administrative Director Michael Borja – We are working towards that and that's one of the issues I brought up early on in the meeting where even the public auditor has mentioned and it's good for her to put it in her report that we need the additional manpower for the compliance and enforcement part of the Chamorro Land Trust. And that is the meat I'm using when I go speak with the Legislature. I'll be having a meeting later on this week with the Chairman of the Land the new Chairman of the Land Committee Senator Tom Ada and those will be things I'll be bringing up. We have the manpower authorized they're just not funded. So I'm going to be working I'm going through the whole budgeting process right now for Fiscal Year 16 but I've already even had a brief discussion with members of the Administration's financial committee to inform them that I'm going to come forward to them real soon for supplemental that I want to get appropriations for. Because there are things that have come up especially with the public auditor's report that I need to get cleared up right away in order to not only keep the Chamorro Land Trust operationally sound but financially sound because it is a Trust. Their concern too is that if you got lots of this money sitting around or obligated to the Land Trust that's important and we need to make sure that it's done correctly and that's what we're working towards so we're getting over there. I appreciate your patience and you know it's through your input too Ms. Torres that has helped out. The people who have taken the time to give us oral and written comments in the past we've taken into light. I mean this latest one where it was critically important to several people that we ensure that Chamorros be given preference in the commercial leases and licenses and so we've had some discussions beforehand but we're putting it back inside. Now will it be tested in a court of law of some future day? Perhaps but we'll get to that when it happens.

Commissioner Amanda Santos – I think it's better for the Chamorros that really need the land to be given the land right away because some people are staying on the government land for 12 years and it was never registered.

Administrative Director Michael Borja – And see those are issues that have happened in the past which we are trying to correct today and it's not an overnight thing. Land registration is a very, very involved process.

Commissioner Amanda Santos – But those people are allowed to stay there? 12 years already we can show you the place.

Trini Torres – We know several of those places not just one.

Administrative Director Michael Borja – But we're going to work too and we're already beginning on this compliance stuff. We've gone out in fact part of this whole land valuation process with Revenue and Taxation was to definitely do a lot of Chamorro Land Trust

properties and we've uncovered a lot of different issues which is something we will be working in tackling here this year.

Trini Torres – Good I'm glad. Also you're going to give us a copy of what you're revising please and you said up at 2nd floor I can get a copy.

Administrative Director Michael Borja – 7th floor the copy of the audit report for Chamorro Land Trust and it's also available on the public auditor's website it just came out on Sunday.

Trini Torres – Okay who's the person that can give me the audit report?

Administrative Director Michael Borja – Just go to Room 733 that the Director's Office.

Trini Torres – Okay thank you very much.

Chairman David Matanane – And with your comments too Ms. Trini it's there remember the last meeting the first meeting that we had for the public hearing. We have all your comments.

Trini Torres – Okay thank you. I'm glad I really appreciate you're really working so hard on this. By the way I need to ask how much are you getting for a meeting? How much are each of you Commissioners getting your monthly allowance or what you call it.

Administrative Director Michael Borja – By law they're only authorized to receive a stipend of \$50.00 per month.

Trini Torres – Per month not per meeting?

Administrative Director Michael Borja – Oh I'm sorry per meeting with only \$100 per month.

Trini Torres – A maximum of \$100.

Administrative Director Michael Borja – Yeah maximum of \$100.

Trini Torres – Is there a way to I know there's a way but maybe you can mention it and you can even mention my name that you should get an increase.

Administrative Director Michael Borja – I agree.

Trini Torres – No really.

Administrative Director Michael Borja – No I really do.

Trini Torres – No because even for your gas and a lot of you are retirees. How can you buy your gasoline even to get the transportation?

Administrative Director Michael Borja – Well you know it is a voluntary position and sometimes you know money helps a little bit too.

Trini Torres – But then I can call on you know you if I see you're absent all the time then forget it you better return that you know allowance. But you're really working hard and you know doing all this this is for us. I know it's more voluntary work even though you're getting a small amount so you should ask for an increase.

Administrative Director Michael Borja – I'll mention that to the Chairman of the Committee.

Trini Torres – Because look CCU are getting a \$1,000 dollars a month you know at least somewhere between what you're getting up to that amount.

Administrative Director Michael Borja – I know and they work in castle on Chamorro Land Trust property.

Trini Torres – And they keep increasing the rates also you know and they're borrowing money so you're not doing that any of that. So I do recommend and I will support you on this to get an increase in your bonus I mean really it's not fair. Just to motivate you also more.

Administrative Director Michael Borja – Thank you.

Trini Torres – Now I need to know about it though okay please. You put it down yes. Thank you very much.

(Chamorro translation by CLTC Staff Eileen Chargualaf)

2. Marilyn Manibusan – Good afternoon my name is Marilyn Manibusan for the record. I just want to say that in order for me to get grounded sometime I just go back to singing a song that I know from when I was growing up. And when I say grounded I mean times have gone by and time takes us in different platforms, different avenues, at the plateaus that we go through for different strokes for different folks. And so I know that we all kind of get distracted and then we sing this song "Fanohge Chamorro Put I Tano'ta". It just drives you back home because it didn't say Fanohge Chinese, Fanohge Spanish, Fanohge others and it defines us as a nation, it defines us as a people. I'm very fortunate that I know how to speak Chamorro and understand but I'm in the education business and I see some of my own family members that don't even understand it. I hope that the people who are in education continue to foster and actively get into getting our Chamorro language back. So Fanohge Chamorro Put I Tano'ta. When the issue of the rules and regulations came out I was really kind of like worried because *there's not many land. Not many land for the Chamorros. You cannot go to the US and say that is your land. Because if you buy the land you can say it's yours. There's not that much land. I know that when they established*

this Chamorro Land Trust I was there when they established it. And the intention from the heart from the Lieutenant Governor and then Senator Eddie Reyes, Frank Santos and a lot more they were looking forward there was a vision and when they're not around who is going to be here to preserve forward for all the kids and all those that need a house because they don't have land and a house. I just come today because if I have a hat I'm going to salute you. I'm saluting you today because I see who comprises the Chamorro Land Trust and I know all of you and I know that it's in good hands. I know that so I can go home and rest assured okay. I know who you are, I know your heart and I know whatever decision you make is for the best forward. I know all of you who are here who are going to be decision makers and I'm just humbled that I can say that when I came here that I was going to offer some objections or maybe some comments but we're in good hands. I thank you for all the time your energy all your efforts because I know that you are singing Fanohge Chamorro Put I Tano'ta. So I just want to say congratulations and keep up the good work and I know that there are certain things in place. There's one question I ask and that is I don't know if you've ever done any kind of ratio as to if you had 100% or 10,000 acres of land how many are you looking at to preserve for commercial use versus how many you know. Just like in education you say the vision for the educational plan that by 2020 80% of our kids are going to be literate. That's the vision of our state strategic plan. So you know I don't know I don't know what you're plans are but if there was any discussion or any kind of engaged conversation as to what you're visions are going to be that you can honestly say that I can leave the Chamorro Land Trust and I'm under 20 feet under the ground that I am going to preserve this much for this plan and maybe only this much because I know what you're up to you need some income. I mean you need to look at how you generate income but you know that there are other guiding principles. And how those guiding principles weigh over income and everything else I'd know that right now those are very paramount in your decisions. So I salute you and thank you for the good job that you are doing and God Bless you all and I hope that with the new born savior you're going to have numinous of life fill of peace, joy, love, good health and success.

Chairman David Matanane – Thank you for the remarks.

3. Fred Aguon – *I have two suggestions I came twice to the meeting. This is my suggestion okay and I don't know if you agree but I'm sitting there and I know this is a regular board meeting but can you provide a microphone because my ears are bad? I know that your voice is clear but I have a hard time hearing and it sounds like you guys are whispering when you're talking. When you guys are talking I can't hear like if he's saying 6.9.2 I can't hear. The other you guys are doing good but like Trini mentioned I would like to be in this Commission because I'm retired from the Government and I want to be in this Commission because I know things about land. I'm not a Doctor or a nurse. When I read all these they're all good. But I know your work and your attitude and report is good. Another thing I'm new but I know Dave and Amanda and Pascual but the one's I don't know it would be good to introduce yourselves before starting the meeting. But if it's just you guys then you know because I'm new and your nameplates are not clear on where it's at. Continue to do the good work that you guys are doing and have a happy new year.*

4. Vic Perez – *Since everybody is speaking Chamorro why don't I just continue. I'm here with former Senator Marilyn Manibusan and if my friend comes who is the Chairman from the Guahan Charter Academy Nonprofit Corporation private entity with public funding. You reference Vice-Speaker Cruz he takes care of us and appropriates \$5,500 per student so we have a budget of about 3.3 million. In the beginning when we met with Chairperson Rosa Palomo the Charter School council we were asking for 5 more years. We are using the place in Tiyan they are going to give us one more year because it says in the law. When Assistant Secretary Ester Kaina came we invited her to the school and we asked her if she can help us to find us money for the school that we want to build or to buy a commercial building. The lady said that it's hard in Washington and it's doubtful that they can help with this intention. She recommended what's going on in Hawaii with the Hawaiian Trust lands because there's a lot of charter schools in Hawaii they give the land, the school and whatever they can build depending on how much is in the coffers that they can find. So I came here to let you know that a letter from Marilyn the Board liaison will be submitted to Chamorro Land Trust to let you know that we are interested in land to build a school for 600 students that are studying in Tiyan and also the trades academy for 80 students in the high school program. The trades academy is doing a good job in their path. That's all Dave Mr. Chairman that I came here for is to let you know that a letter will be forthcoming for your attention.*

Chairman David Matanane – *What's the name of your charter school?*

Vic Perez – *Guahan and the principal is Mary Mafnas. Thank you and I feel the same like Marilyn that you are going in the right direction to help our people.*

Commissioner Pascual Sablan – *On that forthcoming letter can you give us a breakdown on the ethnic of the students?*

Vic Perez – *Approximately 100% Chamorro and 30% other nation.*

Commissioner Pascual Sablan – *Put it on the paper.*

Vic Perez – *Okay. Thank you. Mike anything from your end?*

Administrative Director Michael Borja – *Nothing.*

Vic Perez – *One more thing because I have a son and I wanted to ask this rules does it apply to agricultural commercial?*

Administrative Director Michael Borja – *No there's a different set of rules for agriculture and that's what this rules says in here too is that it doesn't apply to aquaculture I think they want to do aquaculture somebody wanted to do aquaculture. It sounds like a budding business for the future medicinal marijuana. No I'm only kidding. But no it excludes that we were asked by one of the individuals to not include aquaculture and to make it as part of the exclusion. There's a separate set of rules for agriculture and it's not part of this because agriculture is fundamental for the Chamorro Land Trust.*

Marilyn Manibusan – How about solar farms is that part of it as a commercial?

Administrative Director Michael Borja – No it's commercial.

Marilyn Manibusan – So your commercial is just mainly for (interrupted).

Administrative Director Michael Borja – No, no solar farms could be part of the commercial. In fact with this whole issue with GPA's recent RFP we were in a moratorium to not issue any commercial leases until this is done. I even had a discussion with one of the senior people at GPA and I said don't go issuing out RFPs like this unless you've kind of had a discussion with us so we can make arrangements for land. To talk about what lands might be available for potential use and then we can do something within the rules and regs in the process to offer up the lands because it's a waste of time for the people. I must of have been visited by six different organizations and each one of them I had to tell them I can't help you and that's not good for business you know especially for GPA trying to do something. So they should have coordinated this activity. If Chamorro Land Trust is the largest landlord on the island they could have at least come to us and say what kind of lands may be available to do these things so that we can say to the people that want to do bids we've made arrangements already with Chamorro Land Trust we're going to reserve this section for that purpose and then they're all bidding on the same thing. But it takes up a lot of land to do the wind and the solar. Some of them were asking for things that seem I think would have been difficult to get past the Commission 200-300 acres of land that's kind of like wow, I wish I could have 200 -300 acres of land too. But we have to be reasonable and they needed to discuss they should have discussed that beforehand. So if they come up with it again you know I want to make their bids successful because what they're trying to do is for the people of Guam too.

Vic Perez – By the way Mr. Chairman our Chairman of the charter school is the building manager here at ITC his name is Rodger Kuper. He's a very fine gentleman he just couldn't make it today. His letter is forthcoming thank you.

Chairman David Matanane – Thank you.

(Commission took a break; 3:17pm – 3:24pm)

5. Angel Santos – *What's really bothering me on Guam right now there's a lot of people that got land for their family but they're not using it for their family they're making a lot of Micronesians stay there. There's more Micronesians on Chamorro Land Trust than the Chamorros themselves. And when I go to their land it's scary because they can kill me. There are a lot of people saying this is not our land in Guam. During the Spanish time they treated us like animals and tossed us back and forth like a volleyball. The best people that are here on Guam is the Japanese they just come into our land but they don't chase us out. Not like the Americans they wipe out all the family and take over the land. So now the problem that I want to say I know one person that made more than \$200,000 from the land but you people I don't know whether you know about it. They should question this person because they didn't give him the land to lease it out. I know the Government of Guam what*

we're supposed to do with the land. And where I was staying there was this Filipino guy who is deceased now but his wife now is leasing the property and they're not being taxed. Here's another one this person a Saipanese married a Filipino and Pedro Sablan made him occupy the land and he built a house and he made a guy who is renting next to him his neighbor. So he chased the person that was renting from him and the guy asked him why now are you chasing me out. But if you question these people especially these Micronesians they have rules and regulations when they came to Guam. They should have a job, go to school and have a place to stay. And there are a lot on Chamorro Land Trust and if you look at the house that they built it looks a lot better than the Chamorros. And the person that was given by Chamorro Land Trust is not on the property. There's a lot here on Guam. What power do you have people to chase them out? But if I was one of you I will go to their boss that's here on Guam to tell them to get out give them 24 hours to get out. I don't know how they were able to build a house and were given power, telephone and water the same as the arrendo. There were a lot of people in the arrendo program and they were not entitled to do it. I think Mr. Cruz you know that right. When you were given the arrendo you were supposed to only build a shack for your equipment not to build a house and get utilities.

Vice-Chairman Joseph Cruz – *The arrendo is strictly for agriculture use not for residential.*

Angel Santos – *But a lot of them built houses and they weren't paying attention.*

Chairman David Matanane – *That's why Mike mentioned that he's going to get people to inspect the lands. You heard Mr. Borja say that there's not enough people at Chamorro Land Trust and already they opened up positions but no one has applied for the job.*

Angel Santos - *You might as well give the ones that want to use the land now than the ones that you gave and they're not using it. You should give the ones that want to build now. There's a relative of my wife who is from Yap and he made them move into a house it's in Kalamasa road there's a lot of them and it's dangerous. If you want I will show you guys the area that they're at. They'll be more scared if you guys go because your government officials and I'm not. They might question me what I'm doing there but you guys because your officials. At least one of you guys I will take out there. Any time that you guys want to go I will take you. There's a lot that are hiding in there and like I said there are more Micronesians than there are Chamorros on Land Trust property and their houses are more beautiful than ours. They're all together in one house even though they're not family. That's not supposed to be.*

Administrative Director Michael Borja – *Okay its part of the issue of not having enough people to do the compliance and enforcement but we're working to enforce that. We've already identified with the help of some of the information too that you guys let us know (interrupted).*

Angel Santos – *And the Federal Government is not doing anything about it and it's their rules it's their laws.*

Commissioner Amanda Santos – The Attorney General will help us to evict.

Administrative Director Michael Borja – Well yeah we're supposed to go through a process and we'll bring that forward again but it's also a manpower issue.

Angel Santos – *And that person who made more than \$200,000 from the Chinese who is good in farming and at one time they used the water and didn't pay the water. Could you check on that? Give me the authority to take pictures and I'll give it to you to see.*

Administrative Director Michael Borja – Alright we'll be working on it thank you very much sir.

Angel Santos – Okay thank you.

Administrative Director Michael Borja – So getting back to the rules and regs what I need is you know your concurrence to move forward in presenting the rules and regs as we discussed with changes to get the package put together to present to the Attorney General's Office for concurrence and then on to the Governor's Office to submit to the Legislature.

Chairman David Matanane – We have gone through all of it?

Administrative Director Michael Borja – We went through it all yeah. And so I'll be making all the changes cleaning it up to be the final product and then like I said there's a lot of documents that have to go with this, the committee report, the public hearing report, the economic impact statement. All those things need to go complete with it, there's a prescribed (interrupted).

Vice-Chairman Joseph Cruz – When is your deadline on the package to finalize it for the submittal?

Administrative Director Michael Borja – I'd like to get your concurrence today so I can move it on. What I'll do is when I clean this whole package up with all the changes I can email it to you guys to let you know. If you give me the concurrence to go I can do it with the provision that I send it to you guys so that if there's anything that you think needs to be added you let me know yes or no but I can move forward with issuing this on.

Chairman David Matanane - On your impact statement is it safe to say or is it this 11,868 acres of leasable land commercial, agricultural is that the figure?

Vice-Chairman Joseph Cruz – Is that a sound number?

Chairman David Matanane – And the 4,191 acres in the south are we still in that range 4,000?

Administrative Director Michael Borja – This is information that they had gotten from; is that a pretty good number?

Matthew Leon Guerrero (DLM) – That's the amount of acreage that was leased right?

Administrative Director Michael Borja – Of leasable land.

Matthew Leon Guerrero (DLM) – That would have been based on the lot numbers that are in our inventory.

Administrative Director Michael Borja – Yeah it's based on the lot numbers in the inventory and it could change with a lot of the other stuff. Where's that article you had?

Chairman David Matanane – Is it on yesterday's paper?

Administrative Director Michael Borja – See they used 11,061 acres and we're saying 11,868 acres and there's 35 versus 41 of acres that are not registered but that's roughly about correct 11,000 acres in the inventory. But this inventory will be more perfected as soon as the Rev and Tax thing is done because we've got everything that's going to be identified. The survey guys are plotting everything out and we've even got them broken down by lot so that they can be assessed the values by lot and not by tracts and stuff like that because if there was a house on a tract they broke it down into lots.

Chairman David Matanane – You know that's a good number I mean I've been asking for this for the longest time and this is at least we have a number.

Administrative Director Michael Borja – Yes and I think you will see it in the auditor's financial report as well.

Chairman David Matanane – Is that the current one?

Administrative Director Michael Borja – Yeah this is the one that just came out. So I'll be providing this to you so you can go through it and I think it has the numbers in here. We'll get to that in the end here.

Chairman David Matanane – And this impact statement there Mike is up to what timeframe are you referring to previously or currently?

Commissioner Pascual Sablan - October 2014.

Chairman David Matanane – Is that it? Is that the draft is that what it says?

Administrative Director Michael Borja – Yeah it was based on the auditor's report that was issued in August of 2014.

Chairman David Matanane – So this is true then on the second paragraph on the fourth page, second paragraph on the bottom line it says CLTC which presently stands at an average of about \$560,000 yearly. Is that currently the figure that you were talking about?

Vice-Chairman Joseph Cruz – It's on Section IV, end of A.

Chairman David Matanane – I just want to clarify the numbers because I would take this at heart.

Administrative Director Michael Borja – Okay so what's the question again?

Chairman David Matanane – It says here I'll read it out, the cost associated with the implementation of the proposed rules and regulations are those categorized as the day-to-day operating costs of the CLTC which presently stands at an average of about \$560,000 yearly.

Administrative Director Michael Borja – That's the cost of the personnel.

Chairman David Matanane – Total budget. Is that a total budget or just personnel?

Administrative Director Michael Borja – That's the personnel cost.

Chairman David Matanane – On roman numeral number four on top of the page which is just the page before that it says on the first paragraph the CLTC has approximately 11,868 acreage of leasable commercial, agricultural and residential properties in its inventory. Is that a total inventory or is it broken down to this is the breakdown?

Administrative Director Michael Borja – No that's and it comes even out of the public auditor's report where it states the same thing.

Chairman David Matanane – So we do have an inventory?

Administrative Director Michael Borja – We have an inventory of what the total amount is yes. Yes we do have an inventory that's how they came up with the four hundred and eleven thousand million dollars.

Chairman David Matanane – Wow I've been asking that for ten years.

Vice-Chairman Joseph Cruz – In 1993 they created that listing.

Administrative Director Michael Borja – Put it down for me to just get them the listing of all the lands the inventory of lands. That's how they came up with the financial now we believe that the assets which currently come to about four hundred and six million dollars for all the lands that's how much they believe is valued. This new valuation is going to change because what we did is we just said oh this is how much property it is and basically this is how much it is per acre or per square meter therefore this is what it equals to. But as

they plotted everything out and if the land by the road is going to be more than the land by the river you know they're going to have a much better valuation and that valuation is based on numbers that were probably from 20 years ago. So we expect that number to be a significant increase once they're done with this land valuation. We'll know the details here shortly.

Chairman David Matanane – Because the public auditor is saying we have one point something billion in liabilities so assets minus liability equals how much?

Administrative Director Michael Borja – Well this is not the only assets. Assets minus liability for the Chamorro Land Trust?

Chairman David Matanane – Yes.

Administrative Director Michael Borja – Well this is really not where the Chamorro Land Trust is to be counting solely as its assets it's the whole Government of Guam.

Chairman David Matanane – All I'm concerned is we have a figure and this is where the figure came out of our inventory.

Administrative Director Michael Borja – Yes.

Chairman David Matanane – That's all I'm concerned.

Administrative Director Michael Borja – Now the reason it talks even about five hundred thousand dollars down below is because there is an amount that we could be generating that's greater than five hundred thousand dollars then an impact statement has to be done. If we were going to do something this rules and regs were going to be something that didn't generate five hundred thousand dollars you wouldn't have to do an impact study. You can have rules and regs for let's say student grades right and that doesn't raise money it has nothing to do with money so there's no economic impact study done for that. But in this case that's where this first five hundred thousand dollars comes in to play. We do and will exceed the five hundred thousand dollar threshold that's required to do an economic impact study.

Chairman David Matanane – I'm just skimming through it going down to the fourth paragraph, \$553,645 in lease income of which 99% or \$551,659 of such income is attributed to commercial leases, right now we have that.

Administrative Director Michael Borja – Right, right I mean you have the in fact it's going to go up even more once I show you what we just received. Well you talk about the amount we're receiving from, supposed to be getting from the golf course plus everything else yes the amount of leases we're getting and the auditor's report will definitely reflect the fuller details of those numbers in its balance sheet.

Chairman David Matanane – I'm not questioning your figures don't get me wrong but you know when you put numbers I'm pretty much asking for (interrupted).

Administrative Director Michael Borja – Yeah and the reason it's 99% is because the other 1% is the \$1.00 per year lease that's for agricultural and residential. So that sum doesn't come close and that's the reason why you need commercial leasing because if it's only \$2,000 a year is from agricultural and residential leases you can't even pay even a couple of people to work for a couple of months.

Vice-Chairman Joseph Cruz – Have you revisited how much of those \$1.00 lease are paying property tax?

Administrative Director Michael Borja – I shall enlighten you with that in a moment.

Chairman David Matanane – Then the question is before you I was asking for a list or an inventory or for a number.

Administrative Director Michael Borja – But none of that wasn't available until this August audit was done for Fiscal Year 2012 and you know what they were doing it without our knowledge seriously. The auditors were doing it. It was very compartmentalized I didn't even know it was happening. In fact they didn't want to talk with some of the things with me just because I wasn't the Director. Oh you're the Director you're only the Acting or you're the designee well okay come to us in a few days you know. And then one day I was called to go meet with the Governor I had a meeting with the Chief Financial Advisor and she has monthly meetings with certain people within the Cabinet to kind of go over things so this was the first one I had to go to. It was always scheduled but never held and so they said you got to be at this thing and as I was going down suddenly the location changed to the Chambers and I looked to the Governor's Chambers and I looked to see who was invited and it was just me. I'm thinking I already got in trouble what did I do with the financial side I didn't sign anything and that's when the auditor was present to inform us that in the process of doing this audit they did a land valuation of their own and came up with a number. And only like three people knew it was going on in the whole Government and it was someone that had to deal with the bonds, the chief financial advisor and somebody else I don't know who it was. And then they brought me in on it only because in the announcement of this I'm the Chamorro Land Trust guy now they needed to tell me because they were going to tell the public auditor and the report was going to be released.

Chairman David Matanane – This was back in October.

Administrative Director Michael Borja – Back in August. So that came out and they needed to let the bond people know that because it really had a significant impact and it turns out that we're the only State or Territory in the union that has been able to accomplish this not even Hawaii. Hawaii can't even get close to doing what we did even though they have homelands. Their homeland issue is more complex and more convoluted than ours is and they can't even place a value on any of that. So we're at that point now where we've reached this number and that's what this base is talking about okay.

Commissioner Pascual Sablan – Can I send you to Palau like what's his name?

Administrative Director Michael Borja – Frank Castro?

Commissioner Pascual Sablan – No Elliott.

Administrative Director Michael Borja – Tom Elliott, he went to Palau?

Commissioner Pascual Sablan – He was sent to Palau.

Administrative Director Michael Borja – Why?

Commissioner Pascual Sablan – I don't know he claimed that the reason why he's going to Palau (interrupted).

Chairman David Matanane – The GPS system.

Commissioner Pascual Sablan – Yeah but to teach about land isn't it though?

Vice-Chairman Joseph Cruz – No not Palau, Philippines.

Administrative Director Michael Borja – Okay is there any other questions on the; and this was put together by the Guam Economic Development Authority and they did it because they got a direct relationship in the processing of this commercial rules and regs because they're like our agent. And every time I have an opportunity I stick my fingers to the ribs of the Administrative Director or whatever he's called at GEDA and say hey I don't like 14.3% to which they looked at me with these cry baby boy eyes that say but look at what we're doing for you. And so if they want to keep saying that I'm going to have a laundry list of things for them to do for me and it will happen. When it comes to doing some of the things that's going to be required here in these rules and regs I have an expectation that they're going to do.

Vice-Chairman Joseph Cruz – But you provided them the numbers the acreage?

Administrative Director Michael Borja – I gave them the audit report.

Vice-Chairman Joseph Cruz – No but like the acreage.

Administrative Director Michael Borja – They got it all from the audit report.

Commissioner Amanda Santos – We don't provide them with any?

Administrative Director Michael Borja – No they got it all, they wanted, the best data that they got and the auditor's report was the one that was the most (interrupted).

Commissioner Amanda Santos – Recent.

Chairman David Matanane – Accurate.

Administrative Director Michael Borja – The most accurate.

Chairman David Matanane – Who's to know it might be skipped a little a minus or plus.

Administrative Director Michael Borja – Yeah I mean there is a difference in what they say on this report compared to last report but it's just the refinement of such. Some lands were turned over to others and so you know we have to take that into account too.

Vice-Chairman Joseph Cruz – So the total acreage of the eleven thousand includes registered and unregistered properties?

Administrative Director Michael Borja – And unregistered yeah. And the unregistered lands Kristan is really working hard in getting that all registered.

Vice-Chairman Joseph Cruz – No but if we were to do a concept or a conceptual setup or a master plan what acreage are we looking at?

Administrative Director Michael Borja – Three thousand it says in here too. There's about thirty some hundred acres of unregistered property.

Chairman David Matanane – In the audit?

Administrative Director Michael Borja – Yeah in this article but it says in the audit report there's about thirty five hundred acres of unregistered property they got it from this report it's deep in here somewhere.

Chairman David Matanane – But we got an inventory.

Administrative Director Michael Borja – We're getting there Mr. Chairman it's not going anywhere because our land isn't sinking and it's not rising so it's still somewhat constant.

Commissioner Pascual Sablan – You mean you don't have a list of all the Government land how can I have that and you don't have?

Chairman David Matanane – I've been asking. I know somebody else has it.

Vice-Chairman Joseph Cruz – What the inventory?

Commissioner Pascual Sablan – Yeah.

Vice-Chairman Joseph Cruz – It's a public record it's a recorded document.

Matthew Leon Guerrero (DLM) – You're talking about the initial the 1993 initial inventory that was the very first one.

Commissioner Pascual Sablan – So give the Chairman so he can be quiet.

Chairman David Matanane – Shut my mouth up.

Vice-Chairman Joseph Cruz – I move to approve the commercial rules and regulations subject to change.

Commissioner Pascual Sablan – To put into final form and everything.

Administrative Director Michael Borja – Okay and to submit to the Attorney General and the Governor and the Legislature for approval.

Chairman David Matanane – It has been moved any second?

Commissioner Pascual Sablan – I second it.

Chairman David Matanane – We have moved and seconded, show of hands for the approval of the commercial rules and regulations. (All in favor)

There were no objections, MOTION PASSED.

Administrative Director Michael Borja – Thank you very much Commissioners I appreciate it. That is a major step forward in moving the Land Trust back into the business of being a business.

VI. NEW BUSINESS

1. CLTC Loan Guarantee Program

Administrative Director Michael Borja – I gave the Commissioners the loan guaranty program as a draft. What brought this loan guaranty program up is the audit for the 2013 fiscal year by the Office of Public Accountancy which identified a shortfall on the Chamorro Land Trust. The Chamorro Land Trust had issued out almost thirteen million dollars in loan guaranties over a period of time most of it around 2002, 2003 and earlier. Of the thirteen million dollars ten million of it was for FEMA, SBA emergency loans. The program had not been monitored. The program had not had any kind of nothing was looked at to see where we stood so we dived into it quickly to find out where we stood and that's when we discovered like I said ten million out of thirteen million were for loans for disaster relief while the remaining about three million were for what you would call conventional home loans.

Chairman David Matanane – Which one is the bulk of guaranty?

Administrative Director Michael Borja – Ten million is for FEMA, through SBA loan guaranties.

Chairman David Matanane – What else? There's two?

Administrative Director Michael Borja – Yes FEMA through SBA. FEMA issued it out through the Small Business Administration.

Chairman David Matanane – Who has the majority on the ten million?

Administrative Director Michael Borja – Well they're the ones that issued it out. The money came from them.

Chairman David Matanane – But it's not delineated from (interrupted).

Administrative Director Michael Borja – No, no there's about a hundred and fifty different loan guaranties in this whole thirteen million dollars.

Chairman David Matanane – Oh okay I see. SBA is part of it.

Administrative Director Michael Borja – Yes the rest are issued out through conventional loans that people take to build a house on Chamorro Land Trust property.

Chairman David Matanane – What ever happened in 2002 and 2003?

Administrative Director Michael Borja – Typhoon Ponsonga, Typhoon Paka. So what we had from there was the problem where nothing was monitored and there was no program set up in doing this. So what this loan guaranty program does is it establishes some guidelines in which we want to be able to set up the loan guaranty program. This loan guaranty program basically it identifies how people can be eligible and how much we will guaranty and it's based on the size of the family and the minimum required space allotted for a family of whatever size it is. And then it goes on to talk about the loan disbursements and that instead of the money being handed out in total to the borrower that the money would instead be disbursed at different construction completion points. Because what we have found is that there could have been monies given in these loan guaranties but there's nothing to show for it. So we're still going door to door right now trying to find all the people that have loan guaranties, get a copy of their statements so we know where we stand on the loans because we don't know what it is. And the loan guaranties specifically state that the lender should be in touch with us if there is any default. If they're late 60 days they need to tell us and that hasn't been happening. So we're going to make that tighter and no loan can be sold unless we're involved in it and that's what the problem has been. The Small Business Administration took the vast majority of these FEMA loans and sold it. And those banks then continued to sell it on and on and on. Some of these people the loan just transferred over to five different lenders and even the borrowers are lost in the shuffle because they don't know what bank they owe to and we've had issues where people may have been delinquent on a payment with Bank C and then they got transferred to Bank B they made the follow up payments but Bank C is trying to collect.

Chairman David Matanane – Any forms that they had filled out in order for them to get a guaranty, any documents?

Administrative Director Michael Borja – Well that's the other problem is the controls on that side and a mortgage on that was not existing.

Chairman David Matanane – Mr. Borja I would appreciate now that you're here I want a list of those things we would like to take a look those.

Administrative Director Michael Borja – Well I can provide that you know there's some private information so if you want to come to the office we can provide that listing for you. We're going through person by person by person and some of these people are deceased now. But we're going through person by person to make contact with each and every one of them. We sent out letters already we sent out letters back in I think it was August but we're following up now we're going door to door touching base with everybody we can find and we're also documenting what's on the lot and trying to find what's going on. But what this program does is its hope is to completely prevent this kind of activity from happening in the future where especially if there's going you know one of the things is if there is going to be a disaster again. And Guam can suffer another significant disaster at some point I mean statistically it will we want to make sure that when the people need the money and there's an organization such as FEMA that's willing to make disbursements to people in need that if we do have to guaranty these things that we too are protected on our end and that we're not going to obligate the Chamorro Land Trust and then suffer the problems in the end. So this document's program that we would have in place so that when a loan guaranty goes through we can work on this. Now my goal is, right now what's happening with this is I'm penalizing the good people because of all the bad people that have gone through this program and haven't made payments or defaulted. And I want to really make sure that the people who are deserving because the law sets up this loan guaranty program in the original law for the Chamorro Land Trust this program is set up it does have money coming into it but we don't want to tell these people who are definitely trying to build a house for their home for their family that we can't provide them with a guaranty for something that would be suitable. Now I don't want to guaranty a mansion but I don't want to give them substandard housing either. That we're going to guaranty and say you can't build a house that's got a little bit more square footage it's because it doesn't meet the minimum standards. So I leave it as a program that I want the Commissioners to give your approval on with the subject of it changing in the future so we can modify this. This is actually kind of a necessity for one of the write ups we have had from the Public Auditor. And because Chamorro Land Trust is currently being audited for many years of not being audited we are racing through the public audit system at a rapid pace much faster than normal. We have concluded the Fiscal Year 2012 audit in August of last year. We have completed the 2013 audit in December just last month and we're going to complete the 2014 audit by sometime next month. So we're moving this to get our audits all up to date with the rest of the Government of Guam. And the Land Trust is the focus of the Government's audits because it stands to hold a significant value in the assets of the Government and we need to make sure that we protect the Trust in every different way we can. Now what you're seeing in that article that came out in yesterday's newspaper and I'll provide you with the audit report is

that's the result from the 2013 audit. But you know the headline says that we're going to lose 30% of our land because it's unregistered well you know there's significant amount of land that is not registered and that's kind of the things we've talked about. That's one of the things I actually highlighted to the auditor not them. They didn't find it I told them because we already knew that we had these unaudited lands. The sad part is there was significant amount of lands ready to be registered almost ten years ago it got presented to the court. There's a lengthy process to register land. You have to contact each and every adjacent landowner and then it sat in the dockets of the court for years and years and years and the court dropped it because of inactivity. To give you an example that Ms. Finney mentioned today back then the owner of this one piece of land was one person you had to contact, he's dead so now we have to talk to forty so that makes our troubles even more difficult. So we're moving ahead already we've already begun the process we're ready to guide them in a more significant way here and so we're working on that effort. But that's part of the issues that we're uncovering and if you look you'll see in this thing about five items most of which almost all of them are already a work in process. We're already moving towards those things, the loan guaranty, the unregistered lands. But that's my tasking to complete these things and as you can see usually we'd have one year before the next audit is complete to show improvement but I don't have a year I have months. So we're moving in a really fast pace and that's why it was kind of urgent for me to try and get through this last month because I needed to present this for the audit.

Chairman David Matanane – Move with caution.

Administrative Director Michael Borja – Oh yes we are.

Chairman David Matanane – Speed is fine.

Administrative Director Michael Borja – Oh no this is just a program like a standard operating procedure basically for us to be able to function and it's just rules I wanted to present to you well not really rules but a program for our operating procedures to act on loan guaranties so that we got something written in place to show that we're not going to be negligent in the future or in the present in issuing out these loan guaranties.

Chairman David Matanane – Definitely I want, hopefully that you know that we have. The loan guaranties I have never seen a loan guaranty or any one of the individuals that were given to it hasn't gone through the proper process. But please from now on we would need to see those things because hey we're just sitting in the dark.

Administrative Director Michael Borja – No we'll be bringing them forward to you. These loan guaranties now that we're looking at they have actually gone through the Guam Housing Corporation's process and these are people who have actually gone through that vetting process. They have been able to secure loans through a bank because of their own financial background and the reason the Chamorro Land Trust is required to give a guaranty on the loan is only because the individual that's borrowing the money does not own the land. This was one of the issues that even former Governor Carl Gutierrez brought up as an issue which we didn't like the idea but we would have to be giving loan guaranties

just because the bank won't loan on lands. I mean he didn't like the idea that banks won't give loans on lands because the lessee didn't own the land so we had to do this loan guaranty. So all those conventional loan guaranties they're pretty much vetted through the Guam Housing Corp. They go through a whole financial background check before they qualify and so it's working out pretty good. Those people we're not really having issues with them it's just we're trying to find these people that took the ten million dollars and catch up with them because they stand to lose the land and whatever they built on top of it if they didn't clear it up and that's the sad part. That's what we'll be coming to you in the future we're going to tell you if we had to get land returned. I'm not in the business of taking people's land away we're in the business of giving people the land but if they neglect to, if they put the Trust in jeopardy with these kinds of things and this is a big jeopardy for the Trust because financially if all those default I've got to come up with ten million dollars.

Commissioner Amanda Santos – What if the land is not registered because I heard there's a lot of people.

Administrative Director Michael Borja – Well there's not a whole lot of people but there are unfortunately people given unregistered and so we're trying to correct those.

Commissioner Amanda Santos – There's a lot on the lands that are not registered and they're sitting pretty on the Land Trust land especially not from Guam from the Marianas.

Administrative Director Michael Borja – And that's the other part we're kind of off topic here but we're going through the budgeting process this will be the first budget I'm working on for the Department and for the Trust but the issues that the auditor has brought up in two separate audits now is that we need personnel for compliance and enforcement and that's what I'm going to be working on.

Chairman David Matanane – Accounting too.

Administrative Director Michael Borja – Oh yes and accounting.

Chairman David Matanane – That one is definitely a must.

Administrative Director Michael Borja – We've already gotten that I mean we've got individuals assigned to specifically help work in accounting side of it but what they want to see now is they want us to be using an accounting software as well not just spreadsheets. So we're already on that.

Vice-Chairman Joseph Cruz – On this ten million have we identified the side or are they all tenants of Chamorro Land Trust?

Administrative Director Michael Borja – Oh yes, yes.

Vice-Chairman Joseph Cruz – So ten million dollars that's been identified based on this 10,780 applicants for residential and agricultural leases. Are these part of that ten million?

Administrative Director Michael Borja – No, no these are people that have leases they're not applicants. They have to have a lease.

Vice-Chairman Joseph Cruz – No but is says Chamorro Land Trust has processed over 10,000 applicants. Are these the applicants we are referring to the ten million?

Administrative Director Michael Borja – No. The 10,000 applicants are the people who have turned in applications. People who received these loan guaranties have to be a lessee. They have already have had to receive land and a lease.

Vice-Chairman Joseph Cruz – So the draft was prepared by?

Administrative Director Michael Borja – Us.

Vice-Chairman Joseph Cruz – Chamorro Land Trust.

Administrative Director Michael Borja – Chamorro Land Trust.

Vice-Chairman Joseph Cruz – Prepared the draft.

Administrative Director Michael Borja – The which draft?

Vice-Chairman Joseph Cruz – The economic impact statement.

Administrative Director Michael Borja – Oh, oh no I'm sorry that thing that has nothing to do with this that goes with the rules and regs. That economic impact statement is a requirement to the rules and regs. The loan guaranty program is a completely separate topic.

Chairman David Matanane – Looking back, looking back and then we're moving forward. We're trying to rectify the things that have not been done correctly and try to tier and move up to this present time.

Administrative Director Michael Borja – I provided you with that economic impact statement because that is a document that is required to be submitted with the rules and regulations and we'll go over that in a little bit.

Vice-Chairman Joseph Cruz – Okay so what do we have for the residential leases? Guidelines or that we have used? What are we using to identify those tenants or those lessees that are in default? What kind of a listing do we have?

Administrative Director Michael Borja – For this loan guaranty?

Vice-Chairman Joseph Cruz – Yes.

Administrative Director Michael Borja – Oh we have assembled a list of about a hundred and fifty people. We know who they are, we know what kind of leases they have whether it's agricultural or residential it's only those two and we know their lot numbers. We know their names, we know the size, we know a lot of stuff but a lot of stuff are also not current. People's phone numbers for example over the course of time people's phone numbers have been changed considerably that's why we're going door to door now because we weren't successful in contacting many of them by phone. We weren't successful in contacting a number of them by mail and those whose mail wasn't returned back to us they haven't given us the information we asked for. We asked for a copy (interrupted).

Vice-Chairman Joseph Cruz – So if the information that we have on file on these ten million dollar status the mortgage must be recorded.

Administrative Director Michael Borja – See there's where we have problems.

Vice-Chairman Joseph Cruz – If no mortgage is recorded.

Administrative Director Michael Borja – There's no mortgage. There were a lot of things done in haste.

Vice-Chairman Joseph Cruz – How can SBA sell a loan to another company and not record the assignment?

Administrative Director Michael Borja – That's a good question and it's because we gave a loan guaranty. When we looked through the documentations the documentations is poor and inadequate. It's something that we didn't create the present people didn't create but we're dealing with it now and so moving forward that's why we have this program in place to try and to make sure that we don't succumb to the same problems that happened. Because you know in a disaster for example and I can see what happened in a disaster I mean you know it's pretty dismal after a storm and there are people that are in pretty bad shape after a storm and any kind of money that's going to be given out to folks I mean people need them right away and so you know there's a rush to do that. And there's not only a rush you know socially and you know because of humanity but it's also probably a political rush to do it and in all of that there was just no documentation that was provided to us that would be enough for us to go back. And that's why in the end if we find certain individuals to be absolutely and totally in default of their loans and with no intent to pay we are not stuck with that and the law provides us with the provisions to foreclose, take and find someone else to take over the loan if there is a house that's there that can be lived in. But if there's not even a house that's there to be lived in we may be stuck with the loan. Now we've had some issues come forward on default and the Attorney General's Office has been very, very successful in fighting those back and so far we have not have to make any payments on defaulted loans.

Chairman David Matanane – I think Commissioner Cruz is also inquiring for a list of names.

Vice-Chairman Joseph Cruz - No, no, no I just want to ask that to understand where is this.

Administrative Director Michael Borja – No, no you will get that I will provide that, you guys can come up and we'll have it for you.

Chairman David Matanane – Mr. Borja you're working on that I hope that you will succeed in all of this.

Administrative Director Michael Borja – No we have a list that's what we've been working on since this summer.

Vice-Chairman Joseph Cruz – Now on this ten million there is no grant.

Administrative Director Michael Borja – A grant?

Vice-Chairman Joseph Cruz – On the ten million that's from FEMA and SBA during disaster there's time where you're issued a grant.

Administrative Director Michael Borja – No, no these were loans.

Vice-Chairman Joseph Cruz – That's what I'm asking is these were all loans.

Chairman David Matanane – And we guaranty that if they don't pay we pay.

Administrative Director Michael Borja – And that's why this thing is setting up now. If you are coming in for a loan from FEMA or for disaster relief to rebuild your house we're saying in here too that that money can't be used for things such as food. It can't be used for anything except for building that house. It's not going to get used to go buy a new car it's not going to be used for any of those kinds of things.

Chairman David Matanane – Some people do.

Commissioner Amanda Santos – Some people leave the island with the money.

Administrative Director Michael Borja – Right you can't go to Disneyland with it either. So that's what we're stating in this program that when the time comes to make the payment you're not going to get the full amount you were cleared for and that we guaranteed. That money should be paid out in increments to the contractor for the construction or repair of the house.

Vice-Chairman Joseph Cruz – So I guess there's no third party where they handle the disbursement of the full amount and then just handle the increment disbursement.

Administrative Director Michael Borja – Well that's what we don't have that full detail that's something we can work out with Guam Housing or whoever. All we're saying is we're

putting it in place that we do not want anybody to be issued the grand total check before anything is even done. Because if they don't even have the blueprints to build a house and they got the money there's nothing (interrupted).

Commissioner Amanda Santos – They just hand them a check.

Administrative Director Michael Borja – Yes and so there needs to be a lot more documentation like the mortgage like recording everything. Those we need to make sure all that is done and in many cases none of this was done.

Chairman David Matanane – Its ten million we don't have.

Administrative Director Michael Borja – Right and exactly that's why the Public Auditor has identified this as a potential problem because it puts the Trust in a hot seat if all that money defaulted and we had to come up with that money. It was a problem that has happened according to them in other communities and it has almost bankrupted the Government and I do not want to put that kind of encumbrance on any Government whether this Administration or one ten years from now.

Commissioner Pascual Sablan - How can we prevent those things? I believe what we need to do is because as we speak now there's a contract being signed this contract being signed. Why don't we modify the contract and put all those language in there that should for example they're going to get loan or grant or what that it would you know. We have to put the language because for example SBA or whoever a federal agency that's giving out the grant they say you have any documents that you're going to build this house and if they read that contract between the Chamorro Land Trust and the lessee and there is a stipulation that we have to be notified or with a concurrence from us at least you know that that's what we can put our foot into the door number one. Number two, you mentioned earlier that when the lessee died that you have to deal with forty other people, why can't we put also language in this contract that at the signing of the contract there should be a beneficiary?

Administrative Director Michael Borja – Okay well that's a totally different subject but what we have here as an example of a real example we have a beneficiary of the Chamorro Land Trust property who is not the administrator or who is not the legal designee of the deceased so the bank won't talk to them because they don't have the authority to speak on behalf of the deceased yet they're the beneficiary of the land. So there's that legal limbo there and then this borrower who says I don't even get the statements anymore because something has got lost in the shuffle. And that's the kind of stuff we're trying to do Mr. Sablan and that's what we're trying to do with this kind of stuff. That's where we're setting it in place by putting the words into the loan documents that restricts the transfer of that loan without our approval. VA does it, we're going to do the same and we've coordinated with the Small Business Administration who do these kinds of things. We've been talking with the Guam Housing Corporation as well so that we can all work together to try and prevent this kind of issue from occurring again.

Commissioner Pascual Sablan – You mentioned that you’re putting a language in the loan document why don’t we put a language in the lease contract or Chamorro Land Trust contract with the lessee that before the lessee do anything or receive anything should deal with us first? So if they take their contract to Guam Housing or anywhere they would read and they will show that there is a provision there that the Chamorro Land Trust has to come in and don’t wait until it’s already (interrupted).

Administrative Director Michael Borja – Well, no, no (interrupted).

Vice-Chairman Joseph Cruz – I think the language is there already in the lease document but what needs to be stated is that they’re only mortgaging a lease hold interest not a fee hold interest.

Commissioner Pascual Sablan – It’s it also what do you call that indemnify (interrupted).

Administrative Director Michael Borja – Indemnification. No but what this is you know the lease is one thing and if a person wants to come up with eighty grand on his own and he’s going to build a house we don’t have anything to say about that. When they’re going to obligate us by co-signing a loan then the Trust has to have a say and that’s what this is about. The Trust is going to say you want us to co-sign a loan here are the provisions we’re going to allow you to co-sign that loan because it’s not a free for all.

Commissioner Pascual Sablan – Then where is the ten million (interrupted).

Administrative Director Michael Borja – We’re going to sign up for; where’s the ten million?

Commissioner Pascual Sablan – Yes if the Chamorro Land Trust is not a guarantor on that loan.

Administrative Director Michael Borja – No we were we guaranteed ten million disaster relief loans without the proper documentation that gives us all the legal authority to go in and ensure that they did what they’re supposed to do and we can see that they did it. The only fall back we have is in the lease that says if you default if you do something against us that’s illegal or whatever we can terminate your lease and everything is ours. But you know like I said we’re not in the business of doing that but if we have to that’s the only thing we can do and that’s the comeback we have. People are coming in they want to make sure I got to think that most people are good okay that what we haven’t seen is the statements that say either they paid off and in some cases some of these people that were listed as the loan guarantor, we guaranteed the loan they never even took the loan so it’s zero. Some of those are paid down. I’ve gone through a few, some of them didn’t look right but then I realized that’s only because the guaranty is only three years old that’s why their principal hasn’t gone too far. But in whole I have to believe that most of the people out there have been good and that all we’re asking is for them to show it to us but we haven’t been able to find them. So that’s a whole part of the bigger program to make and to maintain adequate records on all our lessees and to constantly find a way to keep that updated.

Commissioner Pascual Sablan – Let's say right after a disaster a lessee goes to FEMA and he got a loan for \$20,000 without any input or anything from the Chamorro Land Trust (interrupted).

Administrative Director Michael Borja – If he didn't obligate the Land Trust he has nothing to report.

Commissioner Pascual Sablan – So those kinds of loans or grants rather that is not part of the (interrupted).

Administrative Director Michael Borja – No, no if we didn't sign a guaranty for it we're not on the hook. If his loan gets foreclosed by the bank the bank can take the house but as the lease says they can't do anything with it until they come to us because they don't have the land they know that. And they're going to come to us and we have provisions set up that we'll help them fine. There's an ongoing case we have with the Veteran's Administration it's an unfortunate case again the lessee passed away the son is the beneficiary assumes the loan unfortunately he lives over in the States as a military member he tried to pay the mortgage by leasing or renting the house but that's against the law so he's left with a mortgage that he can't even get a renter to help pay for it and so he says now I don't think I can pay for this mortgage anymore I need to stop it. So they got a hold of us and we're in the processing of finalizing an individual to take over the VA loan and take over the house and the lot and it's all mutually agreed. It helps out the VA, it helps us out and everything stays so those things were written into the law at the very beginning so there has been some safeguards put in place from the start. And all this program I'm asking you to concur with is that it sets us basically with a roadmap for us to be able to follow that we can modify at any time. Like I said one of the things I would really prefer to modify is not to hold people that are really trying to get a regular house loan to be limited because the failures of others but I also want to make sure that we're in full control of how money is disbursed in the event there is a disaster. Because you know there's a million things happening at once and we need to stay in control and if we don't have any process in place we're going to make the same mistakes again.

Commissioner Pascual Sablan – Are we in the process of budgeting for those positions full time positions?

Administrative Director Michael Borja – We are we got the positions allocated to us by the Legislature they've been announced but we haven't had any takers. So I've already been in talks with the Governor's office to try and speed this thing up in any way we can because we need the bodies. Right now they're limited term appointments and I don't want that. I think the attractiveness of a job is the fact that you may be in there more than a year. So all I ask is your concurrence on the loan guaranty program as I presented to you if there are any modifications we can work out. I just want to let you know because this helps us along in being able to check off that one requirement that the auditor is asking us to be in charge of. It doesn't negate that we're still not done but until we have 100% contact with

everybody we're not done with the program. This is only part of making sure we don't fall into a trap again.

Chairman David Matanane – But everything stops right now concerning the guaranty hopefully I mean who else (interrupted).

Administrative Director Michael Borja – We haven't done anything yet so we'll bring them forward to you when they come okay.

Chairman David Matanane – It is a precedence. Alright anything else?

Commissioner Pascual Sablan – So this here is (interrupted).

Administrative Director Michael Borja – That sets up, the international building code is the reference for this and it sets up what I'm trying to remember what Government requirement shows that this is the size of space that's the minimum required for (interrupted).

Commissioner Pascual Sablan – And the Chamorro Land Trust will only guaranty at least the minimum. Now if the lessee wants a bigger house then he has to come with that money.

Administrative Director Michael Borja – Yes.

Commissioner Pascual Sablan – Okay.

Administrative Director Michael Borja – And as we move along if that fund gets larger we may be able to modify but I can't obligate that loan guaranty fund which has only \$500,000 in it all it's doing is sitting in a certificate of deposit gaining interest but it's mandatory that it be there. It was what was set up in the account initially. Now that account by the way is the account that will be receiving the property tax as they come to us.

Chairman David Matanane – Have we received any large amount? Remember two meetings, three meetings ago if we should receive a large amount it should also augment that.

Administrative Director Michael Borja – We will I'll tell you on my Director's report. Any more questions on the loan guaranty?

Vice-Chairman Joseph Cruz – Do we have a set lot area for this program? A set applicable to a 10,000 square feet? Is it applicable to (interrupted).

Administrative Director Michael Borja – It's applicable to any home. They are only allowed to build one house on any lot. A twenty acre agricultural lot you're only permitted to build one home.

Vice-Chairman Joseph Cruz – The reason I asked is a majority of our land within the Chamorro Land Trust is not served with public utility and sewer line and if you apply this to a substandard lot at 10,000 and you need a 20,000 how is that going to affect the client?

Administrative Director Michael Borja – The minimum we're allocating for is half an acre. Now if we're able to do subdivision with full infrastructure we're probably going to go to a much smaller size.

Vice-Chairman Joseph Cruz – We don't have any existing leases that will fall under that?

Administrative Director Michael Borja – No not yet. We're probably going to have something close to it as soon as we get model homes built in Sagan Linahyan.

Vice-Chairman Joseph Cruz – No but existing tenants, existing leases that we have and they only have a quarter acre (interrupted).

Administrative Director Michael Borja – No they have half acres.

Commissioner Pascual Sablan – Otherwise I would not approve the blueprint. I had that experience on the Guam Land Use Commission where an individual owns a big lot and subdivided it to residential lot size then he start selling it out then to find out later on when the buyer came up with a blueprint and went to Public Works for approval they would not approve it because there is no infrastructure. So what he did is he came to us again and asked us to rezone it back to agriculture.

Chairman David Matanane – Anything else? I think the Executive Director wants to get an approval.

Administrative Director Michael Borja – Does anyone might have any comments on this loan guaranty?

Chairman David Matanane – Anybody?

Vice-Chairman Joseph Cruz – Public comments.

Administrative Director Michael Borja – So all I want is if you guys can give your concurrence on this loan guaranty and we can post it as an operating procedure for the Land Trust that we can modify on.

Chairman David Matanane – Put it in a motion?

Administrative Director Michael Borja – A motion.

Commissioner Amanda Santos moved to approve the loan guaranty program. Commissioner Pascual Sablan seconded the motion. There were no objections, MOTION PASSED.

Administrative Director Michael Borja – Thank you. We had some folks within the Land Management and Land Trust that had been working hard on all of this and they continue to work hard on all of this. We are now touching base with the consumers and it's important that we finish this so it's a major effort. It's kind of tough right now because the manpower is really not what we would like (interrupted).

Chairman David Matanane – Has the public auditor made any comments on those that needs to be done on that particular loan program? She hasn't mentioned anything?

Administrative Director Michael Borja – No well I did explicitly explain that we were doing this and she was very happy to hear that because this was the subject of our discussions. We had a number of meetings with the auditor and this was something that she's happy to hear about. It was the first thing on our list where did we stand of this thing where is at because you know it's a major concern not just because of the lack of controls but because it involved a significant sum of money.

2. Post Office License Renewal

Administrative Director Michael Borja – The Chamorro Land Trust has two ground leases one for Agat and one for the Post Office area in Inarajan. They had originally been good until June of 2014 but then the Post Office asked for an extension till the end of the year while they determine whether or not they needed it. They need it they want to renew again and I just want to let you know that what we did is the renewal was based on a 10% increase in the rent for the next five years and with the provision to go another five years with another 10% increase. They concurred and agreed. I am letting you know I did sign the lease since it was not anything to be renewed it needed to be done before the end of the year and the hope was to get this moving past through. I did advise the Chairman that this was coming and it's something that will provide ongoing income to the Trust.

Chairman David Matanane – Nothing can stop the mail. On that map where is it located at? Down in Agat where about is that?

Administrative Director Michael Borja – Right in front of the Mayor's Office by the old Fire Station. And in Inarajan it's?

Matthew Leon Guerrero (DLM) – It's across the Public Health in Inarajan.

Chairman David Matanane – So we went ahead with according to the provisions of the Chamorro Land Trust you just tagged on the 10%.

Administrative Director Michael Borja – Yes and they concurred and just saw the first signed lease come in today.

Chairman David Matanane – All right thank you Mr. Borja.

Vice-Chairman Joseph Cruz – I just noticed this could we just go back to your Post Office Agreement and it says facility a portion of Lot 163 Agat and the legal description is 443. The one on top portion of Lot 163 Rt 2, Agat.

Administrative Director Michael Borja – Oh no I think that's the mailing address they use, #163 Rt. 2, Agat.

Vice-Chairman Joseph Cruz – But that's a lot?

Administrative Director Michael Borja – No it's not really a lot it is a mailing address. #163 they just call it a lot but it's not the original it's not the actual lot number it's their designated mailing address.

Vice-Chairman Joseph Cruz – Okay.

Chairman David Matanane – But it's not a lot?

Administrative Director Michael Borja – No the lot is really Lot 443, Part 1-2NEW-R1 but it's their mailing address of how they call it and it would be the same with Inarajan.

VII. DIRECTOR'S REPORT

1. Revenue collection report for the months of October & November, 2014

Administrative Director Michael Borja – Like I mentioned to you before the sore thumbs in this process is still GRRP and the golf course. We're working on those. Those are ongoing things. The newest entry into our payments is the annual payment made in a one-time payment by the GTA Teleguam and that was an amount if you look on this spreadsheet right here and kind of look towards the middle and you see like this huge amount of money and that was them. So that \$351,900 is the amount of money that was paid for the annual usage of Chamorro Land Trust properties by GTA Teleguam. GTA when it was sold into a private corporation had a ten year exemption on any payments of leases and whatnot. I think they paid the property tax but they didn't pay the leases and so they went earlier this year and did two appraisals on every lot and came to an understanding of what it was an agreement and then this was agreed upon. Just to full disclosure I as the Acting Director and then Director and even as the outgoing Chairman stayed completely out of this process because of the relationship I have with one of the senior individuals of the company who was working on this there's a family relationship. So I was completely out of this to ensure that there was no bias whatsoever.

Chairman David Matanane – So who took your place?

Administrative Director Michael Borja – Dave Camacho took my place and worked on all matters. I only received at the very end when the deal was done. I only interceded on one part where we were working on a status to see where we were all at and moving along but we didn't discuss money we just discussed where we stood on getting the appraisals done and getting the timeline established to get everything closed up.

Chairman David Matanane – And from now on moving forward every month we have \$351,900?

Administrative Director Michael Borja – No, no that's an annual. I would wish but that's an annual and that's the kind of money that I'm looking to go forward and talk to the financial people to get some funding put it. Now the other news is that we had about 1.3 million dollars put into our account under the home loan guaranty program that came from property taxes. I got to make sure it stays in there and it doesn't find its way into other areas. But by law that's where it goes and can't be touch not even by us. If I want to have that money moved it has to be an act of the Legislature to redirect that money. So one of the things that I'm going to also be suggesting to the new Legislature is that I want this money \$350,000 allocated immediately for doing surveys. We get the surveys done then we can issue leases out. Now the thing that's going to be also in this legislation to appropriate this money my hope is that any land that the Government or the Chamorro Land Trust surveys and issues out as a lease the lessee will not be able to take advantage of the seven year abatement is that what it's called on taxes. That they have to immediately begin they're subjected to immediate payment of property taxes from the time they sign the lease. In the end I think the lessee is going to get a good deal out of it but that is in an effort to kind of be a compromise because I don't want an onslaught of people coming screaming at me saying hey, I paid for my survey why didn't they? Why don't you pay for mine? I don't want to deal with but I want to deal with the fact that if we pay for your survey you're going to pay for it you're going to begin paying property taxes and that will offset the survey cost and we can have that money then to continue more surveys okay. So if I got your concurrence on going on that I'm going to present that to the Chairman of the (interrupted).

Chairman David Matanane – Sort of a revolving fund for surveys.

Administrative Director Michael Borja – Well yeah, well that property tax money is going to go right back in to this one fund that we can only touch it if the Legislature appropriates it to us. So we'll see what happens but I'm working with the financial people in Adelup on that. So that's the biggy on those things and there really isn't anything else in (interrupted).

Chairman David Matanane – They made a payment the Guam International Country Club.

Administrative Director Michael Borja – Yes they made a payment.

Chairman David Matanane – So where do we stand with them?

Administrative Director Michael Borja – They made a \$43,716 payment and that's two months worth.

Chairman David Matanane – Two months.

Administrative Director Michael Borja – Two months yeah.

Chairman David Matanane – And how many did they have?

Administrative Director Michael Borja – Their current balance is \$65,000 the most current one is \$65,000. That includes this month so they added another twenty some thousand so we're up to \$87,433 for the golf course.

2. Fiscal Year 2013 Audit Report

Administrative Director Michael Borja – Lastly I have for you the Chamorro Land Trust public audit report for Fiscal Year 2013. If I can go over real quick I think there were several findings that they had five of them in fact. The first one is the accounting system. We are currently not tracking things on a software program like Quickbooks but we are doing it this way but they want to have all the financial information in an accounting software package so that in the end all we do is print certain reports and the auditor gets it and he works from that and he's not going paper by paper trying to put together a financial statement okay. So that's going to be the easy one we've already been sourcing out getting the Quickbooks stuff because we don't need anything more complex than Quickbooks. The collection and monitoring of accounts receivable again that will be also a process in which can be better managed with the Quickbooks system so once we get that in place that should take care of finding number two. Finding number three is the coral extraction royalties. We don't have a program in place to monitor what the racetrack people are taking out so we're going to be having a discussion with them here shortly to talk about that. They need to provide me with a monthly report and some kind of audit to show they truly are paying and they're certifying what they pay is true for what is being taken out and they have some sort of measurement to show what's been taken out. Number four are the loan guaranties which I talked about extensively and again they're going over the part of monitoring the loan. That is an ongoing process right now and it will continue to be a write up until it's closed I believe. And then the last one is rental lease agreement. The Chamorro Land Trust when it was incorporated, merged into Land Management under Executive Order No. 9 I believe, Advisory No. 9, because Land Trust moved into this building and into Land Management and occupied a piece of space we therefore allocated a portion of the overall rent to Chamorro Land Trust. But there is no documentation specifically that identifies that CLTC is occupying a certain percentage of the total therefore is obligated to pay the percentage of the total rent. And because of that they cite us that we are paying an amount that has not been documented in paying. So that's something that we're going to work on. That's not a difficult thing I think what we're (interrupted).

Chairman David Matanane – What are we talking about? How much are we talking about?

Commissioner Pascual Sablan – About \$4,000.

Administrative Director Michael Borja – Yes \$4,000 a month.

Chairman David Matanane – And to whom to pay it to?

Administrative Director Michael Borja – No what it is is that in the budget process we take out \$4,000 a month out of the Chamorro Land Trust. When we pay the landlord \$4,000 of it is allocated to the Land Trust. You know \$4,000 of the total and therefore it shows in the books that there's a lease amount for so much per month and they're saying where's the documentation that shows you owe that much? And so what we're going to do is we're going to work out something with the landlord to itemize their billing and to do probably a letter or something that can formally identify the Chamorro Land Trust not only Chamorro Land Trust but Guam Ancestral Lands Commission the same thing. But both of these organizations are subset of Land Management and that they are assessed this amount of the total and that's what it will be.

Chairman David Matanane – It will be a third for each?

Administrative Director Michael Borja – Oh no it's based on the amount of space we occupy.

Commissioner Pascual Sablan – It could be the Chamorro Land Trust grossly overpaying Land Management now.

Chairman David Matanane – That's what I'm trying to catch.

Administrative Director Michael Borja – Well you might see a little space where they're occupying over there but there are also still a lot of files too. But that's what we'll work at I mean Ancestral Lands for example is one person so you know that little square footage of place I mean it's the most valuable piece of property in the Government it's at \$4,000 a month right.

Vice-Chairman Joseph Cruz – See Jean with the RFP with GSA.

Administrative Director Michael Borja – Pardon me?

Vice-Chairman Joseph Cruz – That will have the breakdown on the square footage.

Administrative Director Michael Borja – Oh okay. So I present to you the Fiscal Year 2013 audit report and like I said the Fiscal Year 2014 is currently underway. It could be done real fast because the books have been cleaned up so well that it's much easier to go in and do it and it becomes just a what was this thing, what was that thing. So we're kind of helping to clean up that whole process a lot. And once we get our financial software in place which we already are using it's just a matter now of getting an additional license to hook it up on another computer you know. Then working out the details of creating the financial statements, listing out all the charts of accounts and things like that so we just have to work on that.

Chairman David Matanane – We need to secure our computer system.

Administrative Director Michael Borja – Yes now the other part of it is we have this huge land inventory right that Mr. Chairman constantly is asking for and so one of the things they want is stop we don't want to see it in a big cell spreadsheet like this that Ms. Topasna over here you know has the only lock and the only key to opening it we want to incorporate it into a software program that has checks and balances in it. It has an audit trail. And the GIS system which we're currently using for all the land inventory of the island with this process with this land valuation with Rev and Tax they are inputting all of Land Trust into the system as we speak. Most of it is done and now that it's going to be in the system when that database is going to be ready to be released from and we've got the database but we're not using our database because it's based on information that comes from Rev and Tax because they applied the values and information that we provide them. So once all that information is up to date and ready to go we'll have a more updated system so it will already be in place. That was one of the things they wrote us up the last time but they basically were comfortable with the fact that we cleaned that process up. So we're there we're still doing it both ways but once that system is up to speed and the new database is released we're going to be well on our way to having a lot more information available in the system. Right now when you look at the system if it's Chamorro Land Trust it doesn't say something most of the time but now if you plug it in you hopefully would see that it says lot blah, blah, blah Chamorro Land Trust or Government of Guam. And if there is a person assigned as a lease we'll see the name of the lessee.

Chairman David Matanane – So down the line I can ask for a monthly or a quarterly right?

Administrative Director Michael Borja – You can ask anything you want Mr. Chairman and we'll make sure that we provide you with 10 gigabytes worth of information. Just bring your hard drive we'll overload you. You better bring in your little dolly we'll give it to you in ten reams of paper.

Chairman David Matanane – Like I used to do a pile of because I'm scared that the computer is going to break down so I printed everything out.

Administrative Director Michael Borja – Oh see I'm not a paper kind of dude man. You would bug me to heck. No I'm trying to you know in fact having this much paper sitting here in front of me kind of frustrates me. Well I thank all of you Commissioners for making the meeting today. There will be another meeting our regularly scheduled meeting on January 15 and at that time we'll probably be doing a lot more of our normal activities of stuff. We'll work up an agenda.

Commissioner Amanda Santos – We need an increment.

Administrative Director Michael Borja – Yes I'll talk to the Chairman about that. We can actually just put it in specifically to change our rules our law. He might concur too and say you know Senator San Nicolas says if it's good enough for the goose it's good enough for the gander.

Chairman David Matanane – It's good enough for the duck.

Administrative Director Michael Borja – Are there any other questions or comments for me? It was a very productive meeting thank you very much. It sets me moving now because there are a lot of things. Good thing there was that holiday period where I was kind of like I'm still in the holiday. Yesterday at dinner I went tomorrow is Tuesday when's the holiday. I've never had this many holidays in my life in the last 20 years so I was confused in the first set but I didn't get confused on the second one but I can't stay asleep when that sun comes up.

Commissioner Pascual Sablan – Do you have any projection as to when we can put all of these things into reality?

Administrative Director Michael Borja – Into reality like?

Commissioner Pascual Sablan – We need additional staff.

Administrative Director Michael Borja – Well I am working on the budget right now as we speak. Everything is being looked at this week before we submit it in. I already like I said begun the informal process of informing the finance people the committee that I'm going to be looking for more supplemental but in the upcoming year because if I have money coming in my justification for funding these other things is that I've got some money to pay for it and the public auditor is demanding that it be done. And so if I can't get that done I mean that's the ammunition I've been given so I'm going to hope that I can fulfill this. Now if I get these positions funded it's just a matter of getting it filled and that's the problem I have now. I'm almost wishing that I had a lot of unclassified employees so I can just go out to hire at will but that's prone to all kinds of misuse.

Commissioner Amanda Santos – What are your job openings?

Administrative Director Michael Borja – I have land surveyor, engineering aide, land agents, I have a planner II. And you know what in the overall scheme of the whole department I actually need to convert some of these positions to entry level because if you look at the people that I have they're tinkering on retirement and that's a scary thing. I can't have all my corporate knowledge just walk out the door at the same time.

VIII. EXECUTIVE SESSION – None.

IX. ADJOURNMENT – Meeting adjourned at 4:14pm.

Transcribed by: Teresa Topasna: Teresa Topasna

Approved by Board motion in meeting of: Jan. 15, 2015

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

David Matanane, Chairman: [Signature]

Date: Jan 15, 2015

Date: 1/15/15