

A RESOLUTION

Disapproving lease agreement entered into between the Kosrae State Government and COM-FSM .

1 **WHEREAS**, Governor Message No. 12-110 was received by the Office of the Speaker
2 on March 17, 2020; and

3 **WHEREAS**, the said message communication enclosed a land lease agreement
4 established between the Kosrae State Government , representing the Department of Resources
5 and Economic Affairs (DREA) as lessor and the College of Micronesia, FSM (COM-FSM),
6 representing the COM-FSM Land Grant Program and CRE Program as lessee; and

7 **WHEREAS**, the lease agreement is made and entered on the 25th day of September 2019
8 for ten years commencing October 1, 2019 and ending October 2, 2029; and

9 **WHEREAS**, under Section three (3) of the lease agreement, "LEASE PAYMENTS"; it
10 states as follows: "This is a rent-free lease Agreement, however, this arrangement shall be
11 reviewed every two and a half (2.5) years for possible adjustment"; and

12 **WHEREAS**, although the Members of the Legislature now do not have the discretion to
13 decide whether or not to approve the lease agreement as the time for Members of the Legislature
14 pursuant to Section 11.109 (2) (c) of the Kosrae State Code as the time for making any such
15 decision has expired, nevertheless the Members of the Legislature perceive the lease as being
16 null and void as it does not stipulate any lease rental amounts let alone stipulate the rental in
17 terms of dollar value per square meter which terms are required to be included in the lease
18 agreement pursuant to Section 11.110 of the Kosrae State Code; NOW THEREFORE

1 **BE IT RESOLVED**, that based on their findings and views as stated above, the
2 Members of the Legislature hereby consider the lease agreement as being null and void as the
3 lease does not comply with the mandatory requirements specified in Section 11.110 of the
4 Kosrae State Code being that as there was no competitive proposals for the land the subject of
5 the lease agreement the Director of the Department of Resources and Economic Affairs was
6 required to negotiate the rental amount in the lease and the amount of rental shall be set in terms
7 of dollar value per square meter; and

8 **BE IT FURTHER RESOLVED**, that the Governor directs the Director of the
9 Department of Resources and Economic Affairs to negotiate a new lease agreement between
10 the Kosrae State Government, representing the Department of Resources and Economic Affairs
11 (DREA) as lessor and the College of Micronesia, FSM (COM-FSM), representing the COM-
12 FSM Land Grant Program and CRE Program as lessee which lease agreement shall contain the
13 terms required by Section 11.110 of the Kosrae State Code and once such agreement has been
14 signed it is to include any Exhibits referred to in such agreement when it is submitted to the
15 Legislature; and

16 **BE IT FURTHER RESOLVED**, that certified copies of this resolution be transmitted to
17 the Governor, T.H. Carson K. Sigrah and Director Gerson Jackson of DREA.

18

19 Date: 6/16/20

Introduced by: Yamado A. Melander