

R&D

A RESOLUTION

Urging the Honorable Carson Sigrah to immediately rescind the renewal of the lease agreement entered into between the Kosrae State Government and the Federated States of Micronesia Petroleum Corporation (FSMPC) and to direct the Director of DREA to promptly negotiate and conclude a fresh lease agreement between the Kosrae State Government and FSMPC .

1 **WHEREAS**, members of the Twelfth Kosrae State Legislature perceive that the
2 renewal which occurred in or about March 2020 of the lease agreement which ended on March,
3 2019 between the Kosrae State Government and the Federated States of Micronesia of
4 Petroleum Corporation (FSMPC) is not legally effective because the mandatory requirements
5 stipulated in Section 11.109 (2) (a) of the Kosrae State Code (Code) have not been complied
6 with because the renewal of the above lease being a public land lease has not yet been
7 submitted to the Legislature for its consideration and subsequent determination whether to
8 approve the renewal of the lease ;

9 **WHEREAS** , members of the Twelfth Kosrae State Legislature further perceive that in view
10 the renewal of the lease between Kosrae State Government and FSMPC being on the same terms
11 as the original lease agreement viz. for a term of 10 years and annual rental of \$100,000 that
12 rather than such renewal of lease be now belatedly submitted to the Legislature for consideration
13 and determination as to whether it be approved pursuant to Section 11.109 (2) (a) of the Code
14 that the public interest especially as the procedure prescribed by Section 11.106 of the Kosrae
15 State Code must be complied with and cannot be circumvented as such provision stipulates in
16 effect that Director of the Department of Resources and Economic Affairs (DREA) required that

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1 he was to in his capacity as Leasing Officer was required to negotiate and conclude the renewal
2 of the lease agreement which the Director failed to do, requires that the Governor immediately:
3 rescinds the renewed lease agreement between the Kosrae State Government and FSMPC;
4 inform the Directors of FSMPC the reasons he relies upon to terminate the renewal of the lease
5 agreement, that the Kosrae State Government is prepared to negotiate a fresh lease agreement
6 with FSMPC in accordance with Sections 11.106 and 11.110 of the Kosrae State Code, to direct
7 the Director of DREA to in compliance with Section 11.106 of the Code in his capacity as
8 Leasing Officer to promptly negotiate a fresh lease agreement between the Kosrae State
9 Government and FSMPC and conclude such lease agreement in compliance with Section 11.110
10 of the Code and to direct the Attorney General to promptly investigate the matters raised in this
11 resolution and furnish his legal advice upon finalizing such investigation and provide a copy of
12 such advice to the Legislature; **NOW AND THEREFORE**

13 **BE IT RESOLVED**, by members of the Twelfth Kosrae State Legislature urge The
14 Honorable Carson K. Sigrah, Governor to immediately: rescind the renewed lease agreement
15 between the Kosrae State Government and FSMPC, inform the Directors of FSMPC the reasons
16 he relies upon to terminate the renewal of the lease agreement, that the Kosrae State Government
17 is prepared to negotiate a fresh lease agreement with FSMPC in accordance with Sections 11.106
18 and 11.110 of the Kosrae State Code, to direct the Director of DREA to in compliance with
19 Section 11.106 of the Code in his capacity as Leasing Officer to promptly negotiate a fresh lease
20 agreement between the Kosrae State Government and FSMPC and conclude such lease

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1 agreement in compliance with Section 11.110 of the Code and to direct the Attorney General to
2 promptly investigate the matters raised in this resolution and furnish his legal advice upon
3 finalizing such investigation and provide a copy of such advice to the Legislature
4 and;

5 **BE IT FURTHER RESOLVED**, that certified copies of this resolution be transmitted to
6 The Honorable Carson K. Sigrah, Governor of the State of Kosrae and The Honorable Chang B.
7 William, Chief Justice, Kosrae State Court.

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10 Date: 11.02.20

Introduced by: 
Tulensa W. Palik