

A RESOLUTION

Disproving lease agreement entered into between the Kosrae State Government and Micronesian Management & Marketing Enterprises, Inc.

1 **WHEREAS**, Governor Message No. 12-225 was received by the Office of the Speaker
2 on October 27, 2020; and

3 **WHEREAS**, the said message enclosed a land lease agreement between the Kosrae
4 State Government as lessor and Micronesian Management & Marketing Enterprises, Inc
5 (MMME) as lessee; and

6 **WHEREAS**, the lease agreement is made and executed on the 8th day of October, 2020
7 for twenty years commencing November 7, 2020 and ending on November 6, 2040 and is a
8 lease of public land; and

9 **WHEREAS**, under Section three (3) of the lease agreement, "CONSIDERATION"; it
10 states as follows: "KOSRAE shall be paid a lease payment in the following manner

11 1. 1. KOSRAE will receive a lease payment of U.S. \$600.00 (U.S. Six
12 Hundred Dollars) per calendar quarter, payable upon the effective date of
13 this lease and at the beginning of each subsequent quarter. The annual
14 lease payments shall be reviewed every five (5) years throughout the term
15 of the lease, but may increase by no more than 20% over the previous
16 quarterly lease payments.

17 Both parties stipulate this is adequate consideration for the rights granted herein; and"

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1 **WHEREAS**, Members of the Legislature perceive that the quarterly rental amount to
2 be paid under the rental is manifestly inadequate in view of the area of the public land to be
3 leased, the location of the area of land to be leased and that area of land to be leased will and has
4 already greatly benefitted MMME in conducting a profitable enterprise and consequently further
5 perceive the lease does not in the circumstances adequately fulfill pursuant to Section 11.105 the
6 public purpose of leasing public land which relevantly includes generating rental income for the
7 State of Kosrae .

8 **WHEREAS**, Members of the Legislature also perceive the lease as being invalid as the
9 lease does not stipulate the rental in terms of dollar value per square meter which term is
10 required to be included in the lease agreement pursuant to Section 11.110 of the Kosrae State
11 Code; NOW THEREFORE

12 **BE IT RESOLVED**, that based on their findings and views as stated above, the
13 Members of the Legislature hereby consider the lease agreement, that it is not in the public
14 interest for the lease to be approved by the Legislature and moreover as the lease does not
15 comply with the following mandatory requirement specified in Section 11.110 of the Kosrae

16 State Code being that the Director of the Department of Resources and Economic Affairs was
17 required to ensure that the amount of rental shall be set in terms of dollar value per square meter
18 it is invalid; and

19 **BE IT FURTHER RESOLVED**, that the Governor directs the Director of the
20 Department of Resources and Economic Affairs to negotiate a new lease agreement between
21 the Kosrae State Government as lessor, and MMME as lessee which lease agreement shall

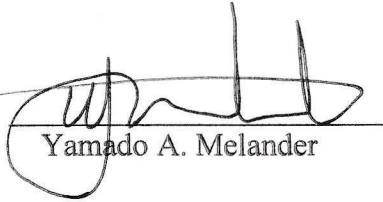
1 contain the terms required by Section 11.110 of the Kosrae State Code and once such agreement
2 has been made and executed it is to be accompanied by a copy of the lease agreement that was in
3 existence between State Government of Kosrae and MMME when the lease agreement was made
4 and executed between the State Government of Kosrae and MMME on 8th of October, 2020
5 when it is submitted to the Legislature; and

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

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9 Date: 4/13/20

Introduced by:


Yamado A. Melander