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BACKGROUND PAPERS ON TERMS FOR LAND PRESENTATION

- IAG Study #1 cost estimates verified on 8 May 1974 by DOD Land Agent, and considered to be top dollar estimates for land are listed below.

--- Cost estimates for the various negotiating options are considered to be reasonable estimates based upon what little information is available - historical data of sales and land transactions on other islands, economic trends, and court awarded compensation in land condemnation proceedings.

--- Only in event top dollar prices not acceptable or in event of real hassle, on-site appraisals of land in question must be conducted to determine fair market value of the land to be acquired - U.S. Delegation can't exceed top dollar prices without this.

-- DOD estimate of maximum values for different types of land are:

--- Purchase

---- Military retention: \$500/acre for residual rights on Tinian and up to \$2,500/acre for residual rights to Tanapag and Isely. However, \$40/acre paid for retention lands in 1944 for indefinite use and occupancy rights was considered a fair price at that time as it was based on the average price per acre for land on Saipan between 1932 and 1942. It is believed that the terms of PL 155, 82nd Congress 1951, the PL under which the retention lands are acquired, would still stand up in court. Therefore, it is felt current re-negotiation prices for military retention are most generous.

---- Public lands: \$1,500/acre

---- Agricultural and Village: \$2,500/acre

---- Commercial: \$4,500/acre

--- Lease

---- Retention lands: none since we already have a valid lease. However, if pressed, 1/10th of \$500/acre for Tinian and 1/10th of \$2,500/acre for Saipan.

---- Public land: 1/10th of \$1,500/acre

---- Agricultural and Village: 1/10th of \$2,500/acre

---- Commercial: 1/10th of \$4,500/acre

-- Based on the above figures, the overall maximum lump sum payments for military land requirements, based on an estimated number of acres of each type of land required, would be as follows: It must be noted that a land appraisal would be necessary to verify the exact number of acres in each category.

--- Tinian

	<u>Acres</u>	<u>Estimate</u>
---- Commercial (\$4,500/acre in the port area)	100	\$450,000
---- Agricultural and Homesites (\$2,500/acre: little of this land may be purchased outright leaving a cost estimate surplus that could be applied to other lands).	700	\$1,750,000
---- Public land (\$1,000/acre including 8,452 acres of retention land for which U.S. Government will be purchasing residual rights)	16,675	\$16,675,000
TOTAL	17,475	\$18,875,000

---	<u>Saipan</u>	<u>Acres</u>	<u>Estimate</u>
----	Tanapag Harbor/Isley Field (\$2,500/acre)	<u>677</u>	<u>\$1,693,000</u>
---	<u>Farallon de Medinilla</u>		
----	Entire Island (\$1,000/acre)	<u>229</u>	<u>\$ 229,000</u>
	TOTAL	18,381	\$20,797,000

-- In computing lease payments for a 50-99 year lease, annual payments of 10% of the purchase price are made for lump sum lease payments, 99 years = 100% of purchase price and any lesser period would be a decreasing percentage, subject to negotiation.

-- Since the amount of land involved is the heart of a new status agreement (not price), and agreement on this acreage should be consummated before any land payments are discussed.

-- If actual terms are to be discussed following information regarding leases of public and retention land on Saipan and Tinian might prove helpful:

--- Source of information: Marianas District of Land Management (see attached fact sheet at Tab A for detailed information on various leases).

--- Average value of small livestock leases.

---- Saipan: \$1.79/hectare/year (\$.73/acre)

---- Tinian: \$2.35/hectare/year (\$.95 acre)

---- Leases were written about same period of time for both islands and are comparable in size.

---- From 1 JAN 71 through 31 DEC 72, MDC paid an average of \$1.01/hectare for the 3,035 hectares leased on Tinian.

--- Collections on small lease rentals have traditionally been poor. Such collections are made by the District Finance Office.

---- Collections of such rentals for FY 70 amounted to only 24% of monies due.

---- TT Department of Revenue reports this practice is still common.

--- Analysis of hotel leases revealing following information:

---- Continental Hotel: Saipan

----- Lease began 1 JAN 72 and terminated on 31 DEC 2001.

---- Area: 4.7532 hectares at (\$210/acre) \$520/hectare/yr for first ten years; (\$316/acre) \$780/hectare/yr for second ten years; (\$454/acre) \$1,120/hectare/yr for third ten years; (\$709/acre) \$1,750/hectare/year for fourth ten years; (\$1,060/acre) \$2,630/hectares/year for fifth ten years.

---- In addition to the minimum rental charges, all leases have an identical graduated gross receipts rental schedule (2 1/2-3%).

---- Inter Continental Hotel: Saipan

----- Lease began 1 JUL 71 and terminates on 30 JUN 2001.

---- Area: 3.08 hectares at (\$263/acre) \$650/hectare/yr for first ten years; (\$395/acre) \$975/hectare/yr for second ten years; (\$590/acre) \$1,460/hectare/yr for third ten years; (\$885/acre) \$2,190/hectare/yr for fourth ten years; (\$1,315/acre) \$3,250/hectare/yr for fifth ten years.

----- In addition 2-3% of gross receipts included.

---- Royal Taga Hotel: Saipan

----- Lease began 1 JUN 65 and terminates 31 MAY 85.

----- Area: 4.06 hectares at 2 1/2% of gross first ten years and 3% of gross for next ten years only.

----- TT Department of Finance shows receipts of \$17,521.29 for 1 APR 73 to 31 DEC 73.

-- If a lump sum is to be offered for the land, the figure should be well below the top dollar figures previously stated and be at a sum determined by the negotiator. It should be a price that is an accurate appraisal of land values and not a cause for an inflation of land prices throughout Micronesia.

-- Although the top dollar value of the land is estimated at \$20,797,00 (Tinian: \$18,875,000; Saipan \$1,693,000; Farallon de Medinilla \$229,000) it is recommended that the opening figure be in the neighborhood of \$11,600,000 (Tinian \$10,864,000; Saipan \$774,000; Farallon de Medinilla \$22,900).

-- Prices for the purchase of various types of land should be the negotiators choice. Details on suggested opening figures for various types of land are shown at Tab B.

--- Retention land (top figure \$500/acre on Tinian; \$2,500 for Isley/Tanapag), first offer \$100/acre on Farallon de Medinilla; \$300/ acre on Tinian; \$1,000/acre for Isley; \$1,500/acre for Tanapag.

--- Public lands (top figure \$1,500/acre; first offer \$800/acre.)

--- Village and Agricultural lands (top figure \$2,500/acre; first offer \$2,000/acre.)

- Commercial (top figure \$4,500; first offer \$3,500/acre).
- If a real confrontation develops over prices then an appraisal can be suggested to be followed by detailed negotiations by experts.
  - DOD appraisors.
  - Independent appraisor acceptable to both MPSC and USG.
- U.S. if offering to return 4,230 additional acres of military retention land that it no longer requires at what we consider to be worth \$3,195,500 (based on suggested opening figure for military retention land).
  - Tinian: 430 acres south of base boundary on eastern side of island at an estimated value of \$129,000 (\$300/acre).
  - Saipan: 3,800 acres at an estimated value of \$3,066,500.
    - Tanapag Harbor: 445 acres at an estimated value of \$667,500 (\$1,500/acre).
    - Isley Field: 689 acres at an estimated value of \$68,900 (\$1,000/acre)
    - Kohler Field: 796 acres at an estimated value of \$79,600 (\$1,000/acre).
    - Obian Bomb Dump: 2,244 acres at an estimated value of \$2,244,000 (\$1,000/acre)
    - Desik Rock: 38 acres at an estimated value of \$3,800 (\$100/acre).
    - Wallace Rock: 33 acres at an estimated value of \$3,300 (\$100/acre).

Saipan - Retention Lands

Lease #	Name	Purpose	Begin	End	Cost
	Saipan Shipping Co (Jose Tenorio)	Commercial	1JAN63	31DEC67 (carried over)	\$6

Saipan - Public

Lease #	Name	Purpose	Begin	End	Co:
1	Luis A Benavente	Recreational	1NOV69	30OCT74	\$1
2	City of Saipan	Recreational	1JUL73	30JUN78	\$1
3	Dist Commissioner, Dist 1	Recreational	1JAN72	31DEC77	\$1
4.	Dist Commissioner, Dist 11	Recreational	1JAN72	31DEC77	\$1
5	Dist Commissioner, Dist 5	Recreational	1JAN72	31DEC77	\$1
6	Dist Commissioner, Dist 7	Recreational	1JAN72	31DEC77	\$
7	Sylvio C. Ada	Warehouse	Unknown	- oral agreeem	
8	U. S. Govt.	Post Office	1JUL70	30JUN90	U



Saipan (leases)

<u>No.</u>	<u>NAME</u>	<u>Purpose</u>	<u>Begin</u>
	Francisco T. Palacios	Livestock	7-1-65
	Jose C. Cabrera	Livestock	7-1-72
	Vicente Mendiola Cabrera	Livestock	7-1-66
	Jesus Sn. Cabrera	Livestock	7-1-66
	Jose C. Tenorio	Livestock	7-1-66
	Jose C. Tenorio	Livestock	7-1-66
	Félope A. Salas	Livestock	7-1-66
	Juan V. Benavente	Livestock	7-1-66
	Rosario S. Palacios	Livestock	7-1-66
	Juan M. San Nicolas	Livestock	7-1-66
	Gesina Taimanao	Livestock	7-1-66
	Nicolas T. Cruz	Livestock	7-1-66
	Vicente S. Camacho	Livestock	9-1-67
	Jose L. Chong	Livestock	11-1-67
	Teresa A. Ichihara	Livestock	7-1-67
	Jose C. Tudela	Livestock	7-1-67
	Augustin S. Tudela	Livestock	7-1-67

Salpan (leases)

<u>No.</u>	<u>Name</u>	<u>Purpose</u>	<u>Begin</u>	<u>Ending</u>
	Pacific Micronesia Corporation	Resort Hotel (Intercontinental)	7-1-71	6-30-20
	Mobil Oil Micronesia Incorporated		1-1-67	12-31-81
	Micronesian Construction Co.	Warehouse & Office	4-1-65	3-31-75
	Mobil Oil Micronesia Inc.	Fuel Storage Facility	10-1-68	12-1-19
	Micronesian Construction Co. (Rock Quarry)		4-1-64	3-30-7
	Micronesian Lodge, U. D. Social and fraternal Organization		6-1-65	5-30-6
	Dillingham Corporation of Micronesia	(Concrete and Asphalt Products Plant)	1-1-69	12-31-
	Bottling Company of Micronesia Inc.	(Coca-Cola and soft drink manufacture)	10-1-66	9-30-
	Continental Airlines Hotel	Hotel	1-1-72	12-1-
	Royal Taga Hotel (Micronesian Hotel Corporation) Hotel		6-1-65	5-31-

\*TIFI Department of Finance shows receipts of \$17,521.29 for 1 APR 73 thro

Public - Tinian

Lease #	Name	Purpose	Begin	End	Cost / yr.	Area	Location
18	Vicente T. Cruz	Livestock	1JUL66	30JUN71	\$12/yr	5 hectares	Public
19	Jose B. King	Livestock	1JUL66	30JUN71	\$6/yr	2.5 hectares	Public
20	Dillingham *	Quarry	1JUL73	31DEC78	\$1,000 + 0.05/cu yd of material used.	12.1 hectares	Public
21	Mobil Oil		1OCT70	13SEP84	\$400/yr	0.067 hectares	Public
22	North Pacific ** Development	Coconut Oil Refinery	1JAN69	31DEC88	\$1,386/yr minimum or 1% gross receipts	2.67 hectares Tinian Dock	Public
23	Mariano Sn. Aquiningoc	Livestock	1NOV71	31OCT76	\$21.20/yr.	9 hectares	Public

\* Pending per instructions of DistAd

\*\* Allegedly cancelled by High Commissioner

Retention - Tinian

Lease #	Name	Purpose	Begin	End	Cost/Yr.	Area	Location
24	Micronesia Dev. Co.	Livestock	11JUN65	10JUN85	1% gross, 1st 4 yrs 2% gross, 6 yrs 3% gross, 10 yrs *	535 hectares	Retention

\* Receipts from MDC for the period 1JAN71 through 31DEC72 amounted to \$6,132 based on 2% of gross revenue of \$306,644.94.

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