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June 7, 1974

MEMORANDUM FOR H. P. WILLENS

In connection with your inquiry about the real estate aspect of the Marianas settlement, I would offer the following notions:

1. I think a lease would be preferable to a sale.

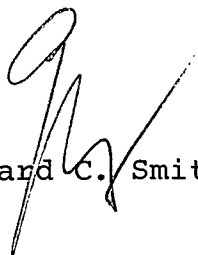
a. I think it is more consistent with the commonwealth status.

b. I think that with the uncertainties in the picture it would be a more flexible arrangement.

c. I think it probably would be more comfortable for both the parties in the long run.

2. In view of what you say about the absence of good evidence as to value, my guess is that some arbitrary rental will have to be worked out. As a shot in the dark, I would suggest that you start with a proposal for 5 million dollars a year rent.

Good luck.


Gerard C. Smith