



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

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Dear Ed:

In accordance with your letter of February 21st, 1974 we have carefully reviewed within this office, the Office of the Solicitor, and the Office of Micronesian Status Negotiations the proposal for funding of the Isley Field terminal facilities. In general, we have no objections to the plan of establishing an independent "port authority" to operate the field and develop its facilities. We believe, however, that it should be made abundantly clear that it is a self-sustaining and independent authority with sole proprietary rights to the user revenues derived from the facility. This is important because basically Isley Field is a public land, albeit in retention, the revenues from which it could be argued belong to the general treasury of Micronesia and thus would be subject to annual appropriation by the Congress of Micronesia.

Because of the physical location of Isley Field in Saipan, regional jealousies could be aroused if its revenues were diverted for local purposes other than operation, maintenance, and improvement of the facility. As the "gateway" field to Micronesia, it will serve the entire area -- not just the Marianas. It is, therefore, in the interest of all of Micronesia that it be a self-contained independent operation.

? In view of the above, I recommend that the proposal or plan be submitted to the Congress of Micronesia and possibly to the Marianas legislature for approval so as to avoid possible future disputes over the use of its revenues.

Two other points should be kept in mind in connection with the proposed plan. All lease, franchise or use agreements for the Field must subordinate to the overriding provisions of the DOD/TTPI Joint Use Agreement for Isley -- particularly the priority defense rights retained by DOD. It should also be made clear that "landing fees" will not be changed for uses by U.S. Government aircraft and these, therefore, should not be considered as a revenue source for operation, maintenance and improvement.

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Finally, I believe OSD/ISA in DOD should be kept informed of all developments.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Stanley S. Carpenter', written in a cursive style.

Stanley S. Carpenter
Director of Territorial Affairs

Hon. Edward E. Johnston
High Commissioner
Trust Territory of the
Pacific Islands
Saipan, Mariana Islands 96950

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