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KSC

February 7, 1974

MEMORANDUM FOR MR. WILLEMS

Subject: MFSC -- Marianas Land Corporation -- Funding of
Negotiations

I offer the following comments on Jim Leonard's suggestion that the Land Corporation or the district legislature might help finance the negotiations with borrowed funds:

-- the Land Corporation should not be asked to pay for portions of the negotiations which do not relate to land issues (such as appraisals, terms of the lease or sale, and related legal and economic work);

-- if it is anticipated that the Land Corporation will be asked to contribute to the negotiations to any extent, research will be needed to assure that the district legislature's implementing legislation, the corporation's papers (charter, articles, by-laws), and perhaps even the Public Land Transfer Act itself, do not prevent the Corporation from spending its funds in this way;

-- the TT Code does not seem to permit the district legislature or government to borrow money. Department of Interior Order No. 2918, § 4, TTC Preface at 16 provides that "[m]oney bills enacted by the Congress of Micronesia shall not provide for the appropriation of funds in excess of such amounts as are available or estimated to be available from revenues raised pursuant to the tax laws and other revenue laws of the Trust Territory"; thus it appears likely that the district legislature or government could not borrow money without additional legislation or a secretarial order (e.g., part of a secretarial order establishing a separate administration for the Marianas).

How, if at all, should we proceed?

Michael S. Helfer

cc: P. J. Mode