

UNITED STATES PACIFIC FLEET
HEADQUARTERS OF THE COMMANDER IN CHIEF

IN REPLY REFER TO
CINCPACFLT FILE
FFI-1

A1
Ser 2522

18 MAY 1954

From: Commander in Chief U. S. Pacific Fleet
To: Chief of Naval Operations
Subj: Micronesia Metal and Equipment Company contract for salvage
operations; forwarding of
Ref: (a) CNO ltr Op215/flf ser 574P21 of 30 April 1954
Encl: (1) Copy of Micronesia Metal and Equipment Company contract number
T.T. 17 with amendments thereto

1. In accordance with reference (a), enclosure (1) is forwarded herewith.

A. R. OLSEN
Acting Assistant Chief of Staff
for Administration

71101

THIS AGREEMENT made this 30th day of November, 1951 by the GOVERNMENT OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS, hereinafter called "Government", represented by James A. McConnell, Contracting Officer for the High Commissioner of the Trust Territory of the Pacific Islands and MICRONESIA METAL AND EQUIPMENT CO., INC., hereinafter called "Contractor".

WHEREAS, there is now located in the Palau, Saipan, and Yap Districts of the Trust Territory of the Pacific Islands, scrap metal, supplies, machinery, equipment, war materials, and fixed installations, which are, by virtue of transfer, donation, abandonment, or operation of law, the property of the Government; and

WHEREAS, the Government has determined that such of this property as is no longer needed by it or by agency of the United States for any purpose whatsoever should be sold and removed from the Trust Territory of the Pacific Islands.

NOW THIS AGREEMENT WITNESSETH THAT:

1. SALE OF ALL SURPLUS PROPERTY FOR TWO-YEAR PERIOD

The Government agrees to sell exclusively to the Contractor and the Contractor agrees to buy such above described property as shall, within two years from the date of this agreement, be determined by the Contracting Officer or his duly authorized representative to be available for sale by reason of the fact that it is no longer needed by the Government or any other agency of the United States for any reason whatsoever, subject to the following terms and conditions;

2. PROCEDURE FOR REQUEST, INSPECTION AND BILLS OF SALE

The Contractor from time to time, as surplus equipment and material shall come to his attention, shall request in writing to the Contracting Officer that certain of said property be made available for sale. Such request shall describe the property item by item where practicable or collectively by area within which said property is located. The Contracting Officer or his duly authorized representative shall within ten (10) days from said written request from the Contractor inspect said property and make a determination as to whether or not said property shall be made available for sale. In the event that said property shall be made available for sale, the Contracting Officer or his duly authorized representative for and on behalf of the Government shall within five (5) days

Talk to
Scrap

deliver a bill of sale to the Contractor and thereupon the Contractor shall acquire full, complete, irrevocable and absolute title in and to all property described in said bill of sale. Any refusal to make any of said property available for sale shall be communicated in writing to the Contractor by the Contracting Officer, or his duly authorized representative, stating the reason for said refusal.

3. DUTIES OF CONTRACTOR

In consideration of this agreement, the Contractor agrees to comply with all the terms and conditions thereof and:

a. Labor and Materials

To furnish and pay for all labor, parts, material, and equipment necessary to remove the property covered by the contract and to prepare the said property for resale.

b. Claims for Damages

To pay promptly all just claims for damages arising out of the Contractor's operations in the Trust Territory, including liability for damages arising out of the use or operation of any equipment furnished to the Contractor or used by any of its agents or employees, including claims for personal injury or death.

c. Liability and Workmen's Compensation Insurance

To bear the cost, by insurance or otherwise, of all medical expenses incurred by any employee of the Contractor as a result of any injury suffered by subject employee incurred in the course of employment with said Contractor and to provide workmen's compensation benefits through said insurance to employees, the benefits of said insurance to be comparable to those that said injured employees would receive by coverage under the provisions of the United States Longshoremen's and Harbor Worker's Compensation Act.

d. Shipping Facilities

To secure and pay for all shipping facilities necessary to remove the property and to obtain adequate insurance for cargoes.

e. Other Insurance

To provide the usual insurance and other protection for property after it has been removed from the Trust Territory.

f. Negotiation of Sales

To negotiate all sales of the property, exerting every effort to sell the said property at the highest price obtainable.

g. Collection of Money

To collect all moneys from the sale of said property.

h. Accounting

To render a complete accounting of all receipts from sales.

i. Payment to Government

To pay promptly all sums due the Government as provided herein.

4. PAYMENT SCHEDULES

The Contractor shall pay to the Government the following amounts :

a. Ferrous Scrap

(1) Fifteen (15%) per cent of the gross receipts from the sale of all ferrous scrap when delivery is made by Contractor to a purchaser in the United States, its territories or possessions.

(2) On the sale of ferrous scrap to a purchaser other than that described in paragraph 4.a. (1) supra, the aforementioned amount of fifteen (15) per cent shall be subject to negotiation between the Contractor and the Contracting Officer in order to reflect increased profit, if any, but shall not in any event be less than fifteen (15%) per cent.

(3.) Twenty (20%) per cent of the gross receipts from the sale of all ferrous scrap under which the purchaser accepts delivery of the property in the Trust Territory or is responsible for the payment of the freight or other shipping expenses .

b. Non-Ferrous Scrap, Machinery and Equipment

(1) Twenty five (25%) per cent of the gross receipts from the sale of all non-ferrous scrap or machinery or equipment when delivery is made by the Contractor to a purchaser within the United States, its territories or possessions.

(2.) On the sale of non-ferrous scrap or machinery or equipment to a purchaser other than that described in paragraph 4.b.(1.) supra, the aforementioned amount shall be subject to negotiation between the Contractor and the Contracting Officer in order to reflect increased profit, if any, but shall not in any event be less than twenty five (25%) per cent.

(3.) Thirty (30%) per cent of the gross receipts from the sale of all non-ferrous scrap or machinery or equipment under which the purchaser accepts delivery of the property in the Trust Territory or is responsible for the payment of the freight or other shipping expenses.

5. TIME AND PLACE OF PAYMENTS

Payments will be made in United States currency at the Office of Government, Fort Ruger, Honolulu, T. H., or at such other place as the Contracting Officer or his duly authorized representative may designate in writing. Payments are to be due and payable within forty-five days of each sale of said property.

6. NO SALES WHERE DELIVERY IS OUTSIDE U. S. WITHOUT CONSENT

Contractor agrees to make no sales when the known or suspected place of delivery is within a country other than that of the United States, its territories, or possessions without the written consent of the Contracting Officer or his duly authorized representative.

7. ALUMINUM ON TINIAN

Contractor agrees that in the event the Government is authoriatively advised that it has clear title to scrap aluminum on Tinian Island, such aluminum shall be subject to the terms of this contract, provided the parties hereto can reach an agreement on the rate of compensation payable by Contractor to the Government for the sale and purchase thereof.

8. NO SALE OF PROPERTY IN PLACE WITHOUT CONSENT

Since one of the objects of this agreement is to limit recovery operations to a single company sales by the Contractor of property in place in the Trust Territory of the Pacific Islands are not permitted under this contract; and such sales are null and void unless made with the prior written permission of the Contracting Officer, or his duly authorized representative, in each case. Sales FAS in the Trust Territory of the Pacific Islands are permitted subject to the individual clearance of the ship and persons to take delivery.

9. PERMISSION FOR ENTRY OF NON-INDIGENOUS PERSONS

The Trust Territory of the Pacific Islands is a strategic trusteeship and the entry of non-indigenous persons into the area is subject to regulation by the United States and the High Commissioner of the Trust Territory of the Pacific Islands. These regulations require approval of the entry of non-indigenous persons in each individual case. This contract does not constitute

a modification of existing policies, laws, or regulations and is not to be construed as granting permission for any person or persons to enter the Trust Territory of the Pacific Islands without full compliance with all then existing policies, laws, and regulations governing such entry.

10. CIVIL AND CRIMINAL LAWS

All persons entering the Trust Territory of the Pacific Islands and all persons or organizations conducting operations therein are subject to the civil and criminal laws thereof and to such military orders and directives as may be applicable to the areas in which they are employed or reside.

11. USE OF DOCK FACILITIES AND STOCKPILING AREAS

For a period of one year from the date of this agreement the Contractor shall have access without charge to all piers, wharves, docks, ramps, jetties, warehousing and stockpiling areas under the control of the Government as necessary for the removal of the property, but only insofar as such use does not interfere with the regular functions of the Government and any military or naval operations in the area. The Government shall not be liable for any loss or damages resulting from failure to provide dock or wharf facilities at a specified time or for a specified period. In the event that the Government establishes a standard schedule of fees for the use of said facilities and areas applicable to all non-governmental users thereof, the maximum charges for the period commencing one year from the date of this agreement and extending for a period of one year shall be:

a. For all piers, wharves, ramps, docks, and jetties...not more than fifty (\$.50) cents per gross ton of cargo loaded.

b. For all warehousing facilities and stockpiling areasnot more than one hundred fifty (\$150.00) dollars per month. The said maximum charge of one hundred fifty (\$150.00) dollars per month shall be applicable to the warehousing facilities and stockpiling areas in use by the Contractor as of the date of the execution of this contract. In the event that additional facilities and areas are used by the Contractor, a charge may be established by the Government on a square footage basis for warehousing facilities and on an acreage basis for stockpiling areas proportionate to the said maximum monthly charge for facilities and areas presently in use.

12. COOPERATION BY THE GOVERNMENT

The Government assumes no obligation to support the operations of the Contractor by furnishing supplies, equipment, transportation, or personnel, all of which are the exclusive responsibility of the Contractor. However, the Government will assist, as practicable, in the recruitment of indigenous laborers, on a voluntary basis, in the number required to expedite the collection, handling, and loading of the property. Employment of indigenous personnel is subject to the laws and directives in force at the time of such employment. Supplies and equipment may be made available by the Government, in accordance with existing directives.

13. FIREARMS AND EXPLOSIVES

The Contractor agrees that it will not remove any rifles, field pieces, or other firearms until they have been demilitarized and so certified by the Contracting Officer or his duly authorized representative. The Contractor will not knowingly remove any explosives or ammunition from the area.

14. CLEANUP OPERATIONS

The Contractor agrees to conduct its operations in such a manner as to maintain stockpiling and warehouse areas in a clean and orderly condition to the satisfaction of the Contracting Officer or his duly authorized representative. Prior to the commencement of the removal of any property from a given area the Contractor and the Contracting Officer, or his duly authorized representative, shall reduce to writing the specific extent of the Contractor's responsibility for cleanup operations. For any given area the monetary limit of said responsibility shall not be more than five hundred dollars (\$500.00) out of pocket expense on the part of the Contractor for labor and materials, or a greater amount as may be mutually agreed upon by the Contractor and the Contracting Officer or his duly authorized representative. Any additional cleanup work shall be performed at the direction of the Contracting Officer, or his duly authorized representative, and all costs thereof shall be borne by the Government. The Contracting Officer or his duly authorized representative, may refuse to make additional property available to Contractor until such areas are properly cleared.

15. SETTLEMENT OF DISPUTES

Any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor, except as otherwise provided in this contract. Within 30 days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the High Commissioner of the Trust Territory of the Pacific Islands, and the decision of the High Commissioner or his duly authorized representative for the hearing of such appeals shall be final and conclusive, provided, however, that if no such appeal is taken the decision of the Contracting Officer shall be final and conclusive. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

16. ASSIGNMENT OF CONTRACT

No assignment hereof may be made without the written permission of the Contracting Officer. All commitments and obligations of the Contractor shall be fully binding on any assignee.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

GOVERNMENT OF THE TRUST TERRITORY OF
THE PACIFIC ISLANDS

By James A. McConnell /s/
Contracting Officer for the High
Commissioner of the Trust Territory
of the Pacific Islands.

MICRONESIA METAL AND EQUIPMENT CO., INC.

By William W. Drury /s/
Its President

By Terry D. Hufft /s/
Its Secy - Treas.

THIS SUPPLEMENTAL AGREEMENT made this 3rd day of December, 1951, by the GOVERNMENT OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS, hereinafter called "Government", represented by James A. McConnell, Contracting Officer for the High Commissioner of the Trust Territory of the Pacific Islands and MICRONESIA METAL AND EQUIPMENT CO., INC., hereinafter called "Contractor".

WHEREAS, on the 30th day of November, 1951, an agreement was entered into between the Government and the Contractor relating to the sale of certain scrap metal, supplies, machinery, equipment for materials, and fixed installations situate in the Trust Territory.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, it is agreed as follows:

1. Contractor agrees to increase the percentages set forth in the payment schedules contained in paragraph 4 of said agreement between the parties as follows:

Paragraph 4.a. (1.) from fifteen (15%) per cent to sixteen and one-half (16 1/2%) per cent.

Paragraph 4. a. (2.) subject to negotiation, but from fifteen (15%) per cent to sixteen and one-half (16 1/2%) per cent for minimum payment.

Paragraph 4. a. (3.) from twenty (20%) per cent to twenty-one and one-half (21 1/2%) per cent.

Paragraph 4. b. (1.) from twenty-five (25%) per cent to twenty-six and one-half (26 1/2%) per cent.

Paragraph 4. b. (2.) subject to negotiation, but from twenty-five (25%) per cent to twenty six and one-half (26 1/2%) per cent for minimum payments.

Paragraph 4. b. (3.) from thirty (30%) per cent to thirty-one and one-half (31 1/2%) per cent.

2. The Government agrees that for a period of two years, commencing on the date of this supplemental agreement, no taxes, excises, duties, levies, or assessments of any nature whatsoever, other than those existing as of the date of this supplemental agreement, shall be levied, assessed or imposed by the Government on the Contractor, so long as the Contractor is performing under said agreement and any amendments thereto.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

GOVERNMENT OF THE TRUST TERRITORY OF
THE PACIFIC ISLANDS

By James A. McConnell /s/
Contracting Officer for the High
Commissioner of the Trust Territory
of the Pacific Islands.

MICRONESIA METAL AND EQUIPMENT, CO. INC.

By William W. Drury
Its President

By Terry D. Hufft
Its Secy - Treas.

THIS SUPPLEMENTAL AGREEMENT made this 13th day of August, 1953, by the GOVERNMENT OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS, hereinafter called "Government", represented by Frank E. Midkiff, High Commissioner of the Trust Territory of the Pacific Islands, and MICRONESIA METAL & EQUIPMENT COMPANY, Inc., hereinafter called "Contractor", provides that,

WHEREAS, on the 30th day of November, 1951, an agreement was entered into between the Government and the Contractor relating to the sale of certain scrap metal, supplies, machinery, equipment, war materials, and fixed installations situated in the Trust Territory, and

WHEREAS, on the 3rd day of December, 1951, a supplemental agreement was entered into between the Government and the Contractor providing for increased payments to the Government under the contract dated November 30, 1951, and providing for freedom by the Contractor from increased taxes, excises, duties, levies or assessments,

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, it is agreed as follows:

1. The provisions of paragraph 1 of the contract dated November 30, 1951, reading ".... within two years from the date of this agreement" are hereby amended to read "... within three years from the date of this agreement, and continuing thereafter, subject to termination after November 30, 1954, by either party giving to the other at least sixty days' written notice of such desire and intention to so terminate, ..."

*Termination
30 Nov '54*

2. The provisions of paragraph 2 of the contract dated November 30, 1951, are amended by adding thereto the following sentences: "In the event that the Contractor shall fail and refuse to engage with due diligence in the recovery and sale of scrap and salvage materials within the Trust Territory for a period of six months continuously, then the Contracting Officer or his duly authorized representative may in his discretion notify the Contractor in writing of such deficiency, giving the details of the nature of such deficiency and requiring the correction thereof by the Contractor within ninety (90) days thereof. If the Contractor shall fail to remedy such deficiency within such ninety (90) day period, then the Contracting Officer or his duly authorized representative may in his discretion annul and cancel any or all of the outstanding bills of sale in favor of the Contractor, and the title of the Contractor in and to the property described therein shall thereupon terminate. This shall not be construed to require Contractor to conduct operations in any particular area or as to any particular property embraced by a bill of sale provided Contractor is otherwise engaged with due diligence in the recovery and sale of scrap and salvage materials within the Trust Territory during such period."

IN WITNESS WHEREOF the parties have set their hands and seals the day and year first above written.

GOVERNMENT OF THE TRUST TERRITORY
OF THE PACIFIC ISLANDS

By /s/ Frank E. Midkiff
Frank E. Midkiff, High Commissioner
of the Trust Territory of the Pacific
Islands

MICRONESIA METAL & EQUIPMENT COMPANY, Inc.

By /s/ Bruce Aitchison
President