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EXECUTIVE ORDER NO. 04-2007

ADOPTING THE ASIAN DEVELOPMENT BANK VALUATION ZONING SYSTEM WITH A ZONE MAP AND BASE VALUATION, WITH MODIFICATIONS, AND PROMULGATING ITS IMPLEMENTATION FOR ACQUISITION OR LEASING OF PRIVATE LAND FOR PUBLIC PURPOSE IN CHUUK STATE.

WHEREAS, section 2 of article XI of the Chuuk State Constitution requires in part that: "Negotiations with the owner for voluntary lease, sale, or exchange shall be fully exhausted and just compensation shall be fully tendered before a taking may occur";

WHEREAS, JEMCO has expressed its concern over the environment associated with the purchase or lease of lands for infrastructure and other developmental needs of Chuuk using funds from the Amended Compact of Free Association, including problems with determining fair market value;

WHEREAS, the Chuuk State Government is required to acquire lands for its infrastructure and other development needs based on fair market value, with clear title and there is the need to prevent real or apparent conflicts of interest in such acquisition of public lands;

WHEREAS, the existing values of land were first prepared in 1998 under a Technical Assistance Program financed by the Asian Development Bank ("ADB") and that these figures are now some 9 years old and need to be readjusted and updated to reflect the current and reasonable fair values of real property in Chuuk;

WHEREAS, under the current ADB Private Sector Development Program Loan No. 1874 a valuation study has been carried out in April 2006 based on more recent property transactions and other factors in Weno only, but there needs to be land valuations for the other islands of Chuuk in order for the

governments to be able to utilize such for land acquisitions for public use in the outer islands;

WHEREAS, a valuation zoning system has been developed under the Program Loan, including a valuation zone map and base values defined for each of the zones on Weno alone (but not for the other Lagoon and Outer islands), which requires that extrapolation of comparable Weno zoning maps and base values be applied to the other Lagoon and Outer islands;

WHEREAS, after reviewing the recommended 2006 valuations for Weno by the ADB, it is apparent that there is a general increase of the base values, some with substantial increases while others remained constant or were otherwise reduced, that should require reasonable adjustments - downward or upward - for fairness and administrative simplicity;

WHEREAS, the valuation zone map indicates that the zones created are over thirty (30) with varying shapes and sizes for such a small land area, and that the base value for each of the zones varies significantly even between adjacent zones, which could foster and create confusion and a sense of unfairness among and between landowners themselves and the governments involved, and technically it would be cumbersome to administer and implement, and that fairness and administrative ease call for some streamlined and simplified adjustments to the zones and the base values therefore;

WHEREAS, for leases of private lands by the Chuuk State Government and its subdivisions for public purpose the annual rent per square meter shall be set at ten (10%) percent of the base value or fair market value of the real property to reflect the increasing cost of living and inflationary adjustments.

Now, pursuant to the authority vested in the Governor of the State of Chuuk in accordance with section 1 of article VI and section 2 of article XI of the Chuuk State Constitution, sections 7(f) and 19 of the Chuuk State Executive Reorganization Act (Chuuk State Law No. 7-03-05), applicable provisions of Truk State Law No. 2-1, and section 101 of Title 50 of the Truk District Code, this Order is hereby issued for the adoption and implementation of the Valuation Zoning System developed under ADB Loan No. 1874, including the zoning map and base values as shown in the attachments, as adjusted and re-zoned hereby, together with the modifiers that may be applied, as appropriate, for Weno and for the Lagoon and Outer Islands.

The Chuuk State Government, including its municipalities, agencies, departments and instrumentalities shall comply with this Executive Order in entering into lease agreements, including lease extension and renewal, and

purchase or exchange of private land for public purpose or use. The Department of Administrative Services, the Division of Land Management and the Office of the Attorney General shall be responsible for ensuring that any Chuuk State Government lease, purchase or exchange of private land for public purpose is made or undertaken pursuant to the applicable provisions of this Order. Any lease or sublease agreement, deed of sale, deed of conveyance, warranty deed, purchase agreement, exchange of land agreement, or otherwise any type of transaction for the acquisition of private land for public or governmental purpose that does not comply with or is in contravention of the applicable provisions of this Order shall be deemed void and no obligation or duty of the Chuuk State Government to compensate any landowner shall arise or be implied from such transaction or agreement.

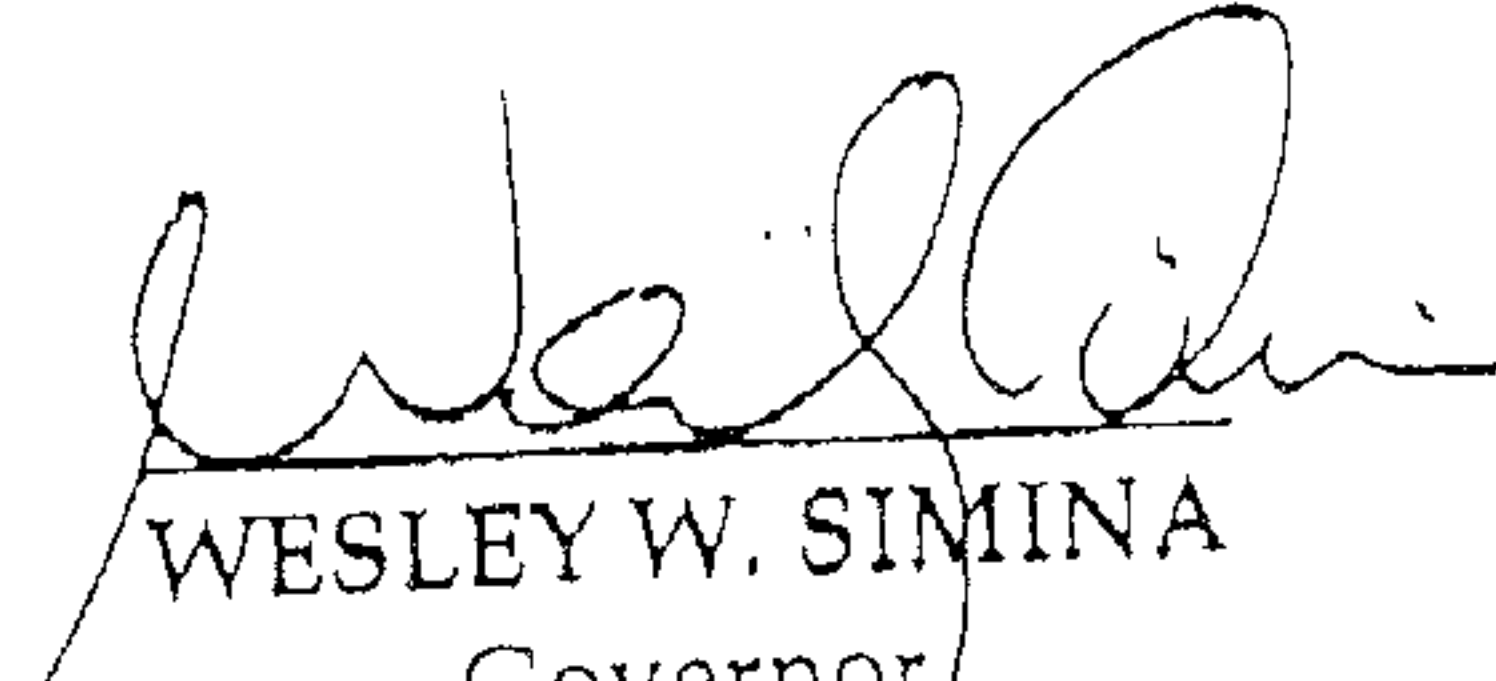
This Order shall apply to all prior land acquisition transactions or agreements already made or secured by the Chuuk State Government for public purposes, for the purpose of identifying and computing what would have been the reasonable price for such acquisition as if it were done pursuant to this Order; provided, that such application shall not deem to void any amount agreed to in the prior transaction or agreement, even if it is higher than the reasonable price pursuant hereto; provided further, that such prior agreed amount shall be utilized for the sole purpose of identifying the reasonable price of the total acquisition cost that ought to be acceptable for use of the Amended Compact funding, for payment, and for the purpose of re-negotiation of such prior land acquisition transactions or agreements.

With respect to the use of the road reference modifiers, whenever the Road 3 modifier becomes applicable to a land or area, the base value as shown on the Finalized Base Valuation (FV), as attached hereto, may be adjusted downward by twenty (20%) percent of the base value, which shall be deemed for all purposes to be the adjusted base value for that particular land or real property.

The Zoning Valuation System (with all the comparative base values inclusive of the Darroch, ADB, Proposed Compromise Values, and the Finalized Base Values) and the original and modified Zoning Maps, as attached hereto, are hereby included by reference and made part of this Executive Order; provided, that they are modified to such extent and in such manners as indicated therein, and for the base values, the Finalized Base Values (FV) and New Zones (NZ) shall control and are therefore the officially recognized base values and new zones for all Chuuk State Government land acquisition transactions or agreements. Private parties may utilize these zones and valuations, as they deem proper to their transactions.

This Executive Order shall take effect immediately and shall remain in effect and have the force of law until such time it is amended or superseded by acts of the Chuuk State Legislature or by operation of law.

Signed and executed this 27<sup>th</sup> day of February, 2007.

  
WESLEY W. SIMINA  
Governor  
State of Chuuk

Attachments : Final Base Valuation (FV)  
Original Zoning Map (OZ)  
New Zoning Map (NZ)

**Valuation Zone Table Rate – Chuuk State  
(Finalized)**

Zone	Type	\$ per square meter Modifiers may apply as to road types. See Executive Order													
		Road 1			Road 2			Road 3			Road 4				
	P														
Road 1=Coastal road Road 2= Secondary roads leading to road 1 Road 3= Legal but poor or not practical access															
NZ	P		D	P	C	D	P	C	D	P	C	D	P	C	FV
1	1	Wharf/Post office	35	65	50	35	65	50	35	65	50				50.00
	2	Commercial		40			40			40					
	3	Commercial		40			40			40					
2	4	mixed use		33			33			28				35.00	
	5	Airport Terminal	20	40	30	20	40	30	20	40	30				
3	6	Airport runway	11	25	18	11	25	18	11	25	18				20.00
	7	Mixed use		15			15			15					
	8	Mixed use	10	15	13	10	10	8	10	10	8				
	9	Mixed use		25			25			25					
	10	Mixed use	18	30	24	18	30	24	18	30	24				
	11	Mixed use	16	15	16	16	15	16	16	15	16				
4	12	Admin Area /Mixed use					20			15					30.00
	13	Commercial		30			30			30					
5	14	Commercial		15			15			15					15.00
	15	Mixed use		10			8			8					
	16	Residential		10			8			8					
	17	Residential	10	10	10	10	10	10	10	8	10				
	18	Resort					8			8					
	19	Residential/Mixed use					15			15					
6	20	Residential		15			12			10					7.00
	21	Residential/Mtn slopes		10			5			2.5					
	22	Residential/Mtn slopes					5			3					
	23	Residential/Mtn slopes		7			5			3					
	24	Residential/Mtn slopes		7			7			7					
	25	Residential		7			5			3					
	26	Residential		6			6			6					
27	Residential		6			6			6						

Approved: *[Signature]* 2/27/07

	28	Residential/Mixed use	5	5	5	
	29	Residential	5	5	5	
	30	Residential/Agriculture	6	6	3	
	31	Residential/Mtn slopes	10	7	2	
7	32	Mountain slopes	5	3	1.5	5.00
8	33	Mangrove/Tide land	N/A	N/A	N/A	7.00

Tonoas Island						
1		Residential Mixed use				15.00
2		Rural & Agriculture				5.00
3		Mountain Slope				5.00
4		Mangroves & Tideland				7.00
Rest of Volcanic Islands						
1		Residential Mixed use				10.00
2		Rural & Agriculture				5.00
3		Mountain Slope				5.00
4		Mangroves & Tideland				7.00
Islands of the Northwest and Mortlocks						
1		Residential Mixed Uses				10.00
2		Rural and Agricultural				5.00
3		Mangroves & Tidelands				7.00
NZ = New Zones    FY = Finalized Values						

Approved: *W. J. ...* 2/27/07

