

Summary of Discussion

National and State Leadership Meeting

Office of the President, 10th Olbiil Era Kelulau, Council of Chiefs,
Governors' Association and the Association of Speakers
Ming's Restaurant, Palasia Hotel | 12:03 am – 2:30 pm
Tuesday, August 29, 2017

Office of the President

President Tommy E. Remengesau, Jr.
Vice President Raynold Oilouch
Minister Elbuchel Sadang
Minister Sinton Soalablai
Minister Fautina Rehuher-Marugg
Minister Umich Sengebaw
Minister Baklai Temengil-Chilton
Minister Charles Obichang
Director Brian Melairei
Director Darnelle Decherong
Director Gustav Aitaro
Director Eunice Akiwo
Exec. Director Keobel Sakuma
Peter Polloi, MPIIC Special Advisor
Press Secretary Olkeriil Kazuo
Dwight Alexander, Asst. COFA Chief Negotiator
Nick Ngwal, Spec. Asst. to President
Nace Soalablai, Legislative Officer
Daniel Klopper, Legal Counsel
Austin Gaylor, Legal Counsel
Shelley Remengesau, MOS Special Assistant
Jennifer Anson, MOJ Staff
Indeara Daniels, VP Spec. Assistant
Rolynda Jonathan, *Note Taker*

10th Olbiil Era Kelulau

Senate

Senate President Hokkons Baules
Vice President Mark Rudimch
Floor Leader Kerai Mariur
Senator Aric Nakamura
Senator Phillip Reklai
Senator J. Uduch Sengebaw-Senior
Senator Rukebai Inabo
Senator John Skebong
Senator Mason N. Whipples

Ann Pedro, Clerk
Ngedikes Bechesrrak, Senate President Assistant
Mitsue Toribiong, Senate staff

House of Delegates

Speaker Sabino Anastacio
Vice Speaker Lucio Ngiraiwir
Floor Leader Gibson Kanai
Delegate Vicky Kanai
Delegate Jonathan Isechal
Delegate Mengkur Rechelulk
Delegate Masasinge Arurang
Delegate Swenny Ongidobel
Delegate Lee Otobed
Delegate Mario Gulibert
Delegate Yutaka Gibbons, Jr.

Leilani Senior, Staff

Council of Chiefs

Ibedul Yutaka M. Gibbons
Reklai Raphael B. Ngirmang
Madernegebuked Thomas O. Remengesau, Sr.
Ngirakebou Roman Bedor
Obak Isao Singeo
Rdechur Isimang Bandarii
Ngiraked Yukiwo Dengokl

Mary Ann Delemel Executive Director
Frida Ramarui, Administrative Specialist

I. Opening Remarks

President Remengesau welcomed and thanks all leaders and meeting participants, including members of the media and non-profit organization in attendance. He further welcomes everyone's participation in the meeting.

President Remengesau notes three (3) important agenda items for briefing:

1. Progress of the U.S.- Palau Defense Cooperation (Maritime Domain Awareness & Aerial Domain Awareness)
2. Follow up of the Palau Energy Summit
3. Palau Airport Terminal Project

II. U.S. Defense Cooperation Proposal (Maritime Domain Awareness & Aerial Domain Awareness)

Vice President and Minister of Justice Raynold Oilouch presented the following update:

The U.S. first approached Palau in February 2017 to discuss this proposal. The U.S. proposed to install radar systems in Palau. Following this initial discussion, a survey was conducted by the U.S. from Kayangel to Hatohobei to identified areas for installation. The U.S. identified areas for two aerial domain awareness (ADA) sites for exclusive use and five sites for maritime domain awareness (MDA) for surveillance of Palau's territorial waters.

In July 2017 following the survey, the seven total sites were presented to Palau. President Remengesau established the Technical Team headed by Vice President Oilouch and Minister Rehuher-Marugg to look into the proposal and negotiate on behalf of Palau. Meetings have been conducted I the OEK, Rubekul Belau, Governors and Speakers in regards to this proposal. In addition, meetings were held with state leaders and landowners of the designated states proposed for these sites by the U.S. The general understanding received from the Governors, State leaders, landowners and state land authority is that they approve of this proposal.

The first meeting with Palau Technical Team and the U.S. Technical Team led by Ambassador Amy Hyatt was held on August 17. Vice President Oilouch expressed the Palau Technical Team approached this proposal as a separate request not concerning the Compact of Free Association and the lands Palau is obligated to give to the U.S. Therefore, the Team treated the proposal as a separate matter outside of the COFA. During the August 17 meeting, Ambassador Hyatt informed the Palau team that the U.S. is triggering its right to Palau lands within the COFA. An official request is to be made through diplomatic note to Palau. Ambassador

Hyatt through this meeting states the U.S. is not responsible for releasing payment to Palau for additional lands. This created challenges between both teams. An agreement was reached for attorneys of both parties to look into the matter further for further discussion.

Governors' Association

Governor Temmy Shmull, Vice Chair
Governor Ellender Ngirameketii
Governor Mary Frances Remengesau
Governor Laura Miles
Governor Midas Ngiracheluolu
Governor Demei Obak
Governor Ken Uyehara
Governor Jersey Iyar
Governor Duane Hideo

Vice President clarifies the U.S. sole interest is in two sites for ADA: 55 acres or 200,000 square meters of land in Ngaraard and 65 acres or 250,000 square meters of land in Angaur. The Palau Technical Team has identified private and public lands within the proposed land size in Ngaraard. The private and public landowners have agreed to release the lands concerned, however requests for compensation. In Angaur, private landowners have also agreed to release the concerned lands with compensation. Blessing was also given by the Governor and state leaders. The national government holds retention rights of a portion of this designated land in Angaur while the remaining section is owned privately. The main challenge of these two sites requested by the U.S. is compensation. Discussion and negotiation is ongoing between the national government and landowners in regards.

Association of State Speakers

Speaker Ben Iskawa
Speaker Sabino Sackarias
Speaker Edwin Arurang
Speaker Edwin Chiokai
Speaker Sylverius Tellei
Speaker Teruo Rengulbai
Speaker Johnny Tudong

The five MDA sites the U.S. identified for installation can be moved if Palau so chooses as these systems is for Palau's use in surveillance and monitoring of its territorial waters. The MDA sites are significantly smaller at approximately 1,000 sq. meters. Additionally, the systems are movable.

NGO and Media Representatives

Dr. Minoru Ueki
Bernadette Carreon, Media

The U.S. expressed interest to issue official request through diplomatic note by end of August 2017. The Technical Team requested to delay the issuance of this official request to the end of September 2017 to allow some time to address concerns, including the matter of compensation with landowners in order for Palau to respond to accordingly.

Following the August 2017 meeting, attorneys of both parties met to discuss matters of compensation and other challenges. Additionally, the Palau Team met again where the Guam Accord was brought into discussion. The Guam Accord states if the U.S. requests for additional lands outside of lands designated within the Compact, Palau may request the United States for financial assistance in additional to that provided in Title 2 of the Compact. If the United States proceeds, it will require appraisal reports of said lands. The Guam Accord changed the tide of discussion between Palau and the U.S. The Guam Accords further states any agreement in regards to lands requires consent and approval from the Olbiil Era Kelulau and must comply with Palau's Constitution and laws. Following this discussion, the U.S. requested Palau to submit their proposal in regards.

The Technical Team is now looking into mapping both sites, Ngaraard and Angaur, and for the preparation of the actual appraisal reports of the lands. Bid will be required to hire an appraiser that both parties approve of to conduct appraisal of the lands. Two options are being considered in terms of how to address release of these lands. Through leasing or purchase by the national government and then leased to the U.S. Vice President clarifies the national government will not be releasing these lands based on its imminent domain power.

Discussion and work is ongoing with the national government and landowners while Palau continues discussion with the U.S. team. The Technical Team plans to address all concerns and matters regarding land value, appraisal and negotiation with landowners ahead of the U.S.'s official request through diplomat note by end of September in time for final discussion during the upcoming Joint Committee Meeting (JCM) between Palau and the U.S. in October.

Vice President further clarifies the U.S. and any country, according to our Constitution, cannot own any lands in Palau unless it's for diplomatic purposes. The Technical Team is working to ensure that no government funds will be expended, but rather compensation of said lands will be made entirely by the U.S.

Delegate Isechal requested for the Technical Team to look into the \$5 million set aside in 1994 as non-trust fund through the Compact for lands designated for the U.S. Minister Sadang clarifies the \$5 million was authorized and appropriated for other projects, however \$3.5 million balance remains. The funds however can only be accessed as compensation for specific lands identified in the Compact and does not cover these additional lands requested for radar systems.

Governor Uyehara reminds the Technical Team that the Angaur Constitution prohibits the sale of Angaur lands therefore leaving only one option – leasing. Delegate Gulibert further request for the Team to pursue the lease option and to allow Angaur to lease out the lands to the U.S. directly rather than through the national government. Additional request made for the Team to advise the State of any potential health risks or impacts the radar towers may have, and to further advice of the State Government's role. Vice President requests for the State to issue a resolution in support of this project. Vice President informs the proposal by the U.S. is for use of the radar towers until 2044. Based on a report from EQPB, there are no environment threats presented, however the Technical Team will take look into it. Suggestion made for the Technical Team to potentially negotiate for restoration fund.

President Remengesau notes there will be employment opportunity for Palau. Additionally, the U.S. has offered to provide aerial assistance to Palau by flying maritime law enforcement officials to patrol Palau's waters in response to criminal activities detected.

III. Palau Energy Summit Briefing

President Remengesau thanks national and state leaders of Palau's pursuit of its ambitious renewable energy target of 45% by 2025. The objective of this Summit was to identify ways in which PPUC, national and state leadership can move forward towards achieving this target.

Nick Ngwal, Special Assistant to the President presented the following update:

The Palau Energy Summit was held from August 8-10 with participations from representatives from the International Renewable Energy Agency (IRENA), SPC, Government of New Zealand, U.S. Department of Energy, Earth Justice, Okeanos Foundation for the Sea, EARTHx and GridMarket.

Palau through the Paris Agreement agreed to increase renewable energy production by 45% and energy efficiency by 35% in addition to reducing greenhouse gas emissions by 22%.

If Palau is to become a leader of renewable energy in the Pacific, Palau as a whole will need to take ownership and work together to achieve its target.

Summit findings include recommendation to strengthen PPUC and Palau Energy Administration, the nation's leading agencies in energy.

Nick further reports a study has been conducted by IRENA and submitted to the Palau Energy Administration outlining the cost effective ways to achieve Palau's energy goals. During the Summit, it was projected to cost Palau an estimated \$40 million to achieve its energy goals.

The Committee detailed four items within the Summit Action Plan:

1. Comprehensive stakeholder engagement and capacity development strategy – business unusual
2. Priority Technical Issues – in regards to surveying of roof tops, lands and others that can host solar panels to generate energy
3. Review Energy Policies such as RPPL 9-4: Palau Utilities Consolidation Act, RPPL 9-54: Palau Energy Act and SB 8-69: Net Metering Act
4. Identify Partnership and Financial Options

Palau National Energy Committee created by President Remengesau through Executive Order is set to meet this afternoon to begin progress towards achieving Palau's targets.

President Remengesau emphasizes the Committee includes membership from the Rubekul Belau, the two Chairman of Energy Committees in the OEK, Energy Office, Ministry of Public Infrastructure, Industries and Commerce, and PPUC. It also includes membership from tourism industry, Chamber of Commerce, Governors' Association and Speakers Association as well as technical experts. This project may also incorporate public-private partnership as we explore options and seek partners to work with PPUC as we move forward. Building and business code is suggested for exploration to require businesses to incorporate renewable energy generation.

Governor Miles requests for inclusion of Sonsorol and Hatohobei in the Action Plan.

President Remengesau announced as a result of the Summit, the Government of New Zealand issue \$400,000 to improve Kayangel's water system.

IV. Palau Airport Terminal Project

Minister Obichang provided the following overview of the project:

Palau has been working with Sotijz and Japan Airport Terminal Company (JATCO) for the past two years to establish a public-private partnership for the airport expansion and renovation project. The joint venture agreement was signed on August 7 and on August 11th the concession agreement was signed between Palau, Sojitz and JATCO. Two major components are ongoing, including the basic design of the project in renovating and expanding the airport. Construction timeline is considered for the beginning of next year for estimated two years depending on operation, weather and other factors. Airport operation will not be interrupted during the duration of the project. Review of financial package from JICA for the project is ongoing.

MPIIC and the national government continue to work with Sojitz, JATCO and JICA in implementation of this project.

President Remengesau emphasizes the Pristine Paradise Palau brand calls for improvement of services to encourage and entice high-value tourism. The airport is the first impression of arrival and the last impression of departure. JATCO successfully manages the Haneda Airport, the fifth busiest airport in the world.

Delegate Isechal expressed support of project and confirms the validity of RPPL 10-11, which was questioned in the media and in other meetings. He further read memo issued by an attorney to the House of Delegates which states, “whether RPPL 10-11 is consistent with the prior laws or conforms with the procedural requirements of prior laws, that does not have any barrier at the present of the validity of this law. RPPL 10-11 just as any other law remains valid with full force and effect unless the Court determines it is constitutional in whole or in part” or if the OEK repeals this law. Delegate Isechal further comments any citizen who wishes to challenge this law can file a case before the Court of law.

President Remengesau encourages the whole to share information with their constituents and to disseminate information accordingly to better inform the public.

V. Miscellaneous

1. **New Mariculture Center:** Minister Sengebau announced signing of contract agreement for new Mariculture Center. Construction to begin in September with completion in October through a \$6 million JICA grant aid. At this time, Palau is producing 250,000 seedlings. The new Center will increase seedling to over 1 million annually. Visitor’s center will be incorporated into the new building for visitors as an added revenue generating mechanism.
2. **Port States Measure:** The Port States Measure Agreement Workshop commenced in Palau. Palau is among the first nation to sign onto this agreement with the United Nations Food and Agriculture Organization (FAO). The measure focuses on combatting illegal, unregulated, unregistered (IUU) fishing activities. FSM, Kiribati, and Nauru representatives in attendance. Review of Palau’s policy ongoing. All port related authorities, Customs, Immigrations and others are participating in the workshop. FAO has approved \$450,000 grant assistance to support the Micronesian Association for Sustainable Aquaculture (MASA). Palau chairs this association.
3. **NDBP Loan:** President Remengesau announces \$4 million balance remains with NDBP for agriculture and aquaculture projects. He encourages Governors to work with NDBP who continues to conduct meeting in states to provide information and assistance to interested applicants.
4. **Audit Report:** Minister Sadang reports 2016 audit has been completed with a \$6.2 million surplus. Some findings were listed, of which majority were on matters concerning procurement.
5. **Independence Day Program:** Minister Temengil-Chilton reports of Independence Day celebration. Official program to take place on Sunday, October 1. Boat race scheduled for Monday, October 2. Fireworks scheduled on the evening of October 1. Independence Day Organizing Committee membership including Governors’ Association, Chamber of Commerce, BTA. The first meeting is scheduled for Tuesday, September 5.
6. **Road Pavement Work:** Director Melairei reports within the Japan grant aid the pavement work was scheduled to begin from Sansaro, Ngermid to Ice Box, however due to the delayed Koror-

Airai Sanitation Project (KASP), PPUC management requested for extension of completion for the water project. Discussion to shift the pavement from Ngeruluobel, Airai to the bridge equivalent to the Ngermid to Ice Box length. Palau to submit request to JICA for pavement from Bridge on.

7. Director Decherong reports dispensaries in Melekeok, Ngarchelong and Ngerulmud are now equipped with doctors from Monday to Friday. As of dengue cases, for August cases are reported a 27, significant reduction from previous month. Ministry of Health continued to conduct outreach program until cases falls under threshold of less than 10 cases per month.
8. Minister Soalablai reports in partnership with PCC, the Ministry of Education has successfully enrolled Ms. Lorinda Uro, as the first dual full-time student as an 11th Grade at Palau High School and in her first year at Palau Community College. The plan is for her to graduate simultaneously from PHS and PCC.

President Remengesau requests the Senate President Baules and Speaker Anastacio to look into and to action on the Pristine Paradise legislation pending in the OEK.

Senator Senior suggests exploring and revisiting the matter of visa to address the issue of tourism, terrorism attacks, security and others.

President Remengesau requests for the Senate's support and confirmation of Jeraldine Tudong's appointment as Ambassador to the European Union. Senator Senior comments of appointment of Ms. Tudong and expresses she is well-qualified for this position.

Senator Skebong requests the leadership's assistance to delay PPUC's increase of power rates. He expresses concerns of NDBP loan requirement for licensing and training. Additionally, Senator Skebong inquires of impact of sewage spill-off, if any, of the clam seedling production and the new Mariculture Center. President Remengesau informs quality of water in the hatchery was tested and proven in good quality.

Senator Inabo requests the leadership to conduct oversight of PPUC. Senator Inabo reports PPUC has excess revenue with a \$15 million cash balance. She further stated the cost of fuel dropped by 30% while PPUC's revenue hardly dropped which means it overly covered cost of fuel, further overstated cost of water and sewer. Senator Inabo suggested PPUC to conduct a tariff review to determine the actual cost of water and power.

President Remengesau announced Minister Sadang worked to delay loan payment to ADB of project, however the ADB Board of Director did not approve of the delay.

VI. Closing Statements

Senate President Baules commends the leadership for this gathering and further encourages of similar meeting arrangements in the future. The meeting was very fruitful.

Speaker Anastacio further commends the arrangement of this meeting and encourages for partnership and teamwork among all the leaders.

Governor Shmull expressed appreciation to the President, Rubekul Belau, Senate President and the Speaker for the opportunity to be part of the discussion of important matters facing the Republic. On

behalf of the Governors, Governor Shmull requested for leaders to consider moving venue for future leadership meeting to another state allowing for participation from the community and the public to be better informed of public affairs.

*****Note: This Summary is subjected to corrections and change*****