February 12, 2013

The Honorable Isaac V. Figir
Speaker
17th FSM Congress
Palikir, Pohnpei, FM 96941

Dear Speaker Figir:

I am pleased to inform Congress that I signed the following Congressional Act to become Public Law No. 17-80 pursuant to Article IX Section 22 of the FSM Constitution:

Congressional Act No. 17-84, "AN ACT TO AUTHORIZE THE PRESIDENT OF THE FEDERATED STATES OF MICRONESIA, OR HIS DESIGNEE, TO EXECUTE A SOVEREIGN GUARANTEE TO SECURE AN ASIAN DEVELOPMENT BANK LOAN FOR THE YAP RENEWABLE ENERGY DEVELOPMENT PROJECT, AND FOR OTHER PURPOSES."

Allow me to thank Congress for approving the Act, as this is an important milestone towards implementing the FSM National Energy Policy. At the same time, any legal guarantees by the National Government must be subject to reasonable legal protections, which are provided in the Act. The Executive Branch will ensure that those protections required by law are observed.

With warm personal regards, I remain,

Sincerely,

Manny Mori
President

xc: Chief Justice, FSM Supreme Court
Secretary, Department of Justice
Director, Office of SBOC
Legislative Counsel, CFSM
Library, CFSM
PIO, FSM
January 23, 2013

His Excellency Manny Mori  
President  
Federated States of Micronesia  
Palikir, Pohnpei FM 96941

Dear President Mori:

I have the honor to transmit herewith Congressional Act No. 17-84, "AN ACT TO AUTHORIZE THE PRESIDENT OF THE FEDERATED STATES OF MICRONESIA, OR HIS DESIGNEE, TO EXECUTE A SOVEREIGN GUARANTEE TO SECURE AN ASIAN DEVELOPMENT BANK LOAN FOR THE YAP RENEWABLE ENERGY DEVELOPMENT PROJECT, AND FOR OTHER PURPOSES.", which was passed by the Seventeenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2013, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

[Signature]

Liwiana Ramon Iloanis  
Chief Clerk, Congress of the  
Federated States of Micronesia

Enclosures
An Act

TO AUTHORIZE THE PRESIDENT OF THE FEDERATED STATES OF MICRONESIA, OR HIS DESIGNEE, TO EXECUTE A SOVEREIGN GUARANTEE TO SECURE AN ASIAN DEVELOPMENT BANK LOAN FOR THE YAP RENEWABLE ENERGY DEVELOPMENT PROJECT, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: FLORENCIO S. HARPER (BY REQUEST)
DATE: SEPTEMBER 25, 2012

REFERRED TO: COMMITTEES ON RESOURCES AND DEVELOPMENT AND WAYS AND MEANS
WITHDRAWN – JANUARY 21, 2013
FIRST READING: JANUARY 21, 2013
SECOND READING: JANUARY 22, 2013

Liwiana Ramonioanis
Chief Clerk, FSM Congress
ACT NO. 17-84

(CONGRESSIONAL BILL NO. 17-179, C.D.1)

We hereby certify that on January 22 the foregoing act passed Second and Final Reading of the Seventeenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2013, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

Isaac V. Figir
Speaker
Congress of the
Federated States of Micronesia

Liwiana Ramon Ioanis
Chief Clerk
Congress of the
Federated States of Micronesia
AN ACT

To authorize the President of the Federated States of Micronesia, or his designee, to execute a sovereign guarantee to secure an Asian Development Bank loan for the Yap Renewable Energy Development Project, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1. Section 1. Purpose. The FSM National Energy Policy seeks to prioritize the use of renewable energy. The Asian Development Bank ("ADB") has proposed the Yap Renewable Energy Development Project to reduce the dependency on imported diesel fuels. The Yap Renewable Energy Development Project will support development of grid connected wind and solar power, will improve the efficiency of diesel generation, and will build technical capacity. The proposed cost of the project is $11.16 million, to be funded with $4.68 million from ADB's Ordinary Capital Resources ("OCR") funds, $4.38 million from ADB's Asian Development Fund ("ADF"), and $2.12 million from the State of Yap. As a condition of the loan to the State of Yap, the Asian Development Bank requires a sovereign guarantee that the loan will be repaid.

2. Section 2. Authorization to execute sovereign guarantee. Pursuant to the authority to appropriate funds and to borrow money on public credit under Article IX of the FSM Constitution, Congress hereby authorizes the President, or his designee, to execute a sovereign guarantee with the State of Yap and the Asian
Section 3. Authorization for appropriation. There is hereby authorized to be appropriated out of the General Fund of the Federated States of Micronesia the sum of not more than $9,060,000 to guarantee the repayment of the ADB Yap Renewable Energy Development Project loan.

Section 4. Terms of the guarantee. The guarantee shall be executed upon such terms as may be set by the President of the Federated States of Micronesia consistent with the provisions of this act to include the following conditions:

a. The State of Yap is primarily responsible for repayment of the Asian Development Bank loan.

b. FSM National Government's obligation as guarantor extends only to disbursements of the Asian Development Bank Renewable Energy Development loan after execution of an appropriate guarantee agreement.

c. FSM National Government's obligation applies only if the State of Yap is in default of its repayment obligations.

d. The State of Yap pledges its state revenues and agrees to an offset if its national revenues in the event of default by the State of Yap.

e. The State of Yap provides full indemnity to the FSM National Government to indemnify the FSM National
1 Government whenever the latter becomes obligated to pay under the
2 guarantee.
3
4 subrogation rights in the event it becomes liable under its
5 guarantee.
6
7 Section 5. Duties of the Secretary of Finance. Upon default
8 of the State of Yap on its repayment obligations to the Asian
9 Development Bank, the Secretary of Finance and Administration
10 shall submit to the President an appropriation bill for
11 consideration of Congress of the Federated States of Micronesia
12 for fulfilment of the sovereign guarantee.
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14 Section 6. Effective date. This act shall become law upon
15 approval by the President of the Federated States of Micronesia or
16 upon its becoming law without such approval.
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February 11, 2013

Manny Mori
President
Federated States of Micronesia