



The President
Palikir, Pohnpei
Federated States of Micronesia

PRESIDENTIAL COMM. NO. 18-327
FSM CONGRESS

July 16, 2014

The Honorable Dohsis Halbert
Speaker
18th FSM Congress
Palikir, Pohnpei FM 96941



Dear Speaker Halbert:

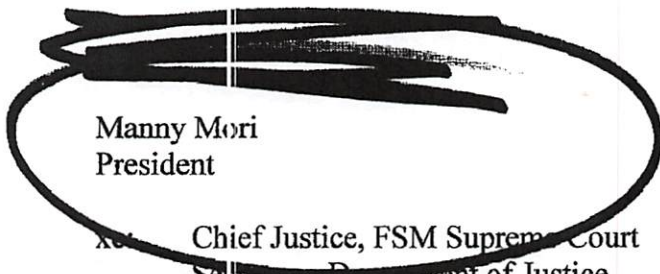
We are returning to Congress the following Congressional Act as Public Law 18-74:

“AN ACT TO FURTHER AMEND SECTIONS 1202, 1208 AND 1217 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 10-150 AND AMENDED BY PUBLIC LAW NO. 12-16, FOR THE PURPOSE OF PLACING ONE MEMBER OF EACH GOVERNMENT ON THE BOARD OF TRUSTEES, ESTABLISHING STATE SUB-ACCOUNTS BY THE FSM TRUST FUND, AND FOR OTHER PURPOSES.”

I once again reiterate that the National Government is alone in its contribution of funds to the FSM Trust Fund, yet this Act is relegating the National Government to a minority position on the FSM Trust Fund Board, allowing the State Government representatives to dictate the operation, supervision, and management of the Fund as well as investment and distribution of resources of the Fund. Until the State Governments contribute to their sub-accounts, having the majority on the Board made up of State Government appointees makes no sense and does not protect the major investor, the National Government.

I would also note that the typographical errors contained in the original Act we returned with our transmittal dated July 1, 2014, still remain.

Sincerely,


Manny Mori
President

cc: Chief Justice, FSM Supreme Court
Secretary, Department of Justice
Director, Office of SBOC
Legislative Counsel, CFSM
Library, CFSM
PIO, FM



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P.O. Box PS 3
Palikir, Sokehs
Pohnpei State, FM 96941
Tel: (691) 320-2324 / 2338
Fax: (691) 320-5122

Office of the Chief Clerk

July 11, 2014

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. 18-73, "AN ACT TO FURTHER AMEND SECTIONS 1202, 1208 AND 1217 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 10-150 AND AMENDED BY PUBLIC LAW NO. 12-16, FOR THE PURPOSES OF PLACING ONE MEMBER OF EACH GOVERNMENT ON THE BOARD OF TRUSTEES, ESTABLISHING STATE SUB-ACCOUNTS IN THE FSM TRUST FUND, AND FOR OTHER PURPOSES.", which was repassed on July 10, by the Eighteenth Congress of the Federated States of Micronesia, Fourth Special Session, 2014, by a three-fourths vote of all the State delegations as required and as duly certified.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Liwiana Ramon Ioanis".

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

Enclosures

PRESIDENTIAL COMM. NO. 18-327
FSM CONGRESS





PRESIDENTIAL COMM. NO. 18-327
FSM CONGRESS

EIGHTEENTH CONGRESS OF THE
FEDERATED STATES OF MICRONESIA
FOURTH SPECIAL SESSION
JULY 7 - 12, 2014

PUBLIC LAW No. 18-74

An Act

TO FURTHER AMEND SECTIONS 1202, 1208 AND 1217 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 10-150 AND AMENDED BY PUBLIC LAW NO. 12-16, FOR THE PURPOSES OF PLACING ONE MEMBER OF EACH GOVERNMENT ON THE BOARD OF TRUSTEES, ESTABLISHING STATE SUB-ACCOUNTS IN THE FSM TRUST FUND, AND FOR OTHER PURPOSES.

INTRODUCED BY: SENATOR ISAAC V. FIGIR

DATE: MAY 15, 2014

REPASSED: JULY 10, 2014

A handwritten signature in blue ink, appearing to read "Liwiana Ramon Ioanis", is written over a horizontal line.

Liwiana Ramon Ioanis
Chief Clerk, FSM Congress



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P.O. Box PS 3
Palikir, Sokehs
Pohnpei State, FM 96941
Tel: (691) 320-2324 / 2338
Fax: (691) 320-5122

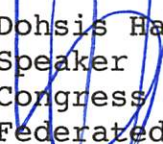
Office of the Speaker

PRESIDENTIAL COMM. NO. 18-327
FSM CONGRESS

ACT NO. 18-73

(CONGRESSIONAL BILL NO. 18-162, C.D.1)

I hereby certify that on July 10 the foregoing act was repassed by the Eighteenth Congress of the Federated States of Micronesia, Fourth Special Session, 2014, by a three-fourths vote of all the State delegations as required under article IX, section 2(q), of the Constitution of the Federated States of Micronesia.


Dohsis Halbert
Speaker
Congress of the
Federated States of Micronesia

AN ACT

To further amend sections 1202, 1208 and 1217 of title 55 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 10-150 and amended by Public Law No. 12-16, for the purposes of placing one member of each government on the Board of Trustees, establishing State sub-accounts in the FSM Trust Fund, and for other purposes.

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

1 Section 1. Section 1202 of title 55 of the Code of the
2 Federated States of Micronesia, as amended by Public Law No. 12-16,
3 is hereby further amended to read as follows:

4 "Section 1202. Definitions. Unless otherwise specified
5 or clear from the context, words and phrases used in
6 this chapter shall have the following meanings:

7 (1) 'Baseline Funding' means the amount of Compact of
8 Free Association assistance provided to a government in
9 fiscal year 2001, adjusted for inflation to the final
10 year of the first Compact;

11 (2) 'Board' means the Board of Trustees of the Fund;

12 (3) 'Contributing government' means the government of
13 any State of the FSM or the National Government once such
14 government has made a contribution of funds to the S
15 Account;

16 (4) 'FSM' means the sovereign nation of the Federated
17 States of Micronesia;

18 (5) 'Financial year' means the fiscal year of the Fund,
19 which shall be the twelve-month period ending on the last

1 day of each December;

2 (6) 'Fiscal year' means the fiscal year of the
3 National Government;

4 (7) 'Fund' means the FSM Trust Fund created by this
5 chapter, including the accounts therein;

6 (8) 'Fund custodians' means the one or more firms
7 selected by the Board to assume responsibility for the
8 physical possession of the Fund assets or evidences of
9 assets;

10 (9) 'Fund managers' means the one or more firms
11 selected by the Board to manage the investment and
12 reinvestment of the Fund's resources;

13 (10) 'Fund returns' means the returns accruing to the
14 Fund by way of income generated from the Fund's
15 resources and the capital appreciation of those
16 resources;

17 (11) 'Long-term Trust Account' means a Trust Fund or
18 Trust Account similar or identical in structure to the
19 terms of this Trust Fund, wherein an Account is designed
20 for the principal to be maintained through long-term
21 investments.

22 (12) 'National Government' means the National Government
23 of the FSM;

24 (13) 'Other participating government' means a State
25 government of the FSM;

(14) 'Real value' means the value of contributions to the Fund when adjusted to reflect inflation and population change. For purposes of determining 'real value' at any one time, the value of a contribution in the form of a loan shall be the principal balance then owing. The inflation adjustment shall be made to current prices in line with movements in the US Consumer Price Index. Population refers to the number of FSM citizens residing in the FSM. When current population figures are not available, the Board shall use such estimates thereof as it finds to be reasonable. Such estimates may be extrapolated from the most recent population census based on the population growth rate prior thereto;

(15) 'Reinvestment' means the process whereby Fund returns, whether in the form of income or appreciation, become part of the capital of the Fund; and

(16) 'Renewal Compact' means the renewed economic assistance provisions contained in Title Two of the Compact of Free Association."

Section 2. Section 1208 of title 55 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 10-150, is hereby amended to read as follows:

"Section 1208. Board.

(1) The Fund shall have a Board of Trustees consisting of five trustees one member shall be

1 appointed by the President of the Federated States of
2 Micronesia with the advice and consent of Congress. The
3 Governor of each State of the Federated States of
4 Micronesia shall appoint one member of the Board with
5 the advice and consent of the respective State
6 legislative bodies. The Minimum qualification for
7 services as a member of the Board shall be a bachelor's
8 degree in finance or related field, and five years of
9 experience in the area of finance. Board members shall
10 serve a term of four years. The President of the
11 Federated States of Micronesia may recall the National
12 Government appointee to the Board. The Governor of the
13 respective State may recall its appointee to the Board.
14 The Board shall elect a Chairman from amongst its
15 members.

16 (2) All powers of the Fund shall be vested in and
17 exercisable by the Board.

18 (3) The functions of the Board shall include:

19 (a) obtaining, along with others, contributions to
20 the Fund;

21 (b) operation, supervision and management of the
22 Fund; and

23 (c) investment and distribution of resources of the
24 Fund.

25 (4) Trustees shall serve as such without payment of

1 compensation from the Fund or any other source. Reasonable
2 expenses of the Board itself shall be provided for
3 annually in the national budget of the FSM and not paid
4 out of the Fund.

5 (5) The Board shall meet at least once per year and
6 additionally as necessary, and reasonable notice shall be
7 given of meetings.

8 (6) For the purposes of meetings of the Board, three-
9 fifths of trustees shall constitute a quorum.

10 (7) Except where otherwise provided in this chapter,
11 questions before the Board shall be decided by a majority
12 of votes of trustees present and voting at the meeting.

13 (8) The Board shall establish its own bylaws and rules of
14 procedure.

15 (9) All expenses of the Board shall be subject to
16 appropriation, and shall not be considered expenses of the
17 Fund under section 1212."

18 Section 3. Section 1217 of title 55 of the Code of the
19 Federated States of Micronesia, as amended by Public Law No. 12-16,
20 is hereby further amended to read as follows:

21 "Section 1217. Other participating government accounts.

22 (1) There are hereby created State sub-accounts,
23 including A and B sub-accounts, for each of the States
24 of the Federated States of Micronesia.

25 (2) Any donor, including the State and Foreign

1 Governments may make contributions to a State sub-
2 account or sub-accounts.

3 (3) National Government contributions to State sub-
4 accounts shall only be to the long-term, A sub-account
5 of that State or States.

6 (4) Contributions to a State sub-account made by the
7 National Government shall remain the property of the
8 National Government, with the relevant State being the
9 beneficiary of the proceeds subject to the conditions of
10 the A account. Contributions made by the National
11 Government to a State sub-account shall not be withdrawn
12 or disbursed except to cover the compensation and
13 expenses of the Fund managers and custodians in carrying
14 out their duties in administration of the Fund in
15 accordance with sections 1212 and 1213.

16 (5) State sub-accounts shall be subject to this
17 chapter and administered in the same manner as the
18 National Government A, B and S Accounts except that
19 distributable funds or assets shall be made available to
20 the other participating governments rather than the
21 National Government.

22 (6) States may withdraw their own contributions to
23 their States A sub-account and contributions made on
24 their behalf by NGO's and other donors if allowed under
25 the terms of the contribution, beginning 2023.

(7) States may withdraw from their State
B sub-account beginning 2023. Fund expenses shall be
prorated between the accounts of different governments
in proportion to their relative share of the total
Fund."

Section 4. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its
becoming law without such approval.

_____, 2014

Manny Mori
President
Federated States of Micronesia

Overruled
07-10-14