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AN ACT

To amend Sections 3, 4 and 5 of Public Law No. 5-88, as amended by Public Law No. 6-57, relating to the Bank of Micronesia, to appropriate funds therefor, and for other purposes.

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

1       Section 1. Subsection (2) of Section 3 of Public Law No. 5-88, as  
2 amended by Public Law No. 6-57, is hereby further amended to read as  
3 follows:

4               "(2) The principal office of the Bank shall be located  
5 within the territory of the Federated States of Micronesia, at  
6 a place to be designated by the Board of Directors of the Bank;  
7 there may be such subordinate or branch offices in such place  
8 or places in the other states as the Board of Directors of the  
9 Bank may deem necessary. There shall be such branch, subordinate  
10 or representative offices to be in the charge of such person or  
11 persons as may be appointed by the Board of Directors."

12       Section 2. Section 4 of Public Law No. 5-88, as amended by Public  
13 Law No. 6-57, is hereby further amended to read as follows:

14               "Section 4. Board of Directors. The affairs of the Bank shall  
15 be managed and its corporate powers exercised by a Board of  
16 Directors, seven in number, hereinafter referred to as the  
17 'Board'. Four members of the Board shall be appointed by the  
18 President of the Federated States of Micronesia, with the advice  
19 and consent of the Congress of the Federated States of Micronesia,  
20 and three members shall be appointed by the High Commissioner of  
21 the Trust Territory of the Pacific Islands. The Board shall  
22 elect a Chairman from among its membership and shall select a

1 President of the Bank; PROVIDED, HOWEVER, that the President of  
2 the Federated States of Micronesia and the High Commissioner  
3 shall jointly select the first President of the Bank, after  
4 consultation with the Board. The first President of the Bank  
5 shall not be removed without the approval of the President of the  
6 Federated States of Micronesia and the High Commissioner. Board  
7 members and all executive officers of the Bank shall be persons  
8 experienced in the conduct of business, commerce, finance, banking,  
9 accounting, or developmental economics. The President shall  
10 manage the operations of the Bank, with the assistance of a Vice  
11 President and a Secretary-Treasurer. The President shall select  
12 the Vice President and Secretary-Treasurer of the Bank, subject  
13 to approval by the Board. Appointment of officers and employees  
14 of the Bank shall be made without regard to the provisions of  
15 the Trust Territory Merit System Law and Compensation Plan, or  
16 similar laws or plans of the Government of the Federated States  
17 of Micronesia. The salary of the President shall be set by the  
18 Board; PROVIDED, HOWEVER, that the salary of the first President  
19 appointed jointly by the President of the Federated States of  
20 Micronesia and the High Commissioner shall be set by them, in  
21 consultation with the Board. The salary of the Vice President  
22 shall be set by the President with the approval of the Board and  
23 shall not exceed a sum equal to 90% of the salary of the President.  
24 The salary of all the other officers and employees of the Bank  
25 shall be established by the President, with the approval of the



1 Board. No member of the Board shall be an officer of the Bank  
2 except that the President of the Bank shall be an ex officio  
3 member of the Board, without the power to vote. No member of  
4 the Board or officer of the Bank, during the term for which he  
5 was appointed or reappointed and during six calendar months  
6 following the expiration of the term for which he was appointed  
7 or reappointed, shall be eligible either to borrow moneys from,  
8 or through the Bank, or to assume responsibility in whole or in  
9 part under a guarantee or indemnity or by the deposit of a  
10 security to the Bank in respect of a debt or obligation of a  
11 third party."

12 Section 3. Section 5 of Public Law No. 5-88, as amended by Public  
13 Law No. 6-57, is hereby further amended to read as follows:

14 "Section 5. Terms of Board members. Members of the Board shall  
15 serve three-year terms. Vacancies in the membership of the Board  
16 shall be filled in the same manner as the original appointment.  
17 Board members shall be eligible for reappointment. Any director  
18 may be removed from office by the affirmative vote of five members  
19 of the Board of Directors. All members of the Board shall be  
20 entitled to necessary travel expenses and to per diem at standard  
21 Trust Territory rates, while on the business of the Bank. Board  
22 members who are neither employees or officials of the Trust Terri-  
23 tory Government or the Government of the Federated States of  
24 Micronesia shall, in addition, be paid \$30 per day while on the  
25 business of the Bank."

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1       Section 4. Appropriation and Reports.

2           (1) The sum of \$10,000, or so much thereof as may be  
3 necessary, is hereby appropriated from the General Fund of the Congress  
4 of the Federated States of Micronesia for the purpose of defraying the  
5 operating and contingent expenses of the Micronesia Development Bank for  
6 Fiscal Year 1979.

7           (2) The sum appropriated by Subsection (1) of this Section shall  
8 be allotted by the Director of the Bureau of Finance, Department of  
9 Administrative Services, Trust Territory Government, to the President of  
10 the Federated States of Micronesia, or his designee, who shall be  
11 responsible for ensuring that these funds are used for the purpose specified  
12 in Subsection (1) above, and that no obligations are incurred in excess  
13 of the sum appropriated. Any part of this appropriation not obligated as  
14 of September 30, 1979 shall revert to the General Fund of the Congress of  
15 the Federated States of Micronesia.

16          (3) The allottee specified in Subsection (2) shall submit a  
17 detailed report to the President of the Federated States of Micronesia  
18 before October 15, 1979, which shall:

19           (a) provide for the full accounting by object class of  
20 the obligations incurred against the sum appropriated by Subsection (1);  
21 and

22           (b) present the fiscal support requirements of the  
23 activity for Fiscal Year 1980.

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1       Section 5. Effective Date. This act shall become law upon approval  
2 by the President of the Federated States of Micronesia, or upon its  
3 becoming law without such approval.

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Tosiwo Nakayama  
President  
Federated States of Micronesia