To amend sections 8, 9, and 15 of Public Law No. 2-10, which establishes a telecommunications corporation, in regard to compensation of directors, the effective date the chief executive officer must be a citizen, and the annual and sick leave of the Corporation's employees, and for other purposes.

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

Section 1. Section 8 of Public Law No. 2-10 is hereby amended to read as follows:

"Section 8. Board of Directors.

(1) Establishment. The affairs of the Corporation shall be managed and its corporate powers exercised by a Board of Directors, hereinafter referred to as "the Board."

(2) Composition. The Board shall be composed of nine members. Three members shall be appointed by the President of the Federated States of Micronesia with the advice and consent of the Congress. The Governor of each State of the Federated States of Micronesia shall appoint one member of the Board with the advice and consent of the respective State legislature. The Vice President of the Federated States of Micronesia and the chief executive officer of the Corporation shall serve ex officio as members of the Board with full rights of membership.

(3) Organizational meeting. On September 1, 1981, and annually thereafter during the month of September on such dates as are set by the Board, the Board shall meet to select its officers and to conduct such other business as it shall deem advisable. At the first such meeting, the appointed members of the Board shall determine by lot the length of their initial terms with three members serving initial terms of one year, two serving initial terms of two years, and two serving initial terms of three years."
The President of the Federated States of Micronesia may, by
Executive order, set the first organizational meeting for
another date not later than December 31, 1981, when he has
determined that a majority of the Board has not been appointed
or confirmed prior to September 1, 1981.

(4) Terms of office. Terms of office shall be for a
period of three years, except that the initial terms of
office and the filling of vacancies shall be as provided by
this act. The terms of office shall commence on September 1, 1981,
or on the date of the organizational meeting of the Board,
whichever occurs first.

(5) Vacancies. Each vacancy on the Board shall be filled
for the unexpired portion of the term in the same manner as
originally filled. Upon a determination that a vacancy exists,
the chairman or, in his absence, the presiding officer of the
Board shall issue a notice of vacancy to all members of the
Board and the parties responsible for filling the vacancy.
Any vacancy occasioned by failure to make a nomination to the
Congress or a State legislature prior to the expiration of the
previous term, or by failure to submit a nomination within
60 days of receipt of notice that a vacancy exists, or within
10 days of receipt of notice of rejection of nomination, shall
be filled by nomination of the Speaker of the Congress or the
Speaker of the State legislature, subject to advice and
consent of the Congress or the legislature or an authorized

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committee thereof; PROVIDED, HOWEVER, that the nomination of
the President or Governor shall be entitled to consideration
if such nomination is made prior to that of the Speaker.

(6) Removal.

(a) Members of the Board may be removed from the
Board for failure to attend three consecutive meetings of the
Board.

(b) A member may be removed by a 2/3 majority
vote of all other members of the Board for neglect of duty
or malfeasance in office. Notification of intent to call for
removal pursuant to this subsection shall be made at least
30 days in advance, by means which shall be described in the
bylaws of the Corporation, and shall include a summary of
the basis of the charges against the member and identification
of the witnesses to be called and evidence to be used.

(c) The Supreme Court of the Federated States of
Micronesia shall have jurisdiction to hear claims of wrongful
removal.

(7) Officers. The Board shall elect from among its
members a chairman, vice chairman, and secretary-treasurer.
The chairman shall ordinarily preside at Board meetings. In
his absence the vice chairman shall preside. The bylaws shall
provide for determination of the presiding officer in the
absence of these officers.

(8) Regular meetings. Regular meetings shall be held not
less than once per calendar quarter, at such times and place
or places as shall be determined by the bylaws.

(9) Special meetings. Special meetings shall be called
by the chairman on his own initiative, or by petition of 1/3
of the members, pursuant to notice as shall be provided in the
bylaws.

(10) Quorum. A quorum of all regular business of the
Board shall be five members.

(11) Executive committee. There shall be an executive
committee of the Board composed of the chairman, vice chairman,
and secretary-treasurer, or their individually designated
substitutes chosen from among the membership of the Board. The
executive committee shall meet with the chief executive officer
at least once per calendar quarter at such times and places
as shall be determined by the bylaws. The executive committee
shall be empowered to conduct all business of the Board, except
that the executive committee shall not have the authority to
terminate the services of the chief executive officer, to retain the
services of a new chief executive officer, to alter the senior
levels of the administrative structure of the Corporation, to
approve the budget of the Corporation, or to increase the
indebtedness of the Corporation beyond such limits as are
provided in the bylaws, without the concurrence of the Board.

(12) Record of meetings. The secretary-treasurer, or in
his absence another member designated by the bylaws, shall keep
full and accurate minutes of all meetings.

(13) Compensation of directors. Directors who are
employees of the National Government or a State government of the
Federated States of Micronesia shall receive no additional
compensation for their service as members of the Board. The
compensation of members who are not government employees shall
be as determined by the Board. All members of the Board shall
be entitled to compensation for travel and per diem for travel
at established Federated States of Micronesia Government rates
when serving the Corporation."

Section 2. Section 9 of Public Law No. 2-10 is hereby amended to
read as follows:

"Section 9. Management. There shall be a chief executive
officer of the Corporation, whose compensation, title, and
term of office shall be determined by the Board. The chief
executive officer shall be responsible for the management of the
operations of the Corporation, and shall, in accordance with
policies established by the Board, retain, direct, and
terminate the services of employees. Effective January 1, 1982,
the chief executive officer must be a citizen of the Federated
States of Micronesia."

Section 3. Section 15 of Public Law No. 2-10 is hereby amended to
read as follows:

"Section 15. Transition.

(1) The Corporation shall commence provision of services
in the Federated States of Micronesia at such time as it has
acquired title to or control over the telecommunications
equipment and other related property of any entity including
the Trust Territory of the Pacific Islands which is located
in the Federated States of Micronesia, or as may otherwise
be agreed between the Government of the Federated States of
Micronesia and the Government of the Trust Territory of the
Pacific Islands. The Corporation shall determine the manner
and terms upon which it shall assume its responsibilities
under this act, in accordance with applicable law.

(2) The Corporation shall undertake to employ the employees
of the Trust Territory Government and the States governments who
are employed in good standing in telecommunications services
at the time that the Corporation commences operation of tele-
communications services. Nothing herein shall require the
Corporation to hire such employees at positions commensurate
with their former responsibilities, or at the rate of wages
previously received; however, each such employee shall retain
his rights to accrued sick leave and annual leave not in
excess of 100 hours, 80 of which are the amounts allowed for each by
section 10.3 (a), (b), and (c) of the Public Service System
Regulations."

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.
Date: 10/9/81

Introduced by: Jack Fritz

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