

1 Section 12. Title 39 of the Code of the Federated States of
2 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
3 further amended by adding a new section 125 of chapter 1 to read as
4 follows:

5 "Section 125. Disclosure of conflicting interests.

6 (1) Any director who is, in his or her personal
7 capacity, directly or indirectly interested in any
8 arrangement or agreement entered into or proposed to be
9 entered into by the Corporation shall, as soon as
10 possible after the relevant facts have come to his or her
11 notice, disclose the nature of his or her interest at a
12 meeting of the Board.

13 (2) A disclosure under this section shall be recorded
14 in the minutes of the meeting of the Board and the
15 director shall not take part after the disclosure in any
16 deliberation or decision relating to the arrangement or
17 agreement, but shall be counted as present for the
18 purpose of forming a quorum of the Board for any such
19 deliberation or decision."

20 Section 13. Title 39 of the Code of the Federated States of
21 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
22 further amended by adding a new section 126 of chapter 1 to read as
23 follows:

24 "Section 126. Compensation of directors.

25 (1) Directors who are employees of any local or state

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1 government, or of the National Government shall serve
2 without compensation paid by the Corporation, but may
3 continue to receive their regular salaries from their
4 respective governments. Directors who are not employees
5 of any state or of the National Government shall be
6 entitled to a compensation of \$35 per day while attending
7 to the business of the Corporation. All directors shall
8 be entitled to payment for expenses necessarily incurred
9 when serving the Corporation away from their states of
10 residence. The rate of compensation shall not be in
11 excess of the prevailing per diem rate of the FSM
12 National Government."

13 Section 14. Title 39 of the Code of the Federated States of
14 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
15 further amended by adding a new section 127 of chapter 1 to read as
16 follows:

17 "Section 127. Postmaster General and other employees of
18 the Corporation.

19 (1) The Postmaster General shall be appointed by the
20 Board. He or she shall be a person who has detailed
21 knowledge and experience in the management and operation
22 of postal services.

23 (2) Subject to subsection (1) of this section, the
24 Board may employ, at such remuneration and on such terms
25 and conditions as the Board may determine, the Postmaster

1 General who shall be responsible to the Board for the
2 control and management of the operations of the
3 Corporation.

4 (3) The Board may engage, at such remuneration and on
5 such terms and conditions and in such number as it may
6 determine, other employees of the Corporation.

7 (4) The Board may contract out to third parties the
8 activities or any part of the activities of the
9 Corporation on such terms as the Board deems appropriate.

10 (5) Any third party to whom the activities, or part
11 of the activities of the Corporation, have been
12 contracted out to under subsection (4) of this section,
13 shall be subject to the provisions of this or any other
14 act or regulation relating to postal services as if it
15 were the Corporation.

16 (6) The Board may, from time to time, appoint
17 consultants, advisors, and such specialized personnel as
18 it deems necessary or appropriate to assist the
19 Corporation, and such persons shall be retained upon such
20 terms and conditions as the Board deems proper.

21 (7) All directors, employees and agents of the
22 Corporation are exempt from the Public Service System
23 Act.

24 (8) The Board shall adopt personnel policies governing
25 the hiring and termination of employees, employee rights

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1 and privileges, salaries and other benefits, and other
2 personnel policies it deems appropriate."

3 Section 15. Title 39 of the Code of the Federated States of
4 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
5 further amended by adding a new section 128 of chapter 1 to read as
6 follows:

7 "Section 128. Delegation of powers.

8 (1) The Board may confer on the Postmaster General any
9 of its powers, on such terms and subject to such
10 restrictions as it deems fit, and may from time to time
11 revoke, withdraw, or vary any power so conferred or any
12 such terms or restrictions.

13 (2) The Postmaster General may, from time to time, with
14 the written consent of the Board, either generally or for
15 any particular transaction or class of transactions, or
16 for any particular act of administrative control or
17 management, delegate any power conferred on him or her,
18 by or pursuant to this act, to any officer or employee,
19 or to officers and employees of a specified class, or to
20 the holder or holders for the time being of a specified
21 office or class of offices.

22 (3) No such delegation shall prevent the exercise by
23 the Postmaster General of any powers conferred on him or
24 her, by or pursuant to this act.

25 (4) Every person purporting to act pursuant to any

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1 delegation under this section shall be presumed to be
2 acting in accordance with the terms of the delegation in
3 the absence of proof to the contrary.

4 (5) Any such delegation shall, until revoked, continue
5 in force according to its tenure, notwithstanding any
6 change in the membership of the Corporation, any
7 committee, or in the holder of any office."

8 Section 16. Title 39 of the Code of the Federated States of
9 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
10 further amended by adding a new section 129 of chapter 1 to read as
11 follows:

12 "Section 129. Personal liability. No director or
13 employee of the Corporation shall be personally liable
14 for any act or default done or made by the Corporation,
15 or by any director or employee who acts in good faith in
16 the course of the operations of the Corporation."

17 Section 17. Title 39 of the Code of the Federated States of
18 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
19 further amended by adding a new subchapter 3 of chapter 1 entitled
20 "Functions and Powers of the Corporation".

21 Section 18. Title 39 of the Code of the Federated States of
22 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
23 further amended by adding a new section 131 of chapter 1 to read as
24 follows:

25 "Section 131. Functions of the Corporation.

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1 (1) The functions of the Corporation are to establish,
2 improve, maintain, operate and manage postal services and
3 services and facilities in connection with the operation
4 of postal services, and to carry on such other types of
5 business as may be ancillary to those functions.

6 (2) The Corporation is a not-for-profit corporation.
7 As such, its financial objective is to recover its
8 costs."

9 Section 19. Title 39 of the Code of the Federated States of
10 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
11 further amended by adding a new section 132 of chapter 1 to read as
12 follows:

13 "Section 132. Powers of the Corporation.

14 (1) Subject to this act, the Corporation shall have all
15 the powers and authorities necessary for the effective
16 performance of its functions as set out in this act.

17 (2) In performing the functions authorized pursuant to
18 section 131 of this chapter and other provisions of this
19 act, the Corporation shall have all powers normally
20 exercised by a corporation, including but not limited to
21 the following:

22 (a) to adopt, alter and use a corporate seal;

23 (b) to adopt and amend bylaws governing the
24 conduct of its business and the exercise of its powers;

25 (c) to sue and be sued in its corporate name;

1 (d) to acquire in any lawful manner real,
2 personal, or mixed property, either tangible or
3 intangible; to hold, maintain, use and operate such
4 property; and to sell, lease, or otherwise dispose of
5 such property;

6 (e) to act as agent of, and as correspondent for,
7 other postal services;

8 (f) to make contracts and incur liabilities, and
9 to borrow or raise any sum or sums of money and issue
10 corporate bonds on such security and upon such terms as
11 may, from time to time, be deemed necessary for the
12 expansion of the Corporation;

13 (g) to administer and invest or reinvest its
14 funds;

15 (h) to retain and terminate the services of
16 employees, philatelic and other agents, attorneys,
17 auditors, and independent contractors upon such terms and
18 conditions as it may deem appropriate;

19 (i) to conduct its business, carry on its
20 operation, have offices, and to exercise the powers
21 herein granted in any state of the Federated States of
22 Micronesia, or in any foreign country;

23 (j) to operate and manage the provision of postal
24 services; to levy such charges and fees whatsoever
25 arising from the management or operation of any postal

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1 service and any function ancillary thereto;
2 (k) to purchase, lease, rent, or otherwise acquire
3 as gifts any land and building for the purpose of
4 establishing or maintaining any postal service, or for
5 the purpose of providing an office or keeping technical
6 equipment, or for accommodation or otherwise for the
7 purpose of exercising any functions or powers of the
8 Corporation, or to dispose of the same; and
9 (l) to do all such other things as may be deemed
10 incidental or conducive to the fulfillment of the
11 functions of the Corporation."

12 Section 20. Title 39 of the Code of the Federated States of
13 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
14 further amended by adding a new section 133 of chapter 1 to read as
15 follows:

16 "Section 133. Shares or stocks. The Corporation shall
17 not sell shares or stocks."

18 Section 21. Title 39 of the Code of the Federated States of
19 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
20 further amended by adding a new section 134 of chapter 1 to read as
21 follows:

22 "Section 134. Contracts. All contracts entered into by
23 the Corporation shall be in writing and shall bear the
24 official seal of the Corporation."

25 Section 22. Title 39 of the Code of the Federated States of

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1 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
2 further amended by adding a new section 135 of chapter 1 to read as
3 follows:

4 "Section 135. Tax liabilities; exemptions. The
5 Corporation shall exist and operate solely for the
6 benefit of the public and shall be exempt from any taxes
7 or assessments on any of its property, operations, or
8 activities. Nothing herein shall be deemed to exempt
9 employees and independent contractors of the Corporation
10 from tax liability for services rendered to the
11 Corporation; and the Corporation shall be liable for
12 employer's contributions to the Social Security System of
13 the Federated States of Micronesia in the manner provided
14 by law."

15 Section 23. Title 39 of the Code of the Federated States of
16 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
17 further amended by adding a new subchapter 4 of chapter 1 entitled
18 "Finance; Accounts; Audit".

19 Section 24. Title 39 of the Code of the Federated States of
20 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
21 further amended by adding a new section 141 of chapter 1 to read as
22 follows:

23 "Section 141. Corporation account. There shall be an
24 account to be termed the Postal Service Corporation
25 Account, consisting of the money arising from the

1 following sources:

2 (1) charges and fees collected by the Corporation;

3 (2) rents and profits of land vested in the
4 Corporation;

5 (3) proceeds and profits of land set aside as
6 endowments for the Corporation;

7 (4) money received from sales of stamps and other
8 philatelic products by agents of the Corporation pursuant
9 to any stamps and philatelic agreement;

10 (5) money received by or becoming the property of the
11 Corporation, or proceeds received from the sale of
12 properties conveyed to the Corporation, pursuant to this
13 act;

14 (6) money received from the National Government and
15 other governments;

16 (7) money received or proceeds received from the sale
17 of properties donated from individuals, agencies,
18 organizations and other entities;

19 (8) any receipt in respect of services performed by the
20 Corporation where the management and control of those
21 services are vested in the Corporation;

22 (9) money borrowed by the Corporation; and

23 (10) money realized from investments."

24 Section 25. Title 39 of the Code of the Federated States of
25 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby

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1 further amended by adding a new section 142 of chapter 1 to read as
2 follows:

3 "Section 142. Money to be deposited.

4 (1) All money belonging to the Corporation shall be
5 deposited into the Postal Service Corporation Account
6 established at a bank in the Federated States of
7 Micronesia.

8 (2) The Postal Service Corporation Account shall be
9 applied for the payment of all charges and expenses
10 incurred by the Corporation in carrying out this act, and
11 in doing all acts and things which the Corporation is, by
12 this act or any other act, empowered or required to do.

13 (3) All withdrawals from the Account shall be made in
14 accordance with the annual budget approved by the Board,
15 or as authorized from time to time by the Board.

16 (4) Any payment made by the Corporation in an amount
17 greater than \$1,000 from money withdrawn from the Account
18 shall be in check signed by two persons to be designated
19 by the Board."

20 Section 26. Title 39 of the Code of the Federated States of
21 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
22 further amended by adding a new section 143 of chapter 1 to read as
23 follows:

24 "Section 143. Accounting system. The Corporation shall
25 establish and maintain an accounting system that:

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- 1 (1) accurately and timely records all transactions and
2 accounts for all assets and liabilities of the
3 Corporation in accordance with generally accepted
4 accounting principles (GAAP);
5 (2) generates accurate and timely reports on the
6 results of operations that will assist the management and
7 the Board in the decision making process; and
8 (3) protects all assets of the Corporation."

9 Section 27. Title 39 of the Code of the Federated States of
10 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
11 further amended by adding a new section 144 of chapter 1 to read as
12 follows:

13 "Section 144. Chief Financial Officer. The Corporation
14 shall employ a Chief Financial Officer or Chief
15 Accountant, who possesses sufficient professional
16 experience, education, and credentials to ensure the
17 proper maintenance and functioning of the accounting
18 system in section 143 of this chapter."

19 Section 28. Title 39 of the Code of the Federated States of
20 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
21 further amended by adding a new section 145 of chapter 1 to read as
22 follows:

23 "Section 145. Imprest account.
24 (1) The Board may, by resolution, establish an imprest
25 account to be kept at the bank in which the Postal

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1 Service Corporation Account is kept, in the name of the
2 Corporation.

3 (2) By resolution, the Board may, from time to time,
4 fix the maximum amount that may be held at any time in
5 the imprest account.

6 (3) Money from the imprest account may be used for the
7 purpose of effecting payment of amounts payable by the
8 Corporation where, with the amounts involved, it is
9 impractical to draw a payment by check or by other means.
10 A statement of all payments made from the imprest account
11 shall be submitted to the Board for approval at its first
12 meeting thereafter. The payment of money out of the
13 imprest account for any purpose not hereby authorized
14 shall be deemed to be a misappropriation of the funds of
15 the Corporation."

16 Section 29. Title 39 of the Code of the Federated States of
17 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
18 further amended by adding a new section 146 of chapter 1 to read as
19 follows:

20 "Section 146. Interest-bearing account. In any case
21 where it is deemed advisable that any sum of money at
22 credit of any account should be placed on deposit at
23 interest, the Board may deposit or cause to be deposited
24 that sum of money with any bank it so approved."

25 Section 30. Title 39 of the Code of the Federated States of

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1 Micronesia, as amended by Public Laws Nos. 5-66, and 7-75, is hereby
2 further amended by adding a new section 147 of chapter 1 to read as
3 follows:

4 "Section 147. Special fund.

5 (1) Notwithstanding any provision of this act, the
6 Board may appropriate, in any year, any part of the
7 Postal Service Corporation Account, not appropriated for
8 any special purpose, towards the creation of a special
9 fund to provide for the following contingencies:

10 (a) destruction of or injury to any property of
11 the Corporation;

12 (b) depreciation in the value of any property
13 of the Corporation;

14 (c) claims which may be made upon the Board by the
15 employees of the Corporation;

16 (d) losses which may arise in the event of the
17 dishonesty of employees of the Corporation, and premiums
18 payable on policies of insurance against any such losses;

19 (e) any other exceptional losses or expenditures;
20 and

21 (f) the strengthening of any sinking fund of any
22 loan, or the depreciation of any of the investments
23 thereof, or the repayment of any loan or part thereof.

24 (2) Subject to the provisions of this act, the Board
25 may invest all money so appropriated, and the interest

1 and profits derived therefrom, in such securities as it
2 from time to time determines.

3 (3) The Board may at any time repay into the Postal
4 Service Corporation Account the whole or any part of the
5 money so appropriated or invested and the accumulations
6 thereof, except in the case of money set apart for the
7 contingencies mentioned in subsection (1) of this
8 section."

9 Section 31. Title 39 of the Code of the Federated States of
10 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
11 further amended by adding a new section 148 of chapter 1 to read as
12 follows:

13 "Section 148. Accountability; Corporate intent; Annual
14 reports; Audit.

15 (1) The Corporation shall be accountable to the Board
16 and shall provide to the Board such statements of
17 corporate intent and financial reports, both semi-annual
18 and annual. Annual financial reports shall include
19 independently audited financial statements made pursuant
20 to subsection (2) below.

21 (2) The Corporation shall be audited annually by the
22 FSM Public Auditor or any reputable accountant or
23 accounting firm approved by the FSM Public Auditor.

24 (3) The Board shall, not later than ninety (90) days
25 after the close of each fiscal year, submit to the

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1 President and the Congress a complete report, including
2 financial statements, showing the activities of the
3 Corporation during the fiscal year, the present condition
4 of the Corporation, and such other matters as the Board
5 shall deem appropriate. The financial statement shall
6 include at least a balance sheet, operating statements,
7 statement of cash flow, and an analysis of changes in
8 retained earnings."

9 Section 32. Title 39 of the Code of the Federated States of
10 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
11 further amended by adding a new section 149 of chapter 1 to read as
12 follows:

13 "Section 149. Authority to borrow.

14 (1) Subject to the provisions of this act and the
15 approval of the Board, the Corporation may borrow money
16 for the purpose of enabling it to carry out its
17 objectives, functions, and powers."

18 Section 33. Title 39 of the Code of the Federated States of
19 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
20 further amended by adding a new subchapter 5 of chapter 1 entitled
21 "Transition".

22 Section 34. Title 39 of the Code of the Federated States of
23 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
24 further amended by adding a new section 151 of chapter 1 to read as
25 follows:

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1 "Section 151. Transfer of assets and liabilities.
2 (1) All assets and liabilities of the National
3 Government relating to the operation of postal services
4 are hereby transferred and assigned to the Corporation.
5 (2) All licenses, easements, permits or obligations the
6 National Government has under any agreement relating to
7 the operation of postal services shall be transferred and
8 assigned to the Corporation; PROVIDED, that such
9 licenses, easements, permits or contractual obligations
10 are transferable or assignable.
11 (3) Every agreement, deed, bond or other instrument
12 relating to the operation of postal services to which the
13 National Government is a party, and the rights,
14 liabilities, and obligations thereunder, shall be
15 transferred and assigned to the Corporation; PROVIDED,
16 that such agreement, deed, bond or other instruments are
17 transferable or assignable.
18 (4) The Corporation shall be bound by the obligations
19 of the National Government derived from any treaties or
20 agreements acceded to or ratified by the National
21 Government, or that the National Government will accede
22 to or ratify, relating to the operation of postal
23 services to the extent not prohibited by said treaties
24 and agreements.
25 (5) In the event the Corporation becomes insolvent, the

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1 assets remaining after liquidation shall revert back to
2 the National Government.

3 (6) Every transfer or assignment made pursuant to this
4 section shall be deemed to take effect on the date this
5 act comes into effect."

6 Section 35. Title 39 of the Code of the Federated States of
7 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
8 further amended by adding a new section 152 of chapter 1 to read as
9 follows:

10 "Section 152. Transfer of employees.

11 (1) Notwithstanding section 127 of this act, every
12 person who is an officer of, or is employed under
13 contract or otherwise by the Corporation, in respect of
14 the operation of postal services, and all matters
15 incidental thereto, prior to the coming into force of
16 this act, shall continue to be so employed until he or
17 she receives written notice from the Corporation or the
18 Board, as the case may be, that his or her employment or
19 appointment is terminated.

20 (2) The employees shall carry forward their salaries
21 and rights to their accrued sick leave and annual leave
22 hours."

23 Section 36. Title 39 of the Code of the Federated States of
24 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
25 further amended by adding a new section 153 of chapter 1 to read as

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1 follows:

2 "Section 153. Continuation of annual appropriation.
3 Following the effective date of this act, Congress shall
4 appropriate for the Corporation during the fiscal year
5 ending September 30, 2000, money in the amount equivalent
6 to the first three quarters of the FSM Postal Service
7 budget for fiscal year 1999."

8 Section 37. Title 39 of the Code of the Federated States of
9 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
10 further amended by adding a new section 154 of chapter 1 to read as
11 follows:

12 "Section 154. Existing charges to continue. All postal
13 charges and fees which, at the commencement of this act,
14 are set by law or agreement shall be levied at the same
15 rate, until and unless later changed by the Board or
16 pursuant to agreement entered into by the Board. Such
17 charges and fees shall be payable to the Corporation."

18 Section 38. This act shall become law upon approval by the
19 President of the Federated States of Micronesia or upon its becoming
20 law without such approval.

21

22 Date: 10/14/99

Introduced by: ✓

Joseph J. Urusemal
(by request)

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A BILL FOR AN ACT

To further amend title 39 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, by repealing chapter 1 in its entirety, and by enacting a new chapter 1 in lieu thereof, for the purpose of corporatizing the postal services of the Federated States of Micronesia, and for other purposes.

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

1 Section 1. Title 39 of the Code of the Federated States of
2 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
3 further amended by repealing chapter 1 thereof in its entirety.

4 Section 2. Title 39 of the Code of the Federated States of
5 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
6 further amended by adding a new chapter 1 entitled "Postal Service
7 Corporation".

8 Section 3. Title 39 of the Code of the Federated States of
9 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
10 further amended by adding a new subchapter 1 of chapter 1 entitled
11 "General Provisions".

12 Section 4. Title 39 of the Code of the Federated States of
13 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
14 further amended by adding a new section 111 of chapter 1 to read as
15 follows:

16 "Section 111. Short title. This act may be cited as the
17 'Postal Service Corporation Act of 1999'."

18 Section 5. Title 39 of the Code of the Federated States of
19 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
20 further amended by adding a new section 112 of chapter 1 to read as
21 follows:

22 "Section 112. Purpose. The purpose of this act is to
23 establish a Postal Service Corporation to promote,
24 encourage and assist in the development of sustainable
25 and efficient postal services in the Federated States of

1 Micronesia."

2 Section 6. Title 39 of the Code of the Federated States of
3 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
4 further amended by adding a new section 113 of chapter 1 to read as
5 follows:

6 "Section 113. Definitions. In this act, unless the
7 context otherwise requires:

8 (1) 'Attorney General' means the Secretary of the
9 Department of Justice.

10 (2) 'Board' means the Board of Directors of the
11 Corporation.

12 (3) 'Congress' means the Congress of the Federated
13 States of Micronesia.

14 (4) 'Corporation' means the Postal Service Corporation
15 established under this act.

16 (5) 'Director' means a member of the Board of Directors
17 of the Corporation.

18 (6) 'Extraordinary vacancy' means a vacancy created
19 when a director dies, resigns or is removed from office.

20 (7) 'FSM' means the Federated States of Micronesia.

21 (8) 'National Government' means the Government of the
22 Federated States of Micronesia.

23 (9) 'President' means the President of the Federated
24 States of Micronesia."

25 Section 7. Title 39 of the Code of the Federated States of

1 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
2 further amended by adding a new subchapter 2 of chapter 1 entitled
3 "Establishment and Administration".

4 Section 8. Title 39 of the Code of the Federated States of
5 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
6 further amended by adding a new section 121 of chapter 1 to read as
7 follows:

8 "Section 121. Postal Service Corporation. There is
9 hereby established a public corporation called the Postal
10 Service Corporation."

11 Section 9. Title 39 of the Code of the Federated States of
12 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
13 further amended by adding a new section 122 of chapter 1 to read as
14 follows:

15 "Section 122. Board of Directors.

16 (1) There shall be a Board of Directors of the
17 Corporation. The Board shall comprise of four (4)
18 directors who shall be appointed by the President with
19 the advice and consent of Congress, and the Postmaster
20 General who shall be an ex officio voting member of the
21 Board.

22 (2) The Board shall be comprised of a fair
23 representation of persons who have:

24 (a) extensive experience in the operation and
25 management of postal services;

1 (b) wide and detailed knowledge and experience in
2 accounting, law or commerce;

3 (c) major business use of, and by reason thereof,
4 a vested interest in, postal services;

5 (d) not been convicted of any felony.

6 (3) The Board shall elect, among its members, a
7 chairman who shall convene and preside over meetings of
8 the Board. The chairman shall perform such other duties
9 as may be prescribed by the Corporation bylaws, as
10 assigned from time to time by the Board, or as provided
11 in this act. The chairman shall serve for a term of
12 three (3) years. The Board shall elect among its members
13 a vice chairman who shall, in the absence of the
14 chairman, have and perform all the functions and duties
15 of the chairman. The vice chairman shall serve for a
16 term of three (3) years.

17 (4) With the exception of the Postmaster General, who
18 serves as a director for as long as he is the Postmaster
19 General, every director shall hold office for a term of
20 three (3) years.

21 (5) A director whose term expires after three (3) years
22 shall be eligible for reappointment.

23 (6) Any director may be removed from office by the
24 affirmative vote of four (4) Board members.

25 (7) Except as provided by this act, each director shall

1 hold office until his/her successor is appointed and
2 qualified."

3 Section 10. Title 39 of the Code of the Federated States of
4 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
5 further amended by adding a new section 123 of chapter 1 to read as
6 follows:

7 "Section 123. Extraordinary vacancies.

8 (1) In addition to the removal provisions in section
9 122(6) of this title, any director may be removed at any
10 time from office by the President, acting on the advice
11 of the Attorney General, for disability or
12 incapacitation, bankruptcy, neglect of duty, misconduct,
13 or incompetence proved to the satisfaction of the Board.

14 (2) An extraordinary vacancy shall be filled by the
15 appointment of a person in the same manner prescribed in
16 section 122 of this chapter.

17 (3) Every person appointed to fill an extraordinary
18 vacancy shall be appointed for the remaining term for
19 which the vacating director was appointed."

20 Section 11. Title 39 of the Code of the Federated States of
21 Micronesia, as amended by Public Laws Nos. 5-66 and 7-75, is hereby
22 further amended by adding a new section 124 of chapter 1 to read as
23 follows:

24 "Section 124. Board meetings.

25 (1) The first meeting of the Board shall be called by

1 the Postmaster General within sixty (60) days after all
2 directors are appointed and qualified.

3 (2) Subsequent meetings of the Board shall be held at
4 such times and places as the Board, from time to time,
5 determines.

6 (3) The chairman or any three (3) directors may at
7 any time call a special meeting of the Board.

8 (4) At all meetings of the Board the quorum necessary
9 for the transaction of business shall be a simple
10 majority of the directors.

11 (5) A resolution in writing, signed or assented to by
12 letter or facsimile by all directors, shall be valid and
13 effectual as if it had been passed at a meeting of the
14 directors duly called and constituted.

15 (6) The Board shall cause minutes to be kept, in a book
16 provided for that purpose, of all resolutions and
17 proceedings of its meetings.

18 (7) The minutes shall be approved by the Board and
19 signed by the chairman at the next meeting.

20 (8) A copy of the official minutes of every meeting
21 shall be furnished to every director.

22 (9) Subject to the provisions of this act, the Board
23 may regulate its procedures in such manner as the
24 directors deem appropriate.

25 (10) All Board meetings shall be held in the FSM."