



The President
Palikir, Pohnpei
Federated States of Micronesia

February 12, 2013

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



PRESIDENTIAL COMM. NO. 17368
FSM CONGRESS

Dear Speaker Figir:

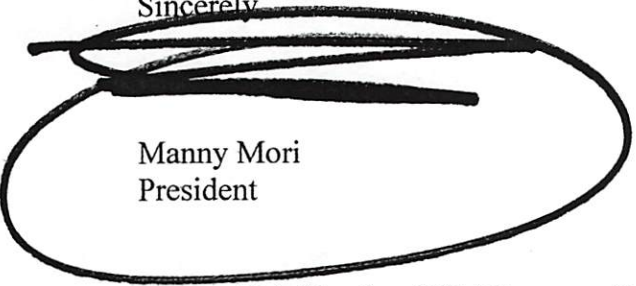
I am pleased to inform Congress that I signed the following Congressional Act to become Public Law No. 17-80 pursuant to Article IX Section 22 of the FSM Constitution:

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



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

PRESIDENTIAL COMM. NO. 17-368
FSM CONGRESS

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,

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

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

Enclosures



PUBLIC LAW No. 17- 80

SEVENTEENTH CONGRESS OF THE
FEDERATED STATES OF MICRONESIA
SIXTH REGULAR SESSION
JANUARY 7 – 26, 2013

PRESIDENTIAL COMM. NO. 17-368
FSM CONGRESS

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

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

Liwiana Ramon Moanis
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. 17-368
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.

A handwritten signature in black ink, appearing to read "Isaac V. Figir".

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

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

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

SEVENTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIFTH REGULAR SESSION, 2012

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

PUBLIC LAW No. 17- 80

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
2 prioritize the use of renewable energy. The Asian Development
3 Bank ("ADB") has proposed the Yap Renewable Energy Development
4 Project to reduce the dependency on imported diesel fuels. The
5 Yap Renewable Energy Development Project will support development
6 of grid connected wind and solar power, will improve the
7 efficiency of diesel generation, and will build technical
8 capacity. The proposed cost of the project is \$11.16 million, to
9 be funded with \$4.68 million from ADB's Ordinary Capital Resources
10 ("OCR") funds, \$4.38 million from ADB's Asian Development Fund
11 ("ADF"), and \$2.12 million from the State of Yap. As a condition
12 of the loan to the State of Yap, the Asian Development Bank
13 requires a sovereign guarantee that the loan will be repaid.

14 Section 2. Authorization to execute sovereign guarantee.
15 Pursuant to the authority to appropriate funds and to borrow money
16 on public credit under Article IX of the FSM Constitution,
17 Congress hereby authorizes the President, or his designee, to
18 execute a sovereign guarantee with the State of Yap and the Asian

1 Development Bank guaranteeing repayment of the Yap Renewable
2 Energy Development Project loan.

3 Section 3. Authorization for appropriation. There is hereby
4 authorized to be appropriated out of the General Fund of the
5 Federated States of Micronesia the sum of not more than \$9,060,000
6 to guarantee the repayment of the ADB Yap Renewable Energy
7 Development Project loan.

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

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

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

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

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

24 e. The State of Yap provides full indemnity to
25 the FSM National Government to indemnify the FSM National

PUBLIC LAW No. 17-80

1 Government whenever the latter becomes obligated to pay under the
2 guarantee.

3 f. FSM National Government shall have
4 subrogation rights in the event it becomes liable under its
5 guarantee.

6 Section 5. Duties of the Secretary of Finance. Upon default
7 of the State of Yap on its repayment obligations to the Asian
8 Development Bank, the Secretary of Finance and Administration
9 shall submit to the President an appropriation bill for
10 consideration of Congress of the Federated States of Micronesia
11 for fulfilment of the sovereign guarantee.

12 Section 6. Effective date. This act shall become law upon
13 approval by the President of the Federated States of Micronesia or
14 upon its becoming law without such approval.

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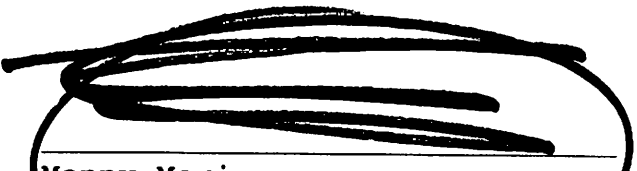
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February 11, 2013


Manny Mori
President
Federated States of Micronesia