A BILL FOR AN ACT

To further amend Public Law No. 10-072 by amending Section 1 thereof, by changing the name of the Corporation, by amending Sections 6, 7, 8 and 9 thereof relating to the composition of the Board of Directors of the Corporation, and by amending Section 19 thereof, by changing the requirement for the chief executive officer of the Corporation, and for other purposes.

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

Section 1. Section 1 of Public Law No. 10-072 is hereby amended to read as follows:

"Section 1. Establishment of Corporation. Caroline Islands Air, Incorporated, hereinafter referred to as the "the Corporation", is hereby established as a public corporation under the laws of the Federated States of Micronesia. After July 1, 2007 the name Caroline Islands Air shall be changed to Micronesian Air Service. It is the intent of Congress that the Corporation shall be subject to annual financial review, as set forth in section 23 of this act, and that, at the earliest practical opportunity, and following a resolution of Congress calling for the same, the National Government shall dissolve the Corporation, and a new, non-governmental corporation, in which shares shall be offered for sale to the general public, shall thereupon be
established, which corporation shall continue to
provide the air transportation services previously
provided by the Corporation."

Section 2. Section 6 of Public Law No. 10-72, as amended
by Public Law No. 10-103, is hereby further amended to read
as follows:

"Section 6. Board of Directors - Composition.
(1) The Board shall be composed of five voting
members. [The Secretary of the National Government
Department of Transportation, Communication and
Infrastructure, or his designee, shall be a member
of the initial Board of Directors; the other members
shall be appointed by the President.] One member of
the Board shall be a representative of the National
Government, and there shall be one member
representing each of the States. All appointments to
the Board, on or after the effective date of this
Act shall be made by the President of the Federated
States of Micronesia with the advice and consent of
Congress. The appointment of any State
representative on the Board shall be upon the
recommendation to the President by the Governor of
the pertinent State. The chief executive officer of
the Corporation shall serve ex officio as a member
of the Board but he or she shall have no rights to
vote."

[(2) Subsequent members of the Board shall be appointed by the President upon the expiration of the term of the incumbent member, or upon the removal of a member of the Board under the provisions of section 10 of this act.]

Section 3. Section 7 of Public Law No. 10-072 is hereby amended to read as follows:

"Section 7. Board of Directors – Organizational meeting.

[(1)] Within thirty days of the date this act becomes law, and annually thereafter 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.

[(2) At the first such meeting, the appointed members of the Board shall determine by random selection the length of their initial terms, with three members serving initial terms of one year, and two serving initial terms of two years.]

Section 4. Section 8 of Public Law No. 10-072 is hereby amended to read as follows:

"Section 8. Board of Directors – Terms of office and Term Limitations. Terms of office shall be for a period of three years and shall be staggered such
that not more than two of the five terms expire in one year, 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 the date of the organizational meeting of the Pohnpei Board. However, the rights and powers of a member whose term has expired shall remain in effect until the first meeting of the Board following the appointment of that member’s successor; except that no member shall remain in office in this manner for longer than one year after the end of his or her term."

Section 5. Section 9 of Public Law No. 10-072 is hereby amended to read as follows:

"Section 9. Board of Directors – Vacancies.

(1) Each vacancy on the Pohnpei Board shall be filled for the unexpired portion of the term in the manner [set forth in subsection (2) of section 6 of this act] as provided by section 6 of this Act. [Upon 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.] The chairman or, in his absence, the presiding officer of the Board shall
notify the President and the Governor of the state represented, if applicable, of an impending vacancy on the Board not less than ninety (90) days prior to the expiration of the term of a member or immediately upon removal, resignation or death.

(2) Any vacancy occasioned by failure to make an appointment prior to the expiration of the previous term, or by failure to make an appointment within sixty days of receipt of notice that a vacancy exists, shall be filled by appointment by the Speaker of Congress, subject to the advice and consent of Congress, or an authorized committee thereof. An appointee of the President or the Governor shall be entitled to consideration if such appointment is made prior to that of the Speaker."

Section 6. Section 19 of Public Law No. 10-72 is hereby amended to read as follows:

"Section 19. 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 the policies established by the Board, retain, direct, and terminate the services
of employees. The Chief Executive Officer shall not be one of the pilots employed by the Corporation.

Subject to the Board's approval, in the event that the chief executive officer is not a citizen of the Federated States of Micronesia, the chief executive officer shall select and train a citizen of the Federated States of Micronesia to take over the responsibilities of the chief executive officer as soon as feasible."

Section 7. 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: 5/15/07

Introduced by: /s/ Peter Sitan

Peter Sitan

/s/ Fredrico O. Primo
Fredrico O. Primo