
A BILL FOR AN ACT

Authorizing the President of the Federated States of Micronesia to secure a loan in an amount not to exceed \$2.0 million on behalf of the National Government of the Federated States of Micronesia to support payment of a court settlement, and for other purposes.

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

1 Section 1. Purpose. The National Government of the
2 Federated States of Micronesia entered into a Settlement
3 Agreement with the GMP Hawaii, Inc. (GMP), in a civil case
4 captioned FSM v. GMP, Civil Action No. 2008-004, pending before
5 the Supreme Court of the Federated States of Micronesia. The
6 Settlement Agreement will terminate further litigation of the
7 court case, subject to payment of funds by the Federated States
8 of Micronesia in favor of GMP in the following amounts: (a)
9 \$500,000 for termination of contract for convenience, (b) up to
10 \$1.4 million for unpaid billings and work performed in
11 contemplation of further work, and (c) 9% interest on item (b)
12 from June 19, 2007. The \$500,000 shall be paid from local
13 revenue of the FSM National Government, and the remaining
14 amount of \$1.4 million plus 9% interest thereof, will be paid
15 subject to application by the Federated States of Micronesia
16 for reimbursement from Compact Sector Grant. In order to avoid
17 severe cash-flow on the part of the FSM National Government
18 during the first quarter of fiscal year 2012 when the
19 settlement payments are required to be made, FSM National

1 Government will borrow funds from a bank to support the
2 settlement payment.

3 Section 2. Authorization to borrow fund. Pursuant to the
4 borrowing authority bestowed by article IX of the FSM
5 Constitution, the Congress hereby authorizes the President of
6 the Federated States of Micronesia to secure a loan for the
7 payment of the settlement agreement described in section 1 from
8 the Bank of the Federated States of Micronesia in an amount not
9 to exceed \$2.0 million, at 5% interest payable in six months.
10 The loan shall be subject to the following minimum terms and
11 conditions.

12 (a) Revenue forecast of the FSM National Government
13 showing sufficient source of revenue to support the loan
14 repayment.

15 (b) Right of the bank to set-off against funds of the
16 FSM National Government in the event of the latter's default.

17 (c) Commitment fee of \$5,000.

18 Section 3. Effective date. This act shall become law
19 upon approval by the President of the Federated States of
20 Micronesia or upon its becoming law without such approval.

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22 Date: 9/24/11

Introduced by: for /s/ Joseph J. Urusemal
Florencio S. Harper
(by request)

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