

TREATY AMONG THE GOVERNMENTS OF  
THE REPUBLIC OF THE MARSHALL ISLANDS, THE  
FEDERATED STATES OF MICRONESIA, AND THE REPUBLIC OF PALAU  
REGARDING  
THE COLLEGE OF MICRONESIA

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The Government of the Republic of the Marshall Islands, the Government of the Federated States of Micronesia, and the Government of the Republic of Palau:

NOTING that the College of Micronesia was established in 1977 pursuant to Public Law No. 7-29, as amended, of the Seventh Congress of Micronesia; and

RECOGNIZING that a Treaty Among the Governments of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau regarding the College of Micronesia was executed in September 1987, amended in May 1989, extended in August 1991, amended in July 1992; and

RECOGNIZING that the individual campuses of the College of Micronesia have been accredited by the Western Association of Schools and Colleges and the College of Micronesia has been conferred the status of a land grant college under the laws of the United States of America; and

NOTING that, in the past, the College of Micronesia has depended heavily on direct grants from the U.S. Department of Interior and on U.S. post-secondary educational assistance programs to finance its operations and services, and that these grants and assistance programs may no longer be available to the College in the future; and

RECOGNIZING that the future and development of the three nations depends on the quality of the education of their young people; and

RECOGNIZING that the College of Micronesia is the only post-secondary educational institution in Micronesia and has played a critical role in manpower development, in fostering research, and in advancing knowledge and learning about the special challenges and problems of the three nations; and

RECOGNIZING that the existing Treaty Among the Governments of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau regarding the College of Micronesia shall, by its terms, terminate on March 31, 1993;

AFFIRMING their desire to continue and strengthen the ties of friendship, understanding, and cooperation which have historically linked the peoples of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau; and

AFFIRMING their desire to provide for the continuation of the College of Micronesia as a unified post-secondary education system

AFFIRMING their desire to provide for the continuation of the College of Micronesia as a unified post-secondary education system serving the needs of all the peoples of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, and to maintain the land grant status of the College;

NOW, THEREFORE, AGREE AS FOLLOWS:

PART I: STATUS AND PURPOSES

ARTICLE ONE: STATUS OF THE COLLEGE

1. Public Corporation - The College of Micronesia is an independent public corporation of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, and shall be comprised of the main college campuses in each of the three signatory nations, the Centers for Continuing Education, and such other colleges, schools, centers, and institutions as subdivisions of the main campus as may from time to time be established by each respective nation.

ARTICLE TWO: DECLARATION OF PURPOSES

2. Purposes - The primary purposes of the College are to make

high quality, post-secondary education available to the citizens of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau and to conduct research, and to disseminate such knowledge and advanced learning as its Board of Regents may from time to time determine.

PART II: BOARD OF REGENTS

ARTICLE THREE: COMPOSITION; TERMS OF MEMBERS; REMOVAL

1. Membership of the Board - The affairs of the College of Micronesia shall be under the general management and control of a Board of Regents composed of three members, with one member to be appointed by the Government of the Republic of the Marshall Islands, one member to be appointed by the Government of the Federated States of Micronesia, and one member to be appointed by the Government of the Republic of Palau. Each of the governments may, by law or otherwise, determine the qualifications and the manner in which its member on the Board will be selected. All appointees of the Board shall be transmitted in writing to the Executive Director of the College.

2. Terms of Service - Members of the Board are appointed to a term of four years and may be reappointed.

3. Transition - Upon the entry into force of this Agreement, the terms of the current members of the Board of Regents who were

appointed pursuant to the original terms of this Agreement shall expire.

4. Vacancies - Any vacancy on the Board of Regents shall be filled for the unexpired term in the same manner as the original appointment. Three consecutive absences of a Board member from separately called meetings of the Board, called not less than thirty (30) calendar days apart, shall automatically create a vacancy in that seat. Upon determining a vacancy exists, the chairperson, or presiding officer of the Board in the absence of the chairperson, shall issue a notice of vacancy to all members of the Board and to the government of the nation the member represented.

5. Removal of Members. - A member of the Board of Regents may be removed by the government which appointed him or her before the expiration of his or her term on the grounds of incompetence, neglect of duty, malfeasance, or other adequate cause which relates to such member's character or efficiency as a member of the Board.

6. Indemnification of Members. - Every member of the Board shall be indemnified by the College against all expenses and liabilities reasonably incurred or imposed upon such member of the Board in connection with any threatened, pending, or completed action, suit or proceeding to which such member may be made a party or in which the member may become involved by reason of being or having been a

member of the Board, or any settlement thereof, whether or not such member of the Board is a member of the Board at the time such expenses are incurred, except in such cases wherein the member of the Board is adjudged guilty of willful misfeasance or malfeasance in the performance of the duties or the office; provided, however, that in the event of a settlement the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the College.

The private property of members of the Board shall not be subject to the payment of debts or obligations of the College. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such member of the Board may be entitled.

#### ARTICLE FOUR: ORGANIZATION; MEETINGS; QUORUM

1. Organization. - The Board of Regents shall meet and organize by the election of its officers in its annual meeting which shall be called on the third Monday of January each year. There shall also be a special meeting no later than April 30, 1993, the specific date and place of which shall be agreed upon by the members of the Board of Regents. The Board shall meet at such other times as the Board shall so determine. On the initiative of the chairperson a special meeting of the Board may be called. The chairperson shall call a special meeting of the Board upon the petition of two-thirds (2/3) of its members. The bylaws of the

Board shall provide that adequate written notice be given to all members of the Board prior to the convening of any Board meeting. The bylaws shall further provide that the Board shall regularly publish the minutes of its meetings.

2. Quorum. - Except as otherwise provided in this Agreement, a quorum shall consist of three (3) members, with at least one (1) member present from each nation, unless the member from one nation has been absent from three consecutive meetings separately called not less than thirty (30) calendar days apart, in which case the quorum shall consist of two (2) members and a member from the nation need not be present. Members may participate in such meetings by way of telecommunication transmission. A member may, in advance of a meeting, appoint a proxy; provided however that such proxy must be a member of the Governing Board referred to in Article V, Section (a)(1). All official business of the Board shall be conducted by the affirmative vote of a majority of those present and voting at a meeting of the Board for which a quorum exists, unless otherwise provided by the bylaws of the Board.

3. Officers. - Members of the Board shall annually appoint one member chairperson, who shall preside at meetings of the Board. A vacancy in the office of chairperson shall be filled by the Board for the unexpired term. The Board may pursuant to its bylaws, create and fill other offices, as it deems appropriate.

4. Chairperson. - The Chairperson, or presiding officer, shall sign all instruments required to be executed by the Board; provided that the Board may authorize the Executive Director or any other official appointed by it to approve and sign on its behalf any instrument which the Board may approve and sign.

5. Expenses. - The members of the Board shall receive actual and necessary travel expenses and per diem at standard rates while on the business of the College. Each signatory government shall pay all the expenses for its member.

ARTICLE FIVE: POWERS AND DUTIES OF THE BOARD  
OF REGENTS AND GOVERNING BOARDS

1. Powers and Duties.

(a)

(1) Subject to paragraphs (1)-(4), when a campus of the College of Micronesia has a Governing Board duly appointed in the manner prescribed by applicable law, the powers and duties of this article shall automatically transfer to that Governing Board to the extent that the Governing Board determines it has jurisdiction to accept certain powers and duties;

(2) The Board shall retain and may not delegate any powers and duties relating to

(I) The Land Grant Program (the Program) of the College of Micronesia;

(II) Decisions with respect to funds disbursement, management, and operation of the program;

(3) The powers and duties relating to the Program to be retained under paragraph (2) include, but are not limited to, the following:

(I) Maintenance of accountability for all program funds, (Federal and matching) including the accounting for and the use and disbursement of those funds;

(II) Establishment of policies with respect to the Program for the College and its subdivisions, including policies regarding extension, research and teaching related to the Program;

(III) Ensuring that the Executive Director of the College retains ultimate authority with respect to the Program, consistent with the Executive Director's responsibility to carry out the goals, objectives, and policies of the Board of Regents;

(IV) The appointment of an Extension Director, pursuant to the Memorandum between the College and the United States Department of Agriculture, and an Agricultural Experiment Station Director as required by the Hatch Act (7 USC 361 A et., seq.), who, subject to the supervision of the Executive Director, shall have responsibility for:

(a) The Program,

(b) The assignment and recruitment of Program staff, and

(c) The extension, research and teaching activities related to the Program; and

(d) The carrying out of other powers and duties, to be established in consultation with the United States Department of Agriculture.

(4) The powers and duties described in paragraphs (2) and (3) do not automatically transfer pursuant to paragraph (1).

(5) The Executive Director, the Extension Director, and the Experiment Station Director shall have and shall carry out the duties and responsibilities described in paragraph (3).

(6) Policies and procedures previously adopted by the Board of Regents pursuant to its authority granted in this Article shall automatically transfer to the Governing Board, subject to amendment by that Governing Board.

(b) - The Board of Regents shall have the power to:

(1) Adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the powers and duties granted to or imposed upon it by this Agreement;

(2) Appoint and terminate such officers of the Board as it deems necessary;

(3) Appoint, determine the qualifications and duties of, fix the compensation of, evaluate the performance of, and terminate the services of an Executive Director, who shall be responsible for

carrying out goals, objectives, and policies of the Board, and shall serve at the pleasure of the Board;

(4) Appoint, determine the qualifications and duties of, fix the compensation of, evaluate the performance of, and terminate the services of such other central administrative officials and employees as it deems necessary; provided that such other central administrative officials and employees shall work under the supervision of the Executive Director; and provided further that the Board may delegate its powers under this paragraph, in whole or in part, to the executive director;

(5) Appoint, determine the qualifications and duties of, fix the compensation of, evaluate the performance of, and terminate the services of presidents or other academic and administrative heads of each component of the College who shall serve in such capacities at the pleasure of the Board;

(6) Establish policies and procedures for the qualifications and appointment of all deans, directors, department heads, and other officials of each component of the College, and of other employees of the College;

(7) Establish policies and procedures for the appointment of all faculty members and the granting of tenure to any faculty member;

(8) Contract or otherwise engage the services of such professional, technical, administrative, stenographical, or clerical personnel of a temporary or intermittent character upon such terms and conditions as it deems necessary;

(9) Fix, in its discretion, the rates to be charged students of the College for tuition, room and board, and other necessary fees and charges; provided that tuition and room and board rates shall reasonably reflect costs at each component of the College; and provided further that the Board may establish resident and non-resident tuition rates with resident tuition rates being available only to citizens of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, to employees and faculty members of the College and their spouses and immediate family dependents, and to students who are citizens of a foreign country or political subdivision of a foreign country which permits citizens of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau to pay resident tuition rates while attending public institutions of higher education in such foreign country or political subdivision; and provided further that the Board may enter into reciprocal non-resident tuition waiver arrangements with the governments of foreign countries or their political subdivisions or the governing authorities of public or private institutions of higher education therein;

(10) Confer such degrees and grant such diplomas and certificates as colleges of like stature are usually authorized to confer or grant;

(11) Establish such policies, rules, regulations, and standards as it may deem necessary for the effective operation of the College, including the establishment or approval of policies, rules, regulations, and standards governing the admission, graduation, discipline, and removal of students;

(12) Establish policies and procedures for the granting of full and partial scholarship grants or loans or fellowships to students of the College for educational purposes, and, in its discretion, establish methods by which individual students may work for the College in some suitable capacity and have such labor credited against their tuition;

(13) Establish policies and approve procedures for the maintenance of such departments and courses of instruction and for the undertaking of such research projects and programs as it deems appropriate;

(14) Incorporate into the College of Micronesia such technical and research establishments as the Board deems necessary or appropriate to ensure a quality program of instruction and research which is relevant to the national development priorities of the

signatory governments, and to acquire all property whether real, personal or mixed, tangible or intangible, of any such establishment as may be transferred to the College of Micronesia;

(15) Adopt and modify its own personnel system; provided that employees for the College shall not be considered employees of the signatory governments or their political subdivisions for any purpose;

(16) Provide for programs of workers compensation, health insurance, and life insurance for officials, faculty members, and other employees of the College substantially equivalent to similar programs available to persons employed in comparable positions with the respective signatory governments; provided that the Board may enter into agreements with any one or more of the signatory governments for coordination of the College's and the signatory governments' programs;

(17) Enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its business and on such terms and conditions as it may deem appropriate, including contracts to perform organized research, training, and demonstrations on a reimbursable basis, with any foreign government, or any agency, instrumentality or political subdivision thereof; or with any of the signatory governments, or any agency, instrumentality, or political

subdivision thereof; or with any person, firm, association, educational institution, cooperative or other private entity or organization;

(18) Acquire in any lawful manner any property, real, personal or mixed, tangible or intangible, or any interest therein for purposes of the College; to hold, maintain, use, and operate the same for purposes of the College; and to sell, lease, transfer, exchange, or otherwise dispose of the same at such time, in such manner, and to the extent deemed necessary by the Board to carry out the purposes of the College; provided that any real property and improvements thereon granted to or otherwise made available to the College without cost by the Trust Territory Government, the signatory governments or their political subdivisions, or by any legal entity capable of receiving and holding public land in the respective nations, shall revert to said signatory government, political subdivision, or legal entity wherein such property is located upon the cessation of its active use by the College;

(19) Receive, use, manage, and invest moneys, and receive, use and manage other property, real, personal or mixed, tangible or intangible, or services which may be appropriated, granted, given, bequeathed, devised, endowed, or in any manner received from any source for the purposes of the College, its improvement or adornment, or for the aid of the students or faculty of the College, and in general to act as students or faculty of the

College, and in general to act as trustee on behalf of the College for such purposes or objects;

(20) Borrow money from time to time; provided that no debt of the College shall be secured by real property or improvements granted or otherwise made available to the College by the Trust Territory Government or any political subdivision thereof, or by the signatory governments or any political subdivision thereof or by any legal entity capable of receiving and holding public land within the jurisdiction of the signatory governments; and provided further that, unless expressly provided by law or agreement, no debt or obligation of the College shall be a debt or obligation of the signatory governments or their political subdivisions, nor shall the signatory governments or their political subdivisions be responsible for any such debts or obligations;

(21) Determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid;

(22) Purchase supplies, equipment, and materials;

(23) Establish rates of per diem and policies relating thereto for officials, faculty members, and other employees of the College; provided that such per diem rates shall be comparable to rates established by the signatory governments;

(24) Establish and collect such rents, fees and charges, as the Board deems appropriate, for the private use of facilities of the College or services provided by the College; provided that the College shall not charge any signatory governments or their political subdivisions for use of its physical facilities to the extent available;

(25) Prepare and from time to time revise, in consultation with the signatory governments, a long-range plan for development for the College;

(26) Execute in accordance with its bylaws, all instruments necessary or appropriate in the exercise of its powers and to that end adopt, alter, and use a common seal by which all acts of the Board shall be authenticated;

(27) Delegate any of its powers and duties which are properly delegable to an officer of the Board or an official or employee of the College where appropriate; and

(28) Take such other actions and assume such other responsibilities as may be necessary or appropriate to carry out the powers and duties granted to or imposed upon it by this Agreement.

PART III. DUTIES AND RESPONSIBILITIES OF THE COLLEGE

ARTICLE SIX: LIABILITY

1. Litigation. - The College may sue and be sued in its corporate name. With respect to suits brought in the courts of the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau, the College shall be subject to suit only in the manner provided for and to the extent that suits may be brought against the national government of the nation in which the suit is filed; provided that any liability incurred by the College shall not be a liability of the signatory governments or their political subdivisions; and provided further, that civil actions in which the College is a defendant may be brought only in the nation or nations in which: (i) a plaintiff in the action resides or in the case of a corporation or other entity, the principal place of business or principal office of such corporation or entity is located, or (ii) the cause of action arose, or (iii) any real property involved in the action is located. With respect to suits brought in courts of other nations, the College shall be considered an agency or an instrumentality of the three signatory governments and shall be entitled to sovereign immunity consistent with the principles of international law, unless such immunity is explicitly waived by the College or the three signatory governments; provided that any liability incurred by the College shall not be a liability of the signatory governments or their political subdivisions. The executive director of the College, and the chairperson of the Board

of Regents are authorized to accept service or to be served on behalf of the College.

2. Requirement of Insurance. - The respective campuses of the College shall endeavor to maintain adequate insurance coverage to protect itself against liability for bodily injury or death of any person as and as a result of the operations or maintenance of real property, facilities and improvements, and vehicles and other equipment owned or used by the respective campus of the College.

#### ARTICLE SEVEN: EMPLOYEES OF THE COLLEGE

1. Rights of College Faculty and Other Employees. - Except for officials of the College serving at the pleasure of the Board of Regents of the College, every official, faculty member and other employee of the College shall be entitled to hold his or her position during good behavior, subject to suspension, demotion, layoff, or dismissal only as provided in the personnel regulations of the College; provided that the tenure of a contract employee is the term stated in his or her contract. No employee of the College of Micronesia shall be suspended, demoted, laid off, dismissed, or otherwise discriminated against because of sex, marital status, race, religious or political preference, place of origin or ancestry.

2. Appointments and Promotions. - In appointing and promoting

2. Appointments and Promotions. - In appointing and promoting officials and other employees of the College criteria and procedures shall be utilized which are fair, objective, and practical and result in the impartial selection of the most qualified person for the particular job; provided that: (i) in appointing senior academic and management officials of the College, including the Executive Director of the College, presidents or other academic and administrative heads of each component of the College, and the heads of administrative and management departments in the central administrative offices and in the component of the College, preference shall be given to qualified citizens of the Republic of the Marshall Islands, the Federated States of Micronesia and the Republic of Palau; (ii) in appointing and promoting faculty members, deans and other academic officials, preference shall be given, if feasible, to qualified citizens of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau; and (iii) in appointing and promoting other employees of the College, including administrative, secretarial and clerical personnel, preference shall be given, first, to citizens of the nation in which the permanent duty station of the employee is to be located and, second, other citizens of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

3. Current Employees. - Individuals who are employees of the College upon the entry into force of this Agreement may continue to

serve in their current positions without regard to the preference specified in section 2(iii) of this Article.

4. Transition. If a campus of the College determines that it has a Governing Board duly appointed in the manner prescribed by applicable law, then the employees of that campus shall not be considered employees of the College, but shall be considered employees of that campus. Personnel policies and procedures previously adopted by the Board of Regents shall automatically transfer to the Governing Board, subject to amendment by that Governing Board. After such a Governing Board has been established and the employees of a campus are no longer considered employees of the College, then, for the purpose of previously executed employment contracts, the campus shall be the successor in interest to the College and shall be bound by the provisions of such contracts.

ARTICLE EIGHT: CENTRAL ADMINISTRATIVE OFFICE  
OF THE COLLEGE OF MICRONESIA

1. Central Administrative Office. The Central Administrative Office of the College of Micronesia is composed of the Executive Director, Extension Director, Agricultural Experiment Station Director, and such staff as determined by the Board of Regents.

2. Location of Programs and Services. The Board of Regents

shall determine the location, among the signatory nations, of the Land Grant programs, including but not limited to the Cooperative Extension Service program, the Agricultural Experiment Station program, and Resident Instruction program.

PART IV: GOVERNMENT SUPPORT

ARTICLE NINE: FINANCIAL CONTRIBUTIONS

1. Contributions for the Board of Regents. - For the period beginning October 1, 1993 and for the fiscal years thereafter, unless otherwise mutually agreed pursuant to Article Eleven, section 3, the signatory governments shall contribute \$75,000 to the College of Micronesia to defray costs associated with the operations of the Boards of Regents and the central administrative offices and staff of the College. This annual contribution shall be apportioned among the signatory governments on the basis of each government's proportional representation on the Board, as follows: The Republic of the Marshall Islands, \$25,000; the Federated States of Micronesia, \$25,000; and the Republic of Palau, \$25,000. For the period beginning April 1, 1993 and ending September 30, 1993, the signatory governments shall contribute \$37,500. That amount shall be apportioned as follows: Republic of the Marshall Islands, \$12,500, the Federated States of Micronesia, \$12,500, and the Republic of Palau, \$12,500. At its April 1993 meeting, the Board

shall review the contributions authorized by this section to determine whether a call pursuant to Article Twenty-Three section 3 is necessary for the current fiscal year. If the Board makes such a call, the signatory governments will convene within 30 days of the notification of that call.

2. Contribution for Student Instruction, Operations and Maintenance. For the period beginning April 1, 1993 and ending September 30, 1993 and for fiscal years thereafter unless otherwise mutually agreed pursuant to Article Eleven section 3, the signatory governments shall be responsible for the costs associated with the instruction of students and operations and maintenance of the campus within their respective country. Tuition costs for students or other costs not otherwise paid for by Pell Grants or Scholarships shall be borne by the country of whom the student is a citizen, in a manner consistent with the applicable laws of each nation. Tuition rates charged to students who are citizens of the country where the campus is located shall be the rates charged to students of the other signatory nations attending that campus.

3. Payment Procedures. - For the period beginning April 1, 1993 and ending September 30, 1993 and for the fiscal year thereafter, each signatory government shall, on the first day of each fiscal quarter, transfer one-quarter of the sums specified as its annual apportionment under this Article to the account of the College of Micronesia at a bank within the Republic of the Marshall Islands,

the Federated States of Micronesia, or the Republic of Palau designated by the Board of Regents. The transfer of funds shall occur in the form of cash, a government check, electronic transfer or other appropriate method. If a government fails for whatever reason to transfer the full amount due under this section within 10 calendar days after the beginning of a fiscal quarter, interest shall thereafter accrue on the unpaid amount at the rate of nine (9) percent per annum until paid. If this Agreement has not taken effect by April 1, 1993, and quarterly payments which would have been due between April 1, 1993 and the effective date of this Agreement shall be due and payable immediately on the effective date of this Agreement without accrued interest.

4. Guarantee. - Approval of this Agreement by a signatory government shall constitute a pledge of the full faith and credit of that government for full and timely payment of the sums specified in this Article. The obligation of each government shall be enforceable in the national courts of that government, which shall have jurisdiction in cases arising under this section notwithstanding any law of that government and each signatory government hereby waives any claim of sovereign immunity with respect thereto. If an amount owed by a government pursuant to this Article is more than 30 calendar days overdue, the Executive Director of the College shall forthwith notify the Board of Regents and the President of the nation concerned of such delinquency. If the amount owed is not paid within 30 calendar days after delivery

of such notice, the Executive Director shall then forthwith commence legal proceedings in the name of the College to recover such amount pursuant to this section after notice to but without the necessity for approval by the Board of Regents; provided that the Executive Director shall not commence legal proceedings if, prior to the commencement of legal proceedings, a majority of the members of the Board of Regents from the two nations other than the nation concerned vote to delay commencement of such proceedings to a date certain.

5. Scholarship Grants and Loans. - Each of the signatory governments shall, in the absence of the availability of U.S. post-secondary educational assistance programs or as a supplement thereto, make available to citizens of their respective nations such scholarship grants and loans as the government determines to be necessary and appropriate to allow its citizens to attend the College of Micronesia at a reasonable personal or family cost.

6. Additional Contributions. - The signatory governments may, by mutual agreement, provide for proportional funding of amounts in excess of the amounts specified in sections 1 and 2 of this Article, upon adequate justification presented by the Board. The signatory governments may also mutually agree to provide funding for the capital improvement needs of the College.

7. Obligations. All obligations in this Article are subject to

the availability of appropriations by each signatory government.

ARTICLE TEN: OTHER CONTRIBUTIONS

1. Land. - Each of the signatory governments shall endeavor to make available to the respective campuses, without cost, such land within its territory as may be necessary for the campus's operations.

2. Foreign Program Assistance. - Each of the signatory governments shall endeavor to make available to the College the benefits of U.S. Government and other foreign government programs and services; provided that provision of such U.S. Government and other foreign government programs and services shall not reduce such signatory government's obligations under Article Nine.

3. Title to Property/Responsibility for Liabilities. Upon the effective date of the Agreement, all assets, personal and fixed and tangible and intangible, and all liabilities of the College of Micronesia shall be deemed to be an asset or liability of the College component that incurred the liability or is in possession of the asset. The assets, personal and fixed and tangible and intangible, and all liabilities of the Central Office of the College of Micronesia shall, however, be deemed to remain assets and liabilities of the College of Micronesia.

PART IV: BUDGET AND FINANCE PROCEDURES

ARTICLE ELEVEN: BUDGET PROCEDURE

1. Submission of Budget. - No later than April 1 of each year, or such earlier date as required by any signatory nation, the Board of Regents shall submit to the Presidents of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau for review and comments an adopted budget for the ensuing fiscal year and budget projections for each of the two subsequent fiscal years. The Board shall give due consideration to the comments of the Presidents of the signatory governments and revise the adopted budget as necessary or appropriated.

2. Budget Details. - The budget shall include all expenditures and projected revenues from all sources.

3. Budget Limitations. - The adopted budget for the ensuing fiscal year shall not include proposed expenditures in excess of projected revenues; nor include expenditures for the operations of the Board of Regents, including the central administrative offices and staff of the College, in excess of the amount authorized by the signatory nations unless the signatory governments have, prior to the adoption of the budget, approved such increase; nor include as projected revenues proposed increases in the Government contributions pursuant to Article Nine of this Agreement unless the

signatory governments have, prior to the adoption of the budget, approved such increases, provided that the Board, as a separate part of the budget, may indicate the need for and impact of such increases in the Board's operational budget or in the Government contributions.

#### ARTICLE TWELVE: FINANCIAL MANAGEMENT

1. Accounting; Financial Reporting. - The Board of Regents shall be responsible for ensuring that the College develops, implements, and maintains, in accordance with generally accepted accounting principles, accounting and record-keeping, financial reporting, and financial management systems which provide for full disclosure of the results of financial operations, adequate financial information needed in the management of operations, and the formulation and execution of the annual budget adopted by the Board. Such systems shall ensure effective control over income, expenditures, funds, property and other assets of the College and be designed to prevent the misappropriation of funds. Records relating to financial transactions of the College shall be maintained for at least three years.

2. Limitations on Authorized Expenditures. - Unless otherwise specifically authorized by the Board of Regents, no officer or employee of the College shall make or otherwise authorize an expenditure from, or create or authorize an obligation of, funds of

the College:

- (a) unless it is supported by adequate documentary evidence;
- (b) after the period of time available for obligation and expenditure as provided by the Board;
- (c) in excess of the sum approved by the Board;
- (d) in advance of the availability of funds; or
- (e) for purposes other than those for which an expenditure or obligation has been authorized by the Board.

Any person who shall knowingly and willfully violate this section shall be personally liable for the resulting deficiency and shall be subject to the criminal jurisdiction of the signatory government in whose territory such violation occurred. Upon conviction, such person shall be subject to the penalties imposed by law of the signatory government in which the violation occurred.

3. Surety Bonds - The Board of Regents may require that any officer of the Board or any official or employee of the College furnish a bond of a kind and in the amount required by the Board.

#### ARTICLE THIRTEEN: REPORTS AND AUDITING PROCEDURES

1. Appointment of Auditor - The Board of Regents shall select an

independent auditor who shall inspect and audit all accounts of the College that the Board of Regents has responsibility for under Article Five of this Agreement every two years and report thereon to the Board and each of the signatory governments. In addition, the public auditors of each of the signatory governments may, at any time, conduct such audits of the College as they may determine appropriate or necessary. For purposes of this paragraph, audits means financial and compliance, program results, and economy and efficiency audits, including determinations as to whether the College has met the requirements set forth in this Agreement and determinations as to the propriety of the financial transactions of the College. The Board of Regents and officials, faculty, and other employees of the College shall cooperate fully with the audit officials of the signatory governments to enable them to fully discharge their responsibilities, and provide such audit officials access, without cost and during normal working hours, to all personnel, records, documents, working papers, automated data, files and other information such audit officials deem relevant to their work.

PART V: APPLICABILITY OF SPECIFIC LAWS TO

THE COLLEGE, ITS STUDENTS, AND EMPLOYEES

ARTICLE FOURTEEN: IMMIGRATION

1. Immigration Procedures: Students - The signatory governments agree, on a reciprocal basis, to waive any immigration fees and any immigration requirements for police clearance or proof of onward transportation for any person who is a citizen of the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau and who desires to enter one of the other nations for purposes of attendance at the College of Micronesia as a student; provided that such person submits proof to the proper immigration authorities of the nation such person wishes to enter that such person is a bona fide student admitted to attend the College of Micronesia in such nation; and provided further that such waivers shall also be available to immediate family dependents of the student including spouses and unmarried children, whether natural or legally adopted, under the age of eighteen; and provided further that, in the event a student is ordered by the proper immigration authorities to leave the territory of one of the nations because of indefinite suspension, expulsion, or completion or termination of studies or other reasonable statutory grounds, and such student fails or refuses to leave the territory of such nation, the nation of which the student is a citizen shall pay any costs assumed by the nation ordering the departure in effectuating the removal or deportation of such person. The College shall immediately notify the proper immigration authorities whenever a student is suspended, expelled or otherwise completes or terminates his or her studies.

license, permit or certificate from any of the signatory governments or undergo any examination of his qualifications by a signatory government in order to teach at the College; provided that the Board of Regents shall establish minimum standards and qualifications for members of the faculty of the College comparable to standards and qualifications comparable to colleges of like stature or as otherwise appropriate to the College's circumstances.

2. Transition. If a campus of the College of Micronesia determines that it has a governing board duly appointed in the manner prescribed by applicable law, then the governing board of that campus may establish minimum standards and qualifications for members of the faculty of the campus and shall not be bound by the standards and qualifications determined by the Board of Regents.

#### ARTICLE SEVENTEEN: TAXATION

1. Exemption from Taxation: - The College and its assets, revenues, income, and property shall be exempt from all direct taxes imposed by the signatory governments and their political subdivisions, including any taxes, customs duties, or import and export and export taxes, fees or charges imposed by the signatory governments or their political subdivisions on the importation, acquisition, or exportation of equipment and supplies required by the College for official functions. The tax exemptions provided for in this paragraph shall not be for the benefit of any officer,

official, faculty member, employee, student, or other individual associated with the College and the College shall be liable for employer's contributions to any social security or pension system of the signatory governments in the manner provided by law: provided that income received by members of the Board of Regents for services rendered as a member of the Board shall not be subject to taxation by any government other than the government appointing such member or such government's political subdivisions. For purposes of all types of registration and license fees, sales taxes, and other charges and fees included in prices of equipment, goods and services, the College shall be treated as an agency or instrumentality of the three signatory governments.

2. Tax Deductible Contributions - The signatory governments shall endeavor to allow deductions or credits with respect to income taxation for charitable contributions to the College.

#### ARTICLE EIGHTEEN: APPLICABILITY OF LAWS

1. Applicability of Laws - Laws and regulations of the Governments of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau and their political subdivisions relating to health, public safety and welfare, shall apply to the College of Micronesia only to the extent that such laws are applicable to the national government of such nations. The Governments of the Republic of the Marshall Islands, the

Federated States of Micronesia, and the Republic of Palau, and their political subdivisions, shall make no special laws or regulations governing the personnel, operations and programs of the College except as mutually agreed by the three signatory governments. Alien labor laws of the respective signatory governments shall not apply to bona fide students of the College of Micronesia. Alien labor laws of the respective signatory governments shall not apply to officials, faculty members or other employees of the College with respect to their College employment except as specified in Article Seven, section 2(iii), but shall apply to all such officials, faculty members and other employees with respect to any and all outside employment.

PART VI: CONFERENCE AND DISPUTE RESOLUTION

ARTICLE NINETEEN: CONFERENCE

1. Manner Calling Conference - The signatory governments shall confer promptly at the request of any of the signatory governments on matters relating to the provisions of this Agreement. A request identifying the matter upon which a conference is desired shall be submitted in writing to the depositary, which shall promptly notify the other signatory governments of the request and shall convene a meeting of the signatory governments on a date and at a place to be determined by the depositary in consultation with the other signatory governments.

ARTICLE TWENTY: DISPUTES

1. Notice of Dispute - In the event one of the signatory governments, after conferring pursuant to Article Nineteen, determines that there is a dispute and gives written notice thereof to the depositary, the depositary shall promptly notify the other signatory governments and the signatory governments shall make a good faith effort to resolve the dispute among themselves.

2. Referral of Disputes - If a dispute between the signatory governments cannot be resolved within 45 calendar days of written notification in the manner provided in Article Twenty, section 1, any of the signatory governments may refer the dispute to arbitration, in accordance with Article Twenty-One, by giving written notice to the depositary which shall promptly notify the other signatory governments.

ARTICLE TWENTY-ONE: ARBITRATION

1. Arbitration - Should a dispute be referred to arbitration as provided for in Article Twenty, section 2, an Arbitration Board shall be established for the purpose of hearing the dispute and rendering a decision which shall be final and binding upon the signatory governments unless the signatory governments mutually agree that the decision shall be advisory. Arbitration shall occur according to the following terms:

(a) An Arbitration Board shall consist of three members, with each of the signatory governments appointing one member to the Arbitration Board. If any signatory government does not fulfill the appointment requirements of this paragraph within 30 calendar days of referral of the dispute to arbitration pursuant to Article Twenty, section 2, its member on the Arbitration Board shall be selected from its own standing list by the other signatory governments. Each signatory government shall maintain a standing list of five (5) candidates, which shall be deposited with the depositary and may be amended from time to time by the signatory government.

(b) The Arbitration Board shall meet at a time and place determined by the members of the Arbitration Board in consultation with each other; provided that such meeting shall commence no later than 45 calendar days of referral of the dispute to arbitration pursuant to Article Twenty, section 2; and provided further that, in the event the members of the Arbitration Board can not reach a consensus on the time and place for the meeting, the meeting shall commence at the office of the Executive Director of the College on the first working day after 45 calendar days of referral of the dispute to arbitration pursuant to Article Twenty, section 2.

(c) The Chairman of the Arbitration Board shall be selected by lot.

(d) Each member of the Arbitration Board shall have one vote. Each decision of the Arbitration Board shall be reached by majority vote.

(e) In determining any legal issue, the Arbitration Board may have reference to international law and, in such reference, shall apply as guidelines the provisions set forth in Article 38 of the Statute of the International Court of Justice.

2. Rule Making Powers of Board - The Arbitration Board shall adopt such rules for its proceedings as it may deem appropriate and necessary, but such rules shall not contravene the provisions of this Agreement. Unless the signatory governments provide otherwise by mutual agreement, the Arbitration Board shall endeavor to render its decision within 30 days after the conclusion of arguments. The Arbitration Board shall make findings of fact and conclusions of law and its members may issue dissenting or individual opinions. Except as may be otherwise decided by the signatory governments, one-third of all costs of the arbitration shall be borne by each signatory government.

3. Failure to Arbitrate - In the event one or more members of the Arbitration Board selected pursuant to section 1(a) of this Article fails or refuses to participate in the duly called meetings or decisions of the Arbitration Board, the Arbitration Board shall be entitled to proceed without such member or members.

PART VII: GENERAL PROVISIONS

ARTICLE TWENTY-TWO: CONCLUSION AND ENTRY  
INTO FORCE OF TREATY

1. Depositary - The depositary for this Agreement shall be the Government of the Federated States of Micronesia.
2. Signature - This Agreement shall be open for signature by the Governments of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.
3. Ratification - This Agreement is subject to ratification by the signatory governments in accordance with their respective constitutional and legal processes. The instruments of ratification shall be deposited with the depositary.
4. Entry into Force - This Agreement shall enter into force on April 1, 1993 if by that date the depositary has certified it has received the instrument of ratification from the third signatory government. If the depositary receives the instrument at a date later than April 1, 1993, it shall so certify, and this Agreement shall enter into force on the date of certification. The depositary shall promptly notify the other signatory governments of the entry into force of this Agreement.

5. Reservations - No reservations may be made to this Agreement.

6. Conformity of Laws - Each of the signatory governments shall take all necessary steps, of a general or particular character, to ensure, not later than the effective date of this Agreement, the conformity of its laws, regulations, and administrative procedures with the provisions of this Agreement.

7. Agreement Complete. This Agreement embodies the full and complete Agreement of the signatory governments, with respect to the College of Micronesia and its terms supercede all earlier Agreements and Amendments referred to at the beginning of this Agreement.

ARTICLE TWENTY-THREE: AMENDMENTS AND TERMINATION

1. Amendments - Any signatory government may propose an amendment to this Agreement by submitting the text and an explanation of such proposed amendment in writing to the depositary, which shall promptly notify the other signatory governments of the proposed amendment and shall, if necessary, convene a meeting of the signatory governments on a date and at a place to be determined by the depositary in consultation with the other signatory governments. Any amendment to this Agreement shall be subject to mutual agreement of all three signatory governments, and shall enter into force on the date the depositary certifies is the date

it received the instrument of ratification from the third signatory government or on such later date as may be specified in such amendment. The depositary shall promptly notify the other signatory governments of the adoption of an amendment, and its effective date.

2. Duration - (a) Except as otherwise provided in this section, this Agreement shall remain in full force and effect until September 30, 2001.

(b) This Agreement may be terminated prior to September 30, 2001 only by mutual agreement of all three signatory governments, or by any signatory nation notifying the Board of Regents that a college within that nation has been designated as a Land Grant institution pursuant to Title 7 of the United States Code, such termination to be effective on the date specified but not earlier than six months after an instrument reflecting such agreement has been signed and ratified by the signatory governments in accordance with the procedures set forth in Article Twenty-Two, sections 1-5; provided that the date of termination may be extended by mutual agreement of all three signatory governments.

3. Reviews - At the call of one of the signatory governments or the Board of Regents, the Governments of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall meet to consult on the desirability of

adjusting the contributions made pursuant to Article Nine of this Agreement or any other amendments purposed in the call, or raised during the meeting. Notice of such a call for a meeting shall be given pursuant to Article Twenty-Three Section 5.

4. Notification - Any notice given in accordance with this Agreement shall be in writing and may be served by hand or sent by telex or facsimile or, where either method cannot readily be effected, by registered mail. Delivery by hand shall be effective when made. Delivery by telex or facsimile shall be deemed to be effective on the business day following the day when the "answer back" appears on the sender's telex or facsimile machine. Delivery by registered mail shall be deemed to be effective ten (10) calendar days after posting.

IN WITNESS WHEREOF, the undersigned, duly authorized, have signed this Treaty Regarding the College of Micronesia, which shall come into effect in accordance with its terms.

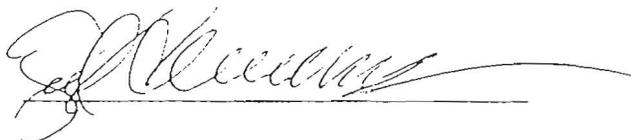
DONE AT MAJURO, THIS 23RD DAY OF  
DECEMBER, ONE THOUSAND NINE HUNDRED AND NINETY-TWO.

FOR THE GOVERNMENT  
OF  
THE REPUBLIC OF THE MARSHALL ISLANDS



DONE AT MAJURO, THIS 23RD DAY OF  
DECEMBER, ONE THOUSAND NINE HUNDRED AND NINETY-TWO.

FOR THE GOVERNMENT  
OF  
THE FEDERATED STATES OF MICRONESIA



DONE AT MAJURO, THIS 23RD DAY OF  
DECEMBER, ONE THOUSAND NINE HUNDRED AND NINETY-TWO. 1992

FOR THE GOVERNMENT  
OF  
THE REPUBLIC OF PALAU

