

Summary of Discussion
LEADERSHIP MEETING
Ming's Restaurant, Palasia | 10:20 am – 12:03 pm
Thursday, December 14, 2017

I. Dengue Fever Status Report and Update from the Ministry of Health

Minister Roberts provided the following progress report of the status of dengue fever cases:

- On Friday, Dec. 9, 2017, the Ministry of Health closed its Emergency Operation Center. In November 2017, four (4) cases of dengue fever were reported. So far, there are no cases of dengue confirmed for the month of December. The Ureor el Beluu greatly contributed to the successful control and prevention of dengue fever. The Ministry of Health continues to encourage and remind the community to take preventive measures through regular awareness and outreach programs.
- **Health Assistant Training Program:** The program commenced in August 2017 with 29 participants at Palau Community College. So far, 2 participants have dropped out, but the program is continuing successfully. The participants are undergoing training in various skills and areas of health. MOH anticipates the 6-month program to conclude in April 2018. Participants will be offered positions within MOH following graduation or provided with support to identify opportunities to further their education should they wish.

II. Compact of Free Association Trust Fund Progress Report

Chairwoman Mingrang Kloulechad provided the following update of the status of the Trust Fund:

- In 1994, \$66 million was provided by the U.S. to the Trust Fund. An additional \$4 million was provided in 1998. Total funding contribution injected to the Trust Fund was \$70 million. According to reports, \$2 million was injected to pay off overdraft by the Republic. This \$2 million is not considered an invested capital. Beginning FY 2001-2002, the National Government began withdrawing \$5 million from the Trust Fund until now. This fiscal year marks the first time \$9 million was authorized and appropriated from the Fund.
- As of November 2017, COFA Trust Fund Board reports a market value net of fees at \$224 million. \$83 million withdrawn in total to date. \$20.8 million expended on management fees. Interest and dividends earned to date is \$35.9 million. Total gains are \$220.5 million to date. Earnings total \$256.4 million.
- The Board reports the following challenges:
 1. Poor performance of the following four (4) money managers: Wells Capital, Miller Howard, Brandes and Bank of Hawaii. The Board continues to closely monitor their progress. The Board has communicated to the President requesting issue an RFP to seek other managers who will be able to achieve the Trust Fund's goals. The President has met with the COFA Board of Trustees in regards and has approved for the Board to move forward with its bidding.

2. Long-term sustainability of the Fund. The Board reports Palau will soon begin to withdraw up to \$15 million of the Fund, however presently there is no new funding deposited into the Fund. The Board requests the leadership to consider the future of the Fund in particular when the Republic begins withdrawing up to \$15 million. If Palau continues to access the \$15 million based on the U.S. Department of Interior's report and we continue to earn 6-7% by 2044, the Trust Fund will have a balance of \$100 million. However if the return is between 4-5%, in 2044 the Trust Fund balance will be zero.
 3. COFA Board of Trustees Budget. The Board thanks President Remengesau and the OEK of the increase of its budget to \$50,000 and further requests for consideration of their initial request of \$100,000 budget.
 4. No full-time staff. The Board expresses challenges of not having a full-time staff who can ensure the continuity of the Board's initiatives and maintain records, in particular when the membership of the Board changes.
- President Remengesau emphasizes and requests the leadership to consider the Trust Fund's future beyond 2044 and to work in collaboration to develop a sustainable plan for the Trust Fund.

III. Progress Report of the Compact Agreement Pending in the U.S. Congress

Minister Rehuher-Marugg and Chief of Staff Eldebechel provided the following report:

- According to Ambassador Hershey Kyota, the U.S. House of Representatives and Senate are still in conference. On Tuesday, December 12th, President Trump authorized the funding to be taken from the Defense Authorization Act. Once the U.S. Congress appropriates the fund will be taken from Defense to Interior for Palau. \$110 million is the total amount to be received by Palau based on the result of 7-years of continued annual appropriation of \$13.1 million from the U.S.
- Discussion is ongoing within the White House for a lump sum payment. The \$110 million includes \$30 million to the COFA Trust Fund, \$10 million for debts, and step down funding. Department of Defense representative is due to visit Palau in January 2018. Discussion to take place regarding receiving the funds in one lump sum during his visit.

IV. Progress Report from Palau National Communications Corporation (PNCC)

Chairman Norman Ngiratecheboet and AGM Leo-Ben Teriong provided the following report:

- **Fiber Optic Connection:** PNCC announces successful connection and launching of fiber optic through BSCC on December 7th. Since connection, PNCC remains 100% connected to the fiber optic and stand ready to work with the State and National Governments to fully utilize the infrastructure. PNCC has commenced efforts to reinstate 2G cell system and anticipates completing connection soon.
- President Remengesau requests PNCC to conduct public education and awareness of programs and services now available due to 3G/4G and fiber optic connection. By today, December 14th or Friday, December 15th, PNCC anticipates completing connection of 2G/3G services in Aimeliik. PNCC also plans to conduct an outreach program in Aimeliik next week on how to access 3G services.

- **RPPL No. 10-17 (Telecommunications Regulatory Framework):** Within this framework, all service providers will be required to pay 15% fee to Belau Submarine Cable Corporation (BSCC). This 15% will be used to pay the RUS loan. Delegate Isechal requests for PNCC to put in efforts to determine the projected revenue of the 15% annually and if it's sufficient to cover the RUS loan payment.
- **Cable Services:** Speaker Anastacio requests PNCC to address cable service issues in Kayangel, Angaur, Sonsorol and Hatohebei. PNCC reports Angaur is connected to cable services meanwhile PNCC hopes to explore options for connecting Kayangel, including through the 3G/4G system. PNCC reports Southwest Islands is a continued challenge due to distance. PNCC continues to explore possibilities for connection in the Southwest Islands. Delegate Kemesong further requests for PNCC to explore alternative options to connect Kayangel to cable services that has been connected for months. Kayangel residents rely on cable services of public announcements and other important information shared through television. President Remengesau requests for PNCC to set up a separate meeting with the leadership of Kayangel to address cable service issues in the State.

V. Implementation of the Palau Pledge Entry Visa Stamp

Press Secretary Olkeriil Kazuo provided the following report of the Palau Pledge Project:

- On October 28th, President Remengesau, members of the OEK and members of the Council of Chiefs signed the pledge at the Civil Hall. On December 7th, the Palau Pledge was launched with the immigration stamp along with Presidential Directive No. 17-29 directing immigration officials to begin utilizing the Palau Pledge entry visa stamp. The Palau Pledge reads as follows:
 - “Children of Palau. I take this pledge as your guest, to preserve and protect your beautiful and unique island home. I vow to tread lightly, act kindly and explore mindfully. I shall not take what is not given. I shall not harm what does not harm me. The only footprints I shall leave are those that will wash away.”
- On December 7th, the pledge was launched at the Airport where United Airlines flight #154 passengers became the first visitors to receive the stamp. All passengers and visitors, including Palauans, will be required to receive the pledge moving forward. The Friends of the Marine Sanctuary has conducted education and outreach programs throughout Palau in collaboration with the Ministry of Education. Since Palau disseminated the press release regarding the Pledge it has received more than 2 million hits online, including Leonardo DiCaprio's Facebook page. Queen Noor and former U.S. Secretary of State John Kerry have signed the pledge. Palau Legacy co-chaired by First Lady Debbie Remengesau and volunteers Jennifer Koskelin-Gibbon, Laura Clarke, Nicole Fagan and Nanae Singeo worked dedicated time and efforts on the Palau Pledge project in partnership with the Palau National Marine Sanctuary Office. PVA continues to work with the Palau Pledge Project and financed more than \$150,000 in regards. Havas, the second largest advertisement company in the world, volunteered it's time to take care of all the marketing and media components of the project.
- **ERRATUM:** Press Secretary Kazuo misinformed the Leadership in the meeting “that PVA donated Palau Pledge funds to Friends of the PNMS (NGO)”. This information is incorrect. This correction is made to clarify that PVA paid HAVAS for production(s).

VI. Legislative Agenda

- President Remengesau to refer the Procurement Act with recommendations for review. The Senate and the House of Delegates to extend another day for session and request for timeline of submittal of bill from the President. President Remengesau agrees to submit the referred Procurement bill to the OEK before midnight, December 15th.
- **Our Ocean Conference 2020 Trust Fund:** The President requests for urgency of action in regards as the 2020 “Our Ocean” Conference is right around the corner. Ambassador Uludong, Chief of Staff Eldebechel and Kaleb Udui, Jr. recently attended the organization committee meeting of the “Our Ocean” conference that has begun looking into the hosting of the 2020 conference in Palau. The proposed Trust Fund will enable the Republic to commence efforts to seek donation and partnership for 2020. Delegate Isechal reports the legislation passed the House of Delegates and now before the Senate. The House has been assured by the Senate that it will be passed in January 2018.
- **Campaign Finance Reform Act:** The President requests for action and consideration in regards. Senate to initiate the bill in January 2018.
- **Exempting foreign workers employed by State Governments:** The President requests for action on the bill, which will greatly benefit and ease hiring process of foreign workers by State Governments. Delegate Isechal reports the bill is pending in the Senate.
- **High End Investment – Pristine Paradise Palau:** The President requests action and consideration of the bill. Delegate Isechal reports the bill is pending in the Senate.
- **Minimum Wage:** The President requests action and consideration of the bill. Delegate Isechal reports the bill is pending in the Senate.
- **Amendments to Pension Plan:** The President requests action and consideration of the bill. Delegate Isechal reports the bill is pending in the Senate.
- The House of Delegates is seeking collaboration and consideration of the following bills pending in the Senate:
 - HB 10-21-1 (Exempt land lease of gross receipt tax): The bill has been pending in the Senate.
 - HB 10-39 on transferring management of the Healthcare Fund from Social Security to Healthcare Fund Committee.
- Senate Vice President Mark Rudimch seeks for the leadership’s action and review of possible legal implications posed by the increase of the Civil Service Pension Plan employee/employer contribution.
- Senate President Baules notes the Senate is set to confirm pending Presidential board membership appointments for the Language Commission, Land Surveyors, and the Parole Board in its session on December 15th. Senate President Baules requests President Remengesau to submit new appointments to the PNCC Board.

VII. Miscellaneous Matters

- The Ministry of Finance has issued payment of \$75,000 assistance based on the survey conducted for Typhoon Soudelor victims in Saipan, CNMI. The survey lists names of victims and details damages with cost.
- Executive Order No. 408 to create a consultative committee to oversee the newly-created economic and social development program has been signed. The project is through a grant aid of \$1.2 million from the Government of Japan.
- **Tropical Storm Lan Damage Update:** A trip was made to Sonsorol on November 25th returning on December 1st. The trip was made to repair a total of 13 residential homes. A trip was also made on December 1st to Hatohobei returning December 7th to reconstruct a house that was destroyed by the storm. Angaur dock was damaged by the storm. CIP engineers continue to conduct an assessment in regards. Memorial park in Peleliu was also damaged including the summerhouse in Kambek. Air condition in the building where PIF Retreat was held was also damaged. Vegetation damage reported in Kayangel. President Remengesau requests Director Melairei to speed up assessment efforts of Angaur's dock.
- **Air and Marine Domain Awareness Update:** Last week, the U.S. and the Palau team met and agreed on the actual land area and boundary for installation of the awareness systems. Agreement has been prepared to request landowners' permission for land access for additional survey in January 2018. October 1, 2018 is the date for delivery of lands and for the U.S. to take possession of the lands.
- **Challenges of Prosecuting Drug Related Charges:** The Vice President requests for the OEK's support and consideration for a legislation establishing a minimum penalty for possession of methamphetamine (or ice). The Vice President further requests for a minimum penalty for jail term of drug possession and trafficking. President Remengesau states the Office of the President will take the lead in developing said proposal for the OEK's consideration.
- **Status of Airport Expansion Project:** On November 20th, team of consultants presented the basic design of the project. The team to return next week to finalize and approve the basic design before moving on to the next phase of the project. All existing agencies occupied within the airport were incorporated within the design. Once the design is finalized and approved, a financial package will be put together in regards. Governor Rengulbai expresses concern of wastewater treatment.
- Official handover ceremony of PSS KEDAM, the new patrol vessel is set to be held on Tuesday, February 13, 2018.

***Meeting Minutes subjected to change and approval**