

## AMENDMENT 2

TO

MEMORANDUM OF AGREEMENT  
NAT-I-2604

BETWEEN THE

FEDERAL AVIATION ADMINISTRATION  
DEPARTMENT OF TRANSPORTATION  
UNITED STATES OF AMERICA

AND THE

DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS  
FEDERATED STATES OF MICRONESIA**ARTICLE I—GENERAL**

Pursuant to the terms of Article VIII of Memorandum of Agreement NAT-I-2604, as amended (the "Agreement"), between the Federal Aviation Administration ("FAA") of the Department of Transportation of the United States of America and the Department of Transportation and Communications ("DTC") of the Federated States of Micronesia (collectively, the "Parties"), the FAA and the DTC agree to amend the Agreement as follows:

A. All references to the "Department of Transportation and Communications" or "DTC" in the Agreement, including its annexes and appendices, shall be replaced by "Department of Transportation, Communications and Infrastructure" or "DTC&I" respectively.

B. Article VI, Financial Provisions, shall be replaced with the following:

**ARTICLE VI—FINANCIAL PROVISIONS**

Each annex or appendix shall describe the specific financial arrangements for the technical assistance to be provided. However, all financial arrangements shall be subject to the following:

A. Prior to the performance of any services by the FAA, the DTC&I shall pay to the FAA the estimated cost of providing the services and an administrative overhead charge in accordance with the provisions set forth in this Agreement and its annexes and appendices.

1. In the event that the FAA does not receive the payment within the time specified in the applicable annex or appendix, the FAA shall automatically terminate the technical assistance project and forward a statement of account for the actual costs,

including an administrative overhead charge, incurred in preparing to provide the technical assistance. The DTC&I shall pay any such statement of account.

2. The FAA may, in its sole discretion and on a case-by-case basis, waive the required prepayment. In such cases, the FAA shall submit a statement of account to the DTC&I for all costs, including an administrative overhead charge, incurred by the FAA in providing the services.

B. Notwithstanding any other provision of this Agreement, the FAA may, in its sole discretion and on a case-by-case basis:

1. Waive reimbursement by the DTC&I of all or a portion of the cost of providing services, including the administrative overhead charge, under the annexes and appendices to this Agreement. The details of any such waiver shall be set forth in the appropriate annex or appendix.

2. Accept reimbursement from a third party or another agency of the U.S. Government in lieu of reimbursement by the DTC&I of all or a portion of the cost, including the administrative overhead charge, of providing services under the annexes and appendices to this Agreement. The details of any such acceptance of payments shall be set forth in the appropriate annex or appendix.

C. The FAA has assigned agreement number NAT-I-2604 to identify this Agreement. This number and the billing number assigned to each annex or appendix, if applicable, shall be referenced in all correspondence and bills related to this Agreement.

D. Upon completion of the services, the FAA shall submit a statement of account to the DTC&I detailing the actual cost of providing the services, including an administrative overhead charge. Each statement of account will be delivered to the address specified in the applicable annex or appendix.

1. If the statement of account shows that the actual cost of providing the services is greater than the estimated cost paid by the DTC&I, the DTC&I shall pay the balance due to the FAA.

2. If the statement of account shows that the actual cost of providing the services is less than the estimated cost paid by the DTC&I, the FAA shall either refund the difference to the DTC&I, apply the difference to any unpaid balances owed by the DTC&I under the Agreement, or hold the balance as a deposit against any future work under this Agreement, as agreed to by the Parties.

E. Payment of a balance due must be received by the FAA within sixty (60) days after the date the FAA issues a statement of account. In the event that payment is not received by the FAA within such time, the FAA shall assess late payment charges – i.e., interest, penalties, and administrative handling charges – in accordance with U.S. Treasury Department regulations. The FAA shall assess additional late payment charges for each additional thirty (30) day period, or portion thereof, that payment is not received. The DTC&I shall pay any such late charges.

F. All payments shall be made in U.S. dollars and may be made either by check or electronic funds transfer. Checks shall be drawn on a U.S. bank and forwarded to the FAA at the address specified in the applicable annex or appendix. Electronic funds

transfers shall be made in accordance with the instructions set forth in the applicable annex or appendix. All payments shall include a reference to the assigned agreement number and billing number.

G. The FAA reserves the right to suspend all work under this Agreement if there is an outstanding balance for work performed or services rendered under any of its annexes or appendices.

H. In the event of a termination of the Agreement or any of its annexes or appendices by either Party under Article VIII of this Agreement, the DTC&I shall pay:

1. All costs incurred by the FAA in providing, or in preparing to provide, the technical assistance prior to the date of such termination, including an administrative overhead charge; and
2. All termination costs incurred by the FAA during the 120-day close-out period.

**ARTICLE II—ENTRY INTO FORCE AND TERMINATION**

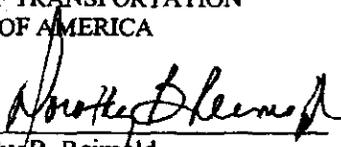
This Amendment shall enter into force on the date of the last signature.

**ARTICLE III—AUTHORITY**

The FAA and the DTC agree to the provisions of this Amendment as indicated by the signatures of their duly authorized representatives.

FEDERAL AVIATION ADMINISTRATION  
DEPARTMENT OF TRANSPORTATION  
UNITED STATES OF AMERICA

BY:

  
Dorothy B. Reimold

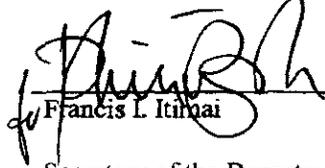
TITLE: Acting Assistant Administrator  
for International Aviation

**MAY 29 2009**

DATE:

DEPARTMENT OF TRANSPORTATION AND  
COMMUNICATIONS  
FEDERATED STATES OF MICRONESIA

BY:

  
Francis L. Itimai

TITLE: Secretary of the Department

DATE:

**6/10/09**