STATE OF POHNPEI

PERSONNEL SERVICES CONTRACT

(Employee is a Resident of Pohnpei)

Contract No. _____

FOR GOOD AND VALUABALE CONSIDERATION, the State of Pohnpei ("State" hereinafter) and the Employees as identified on the Fact Sheet agree to fully and faithfully perform the terms and conditions set out below and on the Fact Sheet.

TERMS AND CONDITIONS

1. **Reference to the Fact Sheet and other documents.** The information set forth in these Terms and Conditions shall be read and interpreted in conjunction with the information set out in the Fact Sheet and any other documents that may be attached hereto and incorporated herein.

2. **Services of the Employee**. Employee agrees to perform the services within the commencement and termination dates indicated on the Fact Sheet. The Employee shall perform the services to the best of his or her ability, and in a diligent, ethical and forthright manner. Employee shall, at all times, act in the best interest of the State and shall not encourage or engage in a strike against the State. Employee's services shall be performed primarily for the Allottee indicated on the Fact Sheet.

3. **Other Duties.** Employee agrees to perform any other duties that he or she is assigned by the State provided that the duties are reasonably related to the purpose of this contract and the Employee is capable of performing such duties. If a State employee is placed under Employee's supervision, Employee agrees to provide such training and assistance to said employee who is reasonably related to the purpose of this contract and within the capability of the Employee.

4. **Materials and other items**. The parties shall provide the materials and other items listed on the Fact Sheet. Except as set forth in a list attached hereto (if any) all materials and information developed by the Employee while performing this contract shall be the property of the State.

5. **Compensation and Benefits**. Unless this contract is terminated prior to its complete performance or prior to the completion of the full term, Employee shall receive the wage, salary and/or benefits indicated on the Fact Sheet. Payment shall be in accordance with the stated payment schedule. All benefits or reimbursements stated on the Fact Sheet are subject to the State's rules, regulations and policies and the provisions of the Terms and Conditions. The total monetary obligation of the State shall not exceed the amount stated.

6. **Insurance Coverage.** If the Employee elects to participate in the State's insurance programs, premiums shall be paid by the Employee and deducted from the wages, salary or fees.

7. **Deductions for taxes.** It is understood that applicable social security taxes and income taxes will be withheld if required by law.

8. **Sick Leave.** If the Employee is entitled to leave for illness or injury it shall be at the rate of one hundred four (104) hours per contract year and may be used from commencement of the contract. Unused hours are forfeited and lost at the end of each contract year and shall not accumulate from year to year or carryover upon renewal of the contract. No payment will be made for any unused sick

leave upon completion or termination of this contract.

9. **Vacation leave**. If Employee is entitled to vacation, he/she shall receive eighty (80) hours of paid leave per contract year. Vacations must be taken during the year earned and may not be carried over. Employee will not receive credit, compensation, reimbursement, or monies for unused vacation leave. Applications for vacation must be made to and approved in advance by the State.

10. **Exempt from the public service system**. It is understood and agreed that the Employee is exempt from the Pohnpei Public Service System Act.

11. **Overpayments**. If the State has advanced or paid an amount in excess of its obligations hereunder, the Employee shall promptly repay the excess to the State. Alternatively, the State may at its option withhold the excess from any compensation or benefit due the Employee under this agreement.

12. **Other compensation**. It is understood that contract employees are on negotiated salary and therefore, are <u>not</u> eligible for overtime, standby, night, hazardous or any other differential.

13. **Termination without cause**. This contract may be terminated by either party without cause by giving written notice to the other party no less than fifteen (15) days prior to the effective date of termination. Until the termination date, the parties shall continue to fulfill and comply with the terms of this agreement. The wage, salary or fee shall be equitably prorated through the termination date.

14. **Termination for cause**. The State may terminate this contract for cause including, but not limited to, Employee's breach of this contract, the failure to commence the services on the date indicated, or if having commenced work the Employee abandons the work, fails to make reasonable progress, or fails to perform or complete the services to the satisfaction of the State. Termination for cause may take effect immediately upon written notice to the Employee. All benefits and wages shall cease on the effective date of the termination and the State will only be liable for the reasonable value of the services completed, if any. Any unpaid salary, wages, fees or other compensation for past services of the Employee may, however, be used to offset any damages or costs incurred by the State due to Employee's breach or inadequate performance. Such costs may include those incurred as a result of having to recruit and hire a replacement to perform the services the employee failed to perform.

15. **No additional obligation**. Except as provided herein, the State has no further obligation upon completion or earlier termination of this contract.

16. **Compliance with laws**; **interpretation; venue.** Employee agrees to comply with all applicable laws and regulations of the State and FSM. This contract shall be fairly construed according to the laws of the State and FSM. The venue of all court actions shall be in a court of competent jurisdiction in Pohnpei.

17. **Prior agreements or representations**; **amendments**. The provisions of this contract represent the entire agreement between the parties. All statements or oral representations made prior to this agreement shall have no force of effect unless set out herein. To be enforceable all amendments to this contract must be put into writing and signed by the parties

18. **Effective date**. This contract shall be valid and enforceable only after all of the parties and agencies have signed it, regardless of who signs first or last.