

## AN ACT

To authorize the Governor to enter into a financing agreement to borrow a sum not exceed \$3,233,000 from the FSM to be secured by future Compact funds and Chuuk State's share of FSM tax revenues; to onlend the loan to the state public utility for the purpose of establishing and administering the Water Supply and Sanitation Project; to establish the Chuuk State Water Project Revolving Fund; to appropriate the proceeds of the loan; to appropriate the sum of \$885,000 from the general fund to finance the local cost-sharing portion of the project; and for other purposes.

BE IT ENACTED BY THE CHUUK STATE LEGISLATURE:

1           Section 1. Title. This act may be cited as the "Chuuk State Water Supply and  
2 Sanitation Project Financing Act."

3           Section 2. Definitions. In this Act:

- 4           (a) "ADB" means the Asian Development Bank.
- 5           (b) "CPUC" means the Chuuk Public Utility Corporation, or its successor.
- 6           (c) "Compact" means the Compact of Free Association between the FSM  
7 and the United States of America.
- 8           (d) "Financing Agreement" means a three-party agreement between the  
9 FSM, the State, and the CPUC in substantially the form previously  
10 submitted to the FSM Congress and labeled "Congress Draft."
- 11           (e) "FSM" means the Federated States of Micronesia.
- 12           (f) "Governor" means the Governor of Chuuk State.
- 13           (g) "Loan Agreement" means the Loan Agreement (Special Operations)  
14 (Water Supply and Sanitation Project) between the FSM and the ADB  
15 in substantially the same form previously submitted to the FSM  
16 Congress and labeled "Negotiated Draft 14/vii/96."
- 17           (h) "Project" means the Chuuk State Water Supply and Sanitation Project  
18 described in the Loan Agreement.
- 19           (i) "Revolving Fund" means the Chuuk State Water Project Revolving  
20 Fund.
- 21

1           Section 3. Governor; Authorization to Enter Financing Agreement. The

2 Governor may execute the financing agreement between the State, the FSM, and the ADB  
3 for the purpose of implementing the Project as described in Schedule 1, Part A, of the  
4 Loan Agreement.

5           Section 4. Governor; Borrowing Authorization; Onlending to CPUC. The

6 Governor may borrow, pursuant to the Financing Agreement a sum not to exceed  
7 \$3,233,000, for the purpose of financing the Project. The State shall onlend the entire  
8 proceeds of the loan to the CPUC.

9           Section 5. Financing Agreement; Security. Pursuant to the Financing

10 Agreement, as security for the full performance of the State's obligations, the State  
11 assigns and transfers to the FSM all moneys and rights to payment from block grants  
12 under section 211 and inflation adjustments under section 217 of the Compact and the  
13 State's share of FSM tax revenues.

14           Section 6. Chuuk State Water Project Revolving Fund Established; Purpose;

15 Deposits; Disbursements. Notwithstanding any law to the contrary, there is hereby  
16 established a Chuuk State Water Project Revolving Fund separate from the general fund  
17 and any other fund.

18           (a) The purpose of the Revolving Fund is to provide a revolving fund for  
19 the receipt and disbursement of funds associated with the Financing  
20 Agreement and implementation of the Project.

21           (b) All sums received pursuant to the Financing Agreement, and any other  
22 appropriation or sums received from any other source for the project  
23 or for repayment of the loan authorized under Section 4, shall be  
24 deposited in the Revolving Fund.

25           (c) The Governor shall make disbursements from the Revolving Fund  
26 only for the purpose of implementing the Project or repayment of the  
27 principal, interest, or any other charges or fees on the loan.

28           (d) The Governor shall make disbursements from and shall administer the  
29 Revolving Fund pursuant to this Act, the Financing Management Act,

1 the Loan Agreement, the Financing Agreement, generally accepted  
2 accounting standards, sound financial practice, and all other applicable  
3 statues.

4 (e) Unexpended moneys in the Revolving fund shall not revert to the  
5 General Fund or lapse at the end of the fiscal year, provided, that upon  
6 final payment and satisfaction of the loan, all unexpended moneys in the  
7 Revolving Fund shall revert to the General Fund.

8 Section 7. Financing Agreement; Appropriation of Loan. All sums directly or  
9 indirectly received by the State as proceeds of the loan in accordance with the Financing  
10 Agreement are hereby appropriated to the Revolving Fund for the purpose of  
11 implementing and administering the Project. Such funds shall not be obligated until  
12 received from or made available by the FSM.

13 Section 8. Appropriation; Local Cost-Sharing. The sum of \$885,000, or so much  
14 thereof as may be necessary, is hereby appropriated from the General Fund to the  
15 Revolving Fund for the fiscal year ending September 30, 1997, to be used to finance  
16 Chuuk State's cost-sharing component under the Financing Agreement.

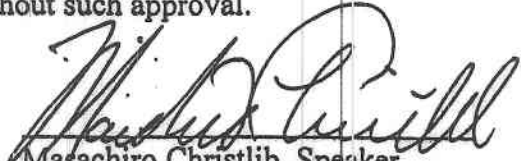
17 Section 9. Report.

18 (a) The Governor shall submit a report to the Legislature no later than  
19 April 15, 1998, which shall detail the status of the Revolving Fund  
20 including full disclosure of sums deposited and obligations incurred as  
21 of April 1, 1998, and shall indicate the planned use for the remainder  
22 of the fiscal year of the sums in the Revolving Fund.


23 (b) The Governor shall submit a report to the Legislature on the status of  
24 the Revolving Fund at the close of each fiscal year.

25 (c) The CPUC shall submit a report to the Legislature on the status of the  
26 Project at the close of each fiscal year.

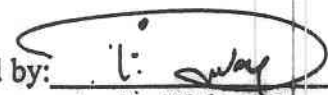
1 Section 10. Effective Date. This Act shall take effect upon approval by  
2 the Governor or upon its becoming law without such approval.

  
Masachiro Christlib, Speaker  
House of Representatives  
Chuuk State Legislature

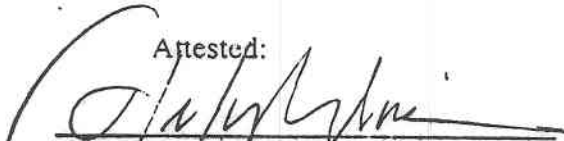
Date: May 21, 1997

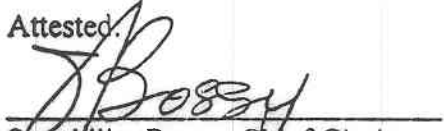
  
Detor Santos, President  
Senate  
Chuuk State Legislature

Date: May 22, 1997

Approved by:   
Ansito Walter, Governor  
Chuuk State Government

Date: June 2, 1997

Attested:  
  
Herter Sorim, Chief Clerk  
House of Representatives  
Chuuk State Legislature

Attested:  
  
Songkilita Bossy, Chief Clerk  
Senate  
Chuuk State Legislature

History : H.B.NO: 4-01;HD1  
H.S.C.R.NO: 4-01  
S.S.C.R.NO: 4-03