



OFFICE OF THE GOVERNOR
STATE OF CHUUK
Federated States of Micronesia

Gov. Copy

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WESLEY W. SIMINA
GOVERNOR
JOHNSON ELIMO
LT. GOVERNOR

June 1, 2006

The Honorable Detor Santos
President,
House of Senate
Eighth Chuuk State legislature
P.O. Box 1050
State of Chuuk, FSM 96942

AND

The Honorable Florencio Harper
Speaker,
House of Representatives
Eighth Chuuk State Legislature
P.O. Box 1050
State of Chuuk, FSM 96942

RE: C.S.L. 8-06-08(ACT NO. 8-23)

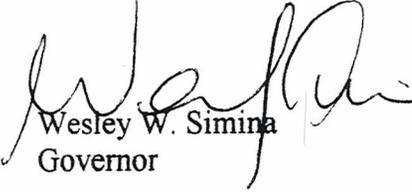
Dear President Santos and Speaker Harper:

I am honored and indeed pleased to transmit to the Legislature Act No. 8-23 that I have reviewed and signed into law and designated as Chuuk State Law No. 8-06-08. This new law authorizes the Governor of the State of Chuuk to borrow an approximate sum or sums thereof in the equivalent of Asian Development Bank Special Drawing Right of 2,983,000 from the National Government for the purpose of funding Basic Social Services projects in the state of Chuuk and further appropriate the proceed of the loan for such purpose.

I am thankful to the members of both Houses and congratulate you all for the hard work and unwavering support that had let to the successful passage of this important Act.

With warm personal regards.

Sincerely,


Wesley W. Simina
Governor

CC: Acting Chief Justice, CSSC
Acting Attorney General



EIGHTH CHUUK STATE LEGISLATURE

THE HOUSE OF REPRESENTATIVES

P. O. Box 27

Weno Island, Chuuk State
Federated States of Micronesia

330-2666
330-2670
330-2382

May 30, 2006

The Honorable Wesley W. Simina
Governor
State of Chuuk
Office of the Governor
Chuuk State, FSM 96942

Dear Governor Simina:

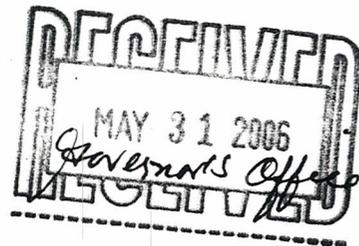
I have the honor to transmit to you Act No. 8-23, entitled, "To authorize the Governor of State of Chuuk to borrow an approximate sum or sums thereof in the equivalent of Asian Development Bank Special Drawing Rate (SDR) of \$2,983,000 from the National Government for the purpose of funding Basic Social Services Projects in the State; to appropriate certain loan proceeds; to establish a Multi-Loan Disbursing Fund, and for other purposes", which passed by both Houses of the 8th Chuuk State Legislature, Second Regular Session, 2006.

Thank you.

Respectfully,

Herter E. Sorim
Chief Clerk

Enclosure: Act No. 8-23



AN ACT

To authorize the Governor of the State of Chuuk to borrow an approximate sum or sums thereof in the equivalent of Asian Development Bank Special Drawing Right (SDR) of \$2,983,000 from the National Government for the purpose of funding Basic Social Services Projects in the State; to appropriate certain loan proceeds; to establish a Multi-Loan Disbursing Fund, and for other purposes.

Be it enacted by the Chuuk State Legislature:

1 Section 1. Authorization. The Governor is hereby authorized to borrow money
2 from the National Government of the Federated States of Micronesia ("FSM") for the
3 purpose of funding Basic Social Services Projects as provided hereinafter. The
4 borrowing shall be by way of a project loan and which, respectfully, constitute part of the
5 proceeds of a Basic Social Services project loan from the Asian Development Bank (the
6 "Bank") to the FSM.

7 Section 2. Amounts. The total amount to borrowed by the State is the equivalent
8 in SDRs (Special Drawing Rights) of the Bank, as of such point in time as the Bank and
9 the President of the FSM shall agree, of up to \$2,983,000 SDR.

10 Section 3. Financial Terms.

11 (1) The loan to the State shall:

- 12 (a) provide for disbursement in two separate draw down in
13 accordance with the phases of the project, or "tranches";
14 (b) have an 8 year grace period for the repayment of principal;
15 (c) bear interest at the rate of 1% per annum during the grace
16 period and 1.5% per annum thereafter; and
17 (d) provide for repayment of the principal over a 16-year period
18 commencing at the end of the grace period.

19 Section 4. Use of Proceeds. The loan will be for the purpose of funding the Basic
20 Social Services projects areas of health, education and law reforms sector in the State.
21 Loan proceeds may be used only as provided in the loan agreements between the FSM
22 and the Bank.

1 Section 5. Loan Conditions. The loans to the State shall be the subject of the
2 project Re-lending Agreements between the National Government and the State which,
3 taken together:

4 (1) Place the foreign exchange risk on the State until the estimation and
5 transfer process called for in subsection (c) and on the National
6 Government thereafter;

7 (2) Amend provisions relating to the Trust Account created in the name of
8 the State pursuant to the Existing Financing Agreement between the
9 National Government and the State with respect to the ADB Public
10 Sector Reform Program so as to permit and require that Trust Account
11 to be used, in conjunction with the External Debt Management Fund
12 created or to be created by the National Government, for repayment of
13 not just the Public Sector Reform Program Loan but also these loans
14 and possibly other loans to the State;

15 (3) Provide for annual estimation of the amount conservatively estimated
16 to be needed as a banking funds for repayments of all loan proceeds
17 advanced to the State since the last such estimate, followed by
18 transfer of the amount as estimated from the Trust Account to the
19 External Debt Management Fund. Such funds may not be obligated
20 until received from or made available by the National Government.

21 (4) Proceeds of the program loan to the state shall be subject to
22 appropriation laws by the Legislature of the State in one or more
23 separate appropriation acts.

24 Section 6. Appropriation. The sum or sums thereof which is the equivalent of the
25 sum of \$2,983,000 in SDR or so much thereof as may be necessary and have been made
26 available by the National Government under the program loan to the State, is hereby
27 appropriated for the following purposes: To assist the Government of Chuuk State in
28 designing and introducing essential reforms in health and education to develop the human
29 resources of the State of Chuuk in a sustainable

Tetten 5. Annukun ewe Loan. Ewe loan ngeni ewe Mun Chuuk fiti pwungun ewe aupeew nefinan ewe National Government me ewe Mun Chuuk. epwe pachenon.

- (1) Chuuk epwe eanni sekining met osukosuken kesiwinin pochokunan mwoonien mun fonufan (foreign exchange) tori met ewe National Government epwe angei fiti pwungun subsection (c) me non ei annuk.
- (2) Akasiwin porousan atipew fan itan ewe Trust Account mi forita fan itan Chuuk fiti pwungun ewe Financial Agreement nefinan ewe National Government me Chuuk fan itan ewe ADB Public Sector Reform Program an epwe tongeni mutata an ewe Trust Account epwe nounou, fiti pwungun ewe External Debt Management Fund ewe a fen forita ika epwe forita seni ewe National Government, fan itan kamosefanin esap chok ei Public Sector Reform Program Loan pwe epwe tongeni pwal fan itan ekewe ekkoch loan an Chuuk.
- (3) Awora aurouran non ewe ter ewe ukukun mi wesewesen kouk pwe epwe wor osupwangen nounoun an epwe ewe banking funds ren kamosefanin ewe loan a fen kawor ngeni Chuuk seni chok non ewe saingonoon kouk. iwe mwirin epwene transfer ewe ukukun mi kouk seni ewe Trust Account ngeni ewe External Debt Management Fund. Ukukun ei mwooni esap tongeni nounouno tori an titito me kawore seni ewe Mwanap.
- (4) Ewe mwooni epwe kawor seni ei loan ngeni Chuuk epwe kawor nounoun non ewe ika fittu annukun nounoun.

Tetten 6. Kaworen nounoun mwooni. Ewe ika ekewe ukukun minne epwe nonno ngeni ewe ukukun \$2,983,000 non SDR ika fittu ukukun epwe auchea ika epwe kawor seni ewe National Government me fan pwungun ei loan program ngeni Chuuk. Iei a kawor fan itan ekkei pwopun: An epwe anisi ewe Mun Chuuk State an epwe awora ekewe auchean kokkot sefan in pekin angangen pioing me sukun an epwe awora

1 murunonon nonomun aramasen Chuuk State non pekin aninnis me epwe tongeni awora
 2 tufichin efeiteitan nonnomwun aramas me mwooni non fansoun nangatam. Epwe pwan
 3 amurunonoi katouran angangen pekin asukun me pioing mi murinno ngeni neni me neni.
 4 me epwe awora angang me aninnis mi murinno me mokukkun esenipa murinonon angang
 5 me apichokuna an aramas repwe pachenong me eteneki nonomwochuk ekewe imwan me
 6 pisekin mun non nenier kewe amurunonon tumunun pekin angangen asukun me pioing
 7 non health sector, ika angangen pekin pioing

8 Tetten 7. Multi-Loan Disbursing Fund

- 9 (1) Iei a forita e Multi-Loan Disbursing Fund. imusen iwe
 10 General Fund me meinisin ekkewe mwoonian ewe State
 11 Chuuk.
- 12 (2) Popun ei Fund fan itan epwe wisen angei me atou ewe mwooni
 13 seni ekkewe loan a mumuta me fan pwungun ei annuk me
 14 ekewe ekkoch loan ngeni ei State Chuuk ewe epwe affat me
 15 non annukun Mun Chuuk. ekkewe mutata ewe loan.
- 16 (3) Ewe mwooni epwe imuno angangen tumunun taropwen
 17 Meinisin mwooni seni ei loan epwe isois non ew account fan
 18 itan mwoonian ei loan. epwe chok tongeni katou fan itan
 19 ekewe popun mi affat non ekkewe taropwen loan:
- 20 (4) Ewe mwooni a kawor seni ei loan epwe nom fan tumunuen
 21 ewe Director non ewe Administrative Services fiti pwungun
 22 annuk. ekkewe taropwen ewe loan fiti enletin pwungun
 23 angangen accounting: me
- 24 (5) Awora kotoun ika pwe epwe wor nusun mwooni non ewe Trust
 25 Account murin nimu ier ngeni ewe Mun Chuuk me murin a
 26 wesino kamosefanin ewe loan a pwan kawor nounoun me non
 27 ei annuk fan itan an epwe chok pwan nounouno ngeni ewe
 28 project ika program usun a fen kawor porousan me non ewe
 29 project Re-lending Agreement nefinan ewe National

Government me enletin angangen tumunun mwooni me non
 Mun Chuuk State fan itan ponuetan masowen ei tetten fan itan
 (6) ei project loan. Ewe loan epwe nounouno fiti pwungun ewe
 Chuuk State Financial Management Act.

Tetten 8. Kefinitan.

(1) Non an ewe Governor epwe chok fitipachei angangen me wor
 esinesin ngeni won porousan ewe mwooni, a tongeni pwan
 ngeni:

(a) ewe Director non ewe Department Administrative
 Services. ewe pochokun an epwe porous me sain won
 ewe Re-lending Agreement me ekkewe ekkoch taropwe
 fan itan ewe Mun Chuuk: me

(b) ekkoch kewe nouwis ewe Governor a mefi pwe repwe
 annomu tumunu fisiochun ekkoch kewe angang a
 kawor mwoonian seni ei loan.

(2) Ewe pochokun ew kewe angang ngeni emon aramas pachenong
 ewe pochokun an epwe apwunguno ponuochutan och angang
 me murin an a fen fis.

Tetten 9. Kaworan anounoun ewe mwooni seni ewe loan.

(1) Ika pwe mei pwan auchea an epwe kawor non annuk. meinisin kewe mwooni
 a kawor seni ewe loan ngeni Chuuk lei ra kawor non ei annuk fan itan
 mwoonian ewe project me programs usun a affat me non ewe Re-lending
 Agreement nefinan ewe National Government me ewe Mun Chuuk fiti
 pwungun ponuetan nounoun mwoonian mun. Ewe mwooni epwe kawor seni
 ei loan epwe wor tumunun fiti pwungun ewe Chuuk State Financial
 Management Act

1 Tetten 10. Meinsin mwooni a kawor me fan pwungun ei annuk epwe allotted
 2 ngeni. kawor tumunun fiti pwungun meinsin ekkewe annukun tumunun mwoonien mun.
 3 pachenong nge esap chok muchuno me won ewe Financial Management Act an Mun
 4 Chuuk State. Ewe allottee epwe an sekining an epwe annu pwe meinsin ekkei mwooni.
 5 ra kawor me non ei annuk repwe chok nounou ngeni met kewe popun a affat me non ei
 6 annuk fengen me ar repwe chok aukukun mwooni a kawor me non ei annuk. Ewe
 7 aukukun mwooni a kawor me non ei annuk resap niwin sefan pwe repwe chok nonnom

8 Tetten 11. Poputan pochokunan. Ei annuk epwe poputa pochokuan fansoun a
 9 kapwunguno meren ewe Governor, ika inet chok a pwisin winiti annuk won winikapan.

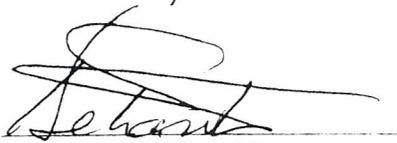
Sain seni: 

Singkoro Harper, Speaker
 Utten Representatives
 Anepwungun Mun Chuuk

Annetata

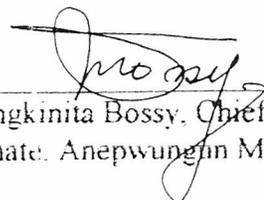

 Herter Sorim, Chief Clerk
 Utten Representatives
 Anepwungun Mun Chuuk

Pwinin maram: May 31, 2004

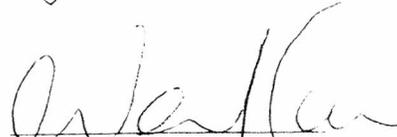
Sain seni: 

Detor Santos, President
 Senate, Anepwungun Mun Chuuk

Annetata:


 Songkinita Bossy, Chief Clerk
 Senate, Anepwungun Mun Chuuk

Pwinin maram: May 31, 2006

Kopwunguno seni: 
 Wesley W. Simina, Governor
 Chuuk State Government

May 31, 2006

Uruon : H.B. NO. 8-55
 H.S.C.R NO: None
 S.S.C.R. NO: None