



OFFICE OF THE GOVERNOR  
STATE OF CHUUK  
Federated States of Micronesia

*Gov. Copy*

P.O. BOX 849  
WENO, STATE OF CHUUK  
F.S.M. 96942

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**WESLEY W. SIMINA**  
GOVERNOR  
**JOHNSON ELIMO**  
LT. GOVERNOR

June 14, 2006

The Honorable Detor Santos President, House of Senate Eighth Chuuk State Legislature Chuuk, Federated States of Micronesia	&	The Honorable Florencio Singkoro Harper Speaker, House of Representatives Eighth Chuuk State Legislature Chuuk, Federated States of Micronesia
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**Re: Act No. 8-19 (Chuuk State Law No. 8-06-10)**

Dear President Santos and Speaker Harper:

I am pleased to transmit to the Legislature the above referenced Legislative Act which I have reviewed and approved into law and is hereby designated as Chuuk State Law No. 8-06-10.

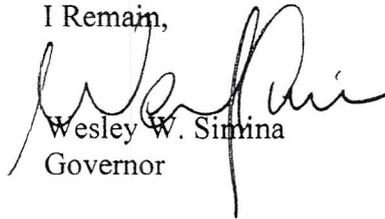
Legislative Act No. 8-19 is the enabling legislation authorizing the Governor of Chuuk to borrow approximately \$5,399,183 from the Asian Development Bank through the National Government of the Federated States of Micronesia for the purpose of funding the ADB Omnibus Infrastructure Development Project for the rehabilitation of Chuuk Public Utilities Corporation's electrical power system and establishing a debt management fund and for other purposes.

In approving Act No. 8-19, I noted a technical or otherwise a typographical error that appears at line 7, page 2. The word "Security" should read "Secretary" as I believe that the intent the provisions is making reference to the Secretary of the Department of Finance and Administration of the National Government.

I am indeed grateful to the legislature for the passage of these very important and long awaited legislation. As you know, this law now paves our first step into implementing CPUC electrical rehabilitation project.

Thank you very much and with warm personal regards,

I Remain,



Wesley W. Simina  
Governor

Enclosures: 1) CSL No. 8-06-10

Cc: Acting Chief Justice, CSSC  
Acting Attorney General



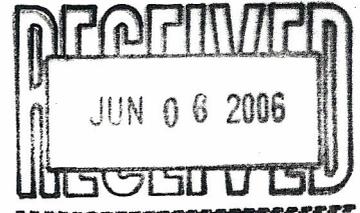
# EIGHTH CHUUK STATE LEGISLATURE

## THE HOUSE OF REPRESENTATIVES

P. O. Box 27

Weno Island, Chuuk State  
Federated States of Micronesia

330-2666  
330-2670  
330-2382



June 06, 2006

The Honorable Wesley W. Simina  
Governor  
State of Chuuk  
Federated States of Micronesia 96942

Dear Governor Simina:

It is my honor to transmit herewith Act No. 8-19, entitled, "To authorize the Governor of Chuuk to borrow approximately \$5,399,183 from the Asian Development Bank through the National Government of the Federated States of Micronesia for the purpose of funding the ADB Omnibus Infrastructure Development Project for the rehabilitation of Chuuk Public Utilities Corporation's electrical power system and establishing a debt management fund, authorizing disbursement of the proceeds of such loans, and for other purposes, and Act No. 8-26, entitled, "To establish a Social and Economic Development Authority for Northern Namoneas and to provide for its organization, management, authority and responsibility, and for other purposes" which were passed by both Houses of the 8th Chuuk State Legislature, Second Regular Session, 2006 for your action.

Thank you.

Respectfully,

  
Herter E. Sorim  
Chief Clerk

Enclosure: Act No. 8-19

HES/dkl

AN ACT

To authorize the Governor of Chuuk to borrow approximately \$5,399,183 from the Asian Development Bank through the National Government of the Federated States of Micronesia for the purpose of funding the ADB Omnibus Infrastructure Development Project for the rehabilitation of Chuuk Public utilities Corporation's electrical power system and establishing a debt management fund, authorizing disbursement of the proceeds of such loans, and for other purposes.

Be it enacted by the Chuuk State Legislature:

1 Section 1. Authorization. The Governor (the "Governor") of Chuuk is hereby  
2 authorized to borrow money from the Asian Development Bank (the "Bank") and on lend  
3 such fund thereof to Chuuk Public Utilities Corporation ("CPUC") as provided  
4 hereinafter. The borrowing shall be by way of two project (Loans).

5 Section 2. Amounts.

6 (1) The amount to be borrowed from the Bank for a total of  
7 approximately \$5,399,183, is in two separate loans. Loan A is  
8 denominated in US dollars for \$2,800,000 and Loan B, for a total up  
9 to \$2,599,183 is denominated in SDRs (Special Drawing Rights) of  
10 the Bank of SDR 1,773,000.

11 (2) From the proceeds of both Loans, the Chuuk State Government will  
12 on lend to Chuuk Public Utilities Corporations, as provided under the  
13 Tripartite Financing Agreements the following approximately  
14 amounts:

15	a) Ordinary Operations .....	\$2,800,000
16	b) Special Operations (SDR 1,773,000) ...	\$2,599,183
17	Total	\$5,399,183

18 Section 3. Financial Terms. The Loans from the Bank and each of the Tripartite  
19 Financing Agreement with the Chuuk State and CPUC:

20 LOAN A

21 Has a 5 year grace period for the payment of principal;

22 1. bears interest at the rate of LIBOR plus point six of a percent (.6%) per  
23 annum; and

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1           2. provides for the repayment of principal over a 25-year period commencing at  
2           the end of the grace periods.

3           **LOAN B**

- 4           1. has an 8 year grace period for the repayment of principal;
- 5           2. bears interest at the rate of 1% per annum during the grace period and 1.5%  
6           thereafter.
- 7           3. provides for the repayment of principal over 24 year period commencing at  
8           the end of the grace period.

9           Section 4. Use of Proceeds. The Loans shall be for the purpose of funding  
10          infrastructure development projects relative to the rehabilitation of the electrical power  
11          system of Chuuk State as set forth in the Bank's Project Implementation Agreements.  
12          Loan proceeds may be used only as set forth in the Loan agreements between the FSM  
13          and the bank and can be re-scoped to include purchase of fuel during the initial period of  
14          two years.

15          Section 5. Establishment. There is hereby created and established a Loan  
16          Management Fund, separate from the General Fund of Chuuk State and all other funds.

17          Section 6. Purpose. The purpose of the fund is to provide an ongoing fund for  
18          the receipt and disbursements of funds associated with the loans from the Asian  
19          Development Bank with respect to the Omnibus Infrastructure Development Project  
20          (Project) for the rehabilitation of Chuuk electrical power system.

21          Section 7. Accounts within the Fund. The Fund shall contain the following  
22          accounts:

- 23                   1) a disbursing account for the subject loans to receive and otherwise  
24                   disburse the proceeds of such loans intended for the use by CPUC;
- 25                   2) a repayment account for use by Chuuk State Government in  
26                   consolidating repayment from CPUC for the State repayment accounts  
27                   as may be provided under the terms of the loan agreements;
- 28                   3) a repayment account for CPUC for use by Chuuk State Government on  
29                   behalf of CPUC reserving funds for repayment of its share of the

1 subject loans as may be provided under the relevant terms of the loan  
2 agreements; and

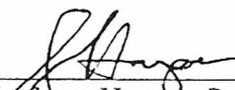
3 4) such other accounts as may be deemed appropriate.

4 Section 10. Security for Loan. Notwithstanding any law to the contrary, or  
5 agreement to which the state is a party, no funds or revenues, including shared revenues  
6 with the national government due and owe to the state may be used as security for the  
7 loan under this act. The National Government, through the Security of Finance and  
8 Administration, may use only such amount as may be needed from Chuuk State share of  
9 Public Infrastructure Grant Fund provided under the Compact, as amended, to secure the  
10 loan under this act.

11 Section 11. Administration. The fund shall be administered by the Director of  
12 the Department of Administrative Services, who shall administer the fund in accordance  
13 with the applicable loan agreements, financing or relending/onlending agreements, law,  
14 generally accepted accounting standards, and sound financial practices for the  
15 effectuation and implementation of the provisions of this act.

16 Section 12. Annual Report. The Governor, or his designee, shall report to the  
17 Legislature on the status of the Fund at the close of each fiscal year.

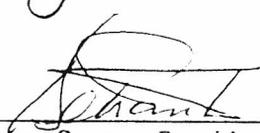
18 Section 13. Effective Date. This act shall take effect upon its approval by the  
19 Governor, or upon its becoming law without such approval.

Signed by:   
Singkoro Harper, Speaker  
House of Representatives  
Chuuk State Legislature

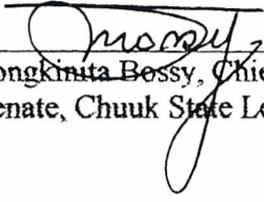
Attested:

  
Herter Sorim, Chief Clerk  
House of Representatives  
Chuuk State Legislature

Date: June 1, 2006

Signed by:   
Detor Santos, President  
Senate, Chuuk State Legislature

Attested:

  
\_\_\_\_\_  
Songkinata Bossy, Chief Clerk  
Senate, Chuuk State Legislature

Date: June 2, 2006

Approved by:   
\_\_\_\_\_  
Wesley W. Simina, Governor  
Chuuk State Government

Date: June 14, 2006

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History : H.B.NO: 8-50  
: H.S.C.R.NO: None  
: S.S.C.R.NO: 8-02-03

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 EW NAMEPWUNG

A mutata an ewe Kepina non Chuuk epwe parro ukukun \$5,399,183 chana seni ewe Asian Development Bank ewe Mwun Federated States of Micronesia epwe atoura faniten monien ewe ADB Omnibus Infrastructure Development Project an epwe emwirinnono fetanin fifi seni ewe Chuuk Public Utilities Corporation me awora ew ofesin tumunu niwinimang, awora mumutan inetin moni epwe feito seni ei monien parro, me pwan ren ekkoch popun.

Epue pwung me ren ewe Aneepwungun Chuuk:

1           Tetten 1. Mumutan. Ewe Kepina non Chuuk iei a mumugnei an epwe parro moni  
2 seni ewe Asian Development Bank me anounou ewe Chuuk Public Utilities Corporation  
3 (“CPUC”) ussun mei afatafat. Ewe parro epwe kinikin non ruu.

4           Tetten 2. Ukukun Moni

5                   (1). Ewe ukkun moni epwe parro seni ewe Bank epwe ukukun \$5,399,183  
6 chana, epwe ruu loans. Loan A epwe kawor non fougoun monien Merika  
7 ren ukukun \$2,800,000 me Loan B, epue ukukun epue feita ngeni  
8 \$2,599,183 epue kawor non SDRs (Special Drawing Rights) an ewe Bank  
9 SDR 1,773,00.

10                  (2) Moni mei feito seni ekkei loans, ewe Mwun Chuuk epwe anounou ewe  
11 Chuuk Public Utilities Corporations, ussun mei affat non ewe Tripartite  
12 Financing Agreements an epwe iei ussun ukukun:

13	a). Ordinary Operations.....	\$2,800,000
14	b). Special Operations (SDR 1,773,000)...	\$2,599,000
15	Total	\$5,399,183

16           Tetten 3. Annukun Moni. Ekewe loans seni ewe Band me ew me ew ekkewe  
17 Tripartite Agreement ngeni Chuuk State me CPUC:

18           LOAN A

19           Epue mwirin 5 ier an epwe totiw komuseri ewe ukukun moni mei parro:

20           1. Manawen ewe monien parro epue anongonong won LIBOR, kapach poin  
21           onuw persen (.6%) non ew ier: me

22

1 2. Kamosefanin ewe ukukun moni epwe totiw non ukukun 25 ier poputa seni  
2 ewe nesaponon ewe 5 ier mei mumuta.

3 LOAN B

- 4 1. Epwe mwirin 8 ier an epwe totiw komusen ewe ukukun moni ei parro:  
5 2. Manawen ewe moni epwe 1% non ew ier non ewe ukukun 8 ier me 1.5% me  
6 mwirin.  
7 3. Kamosefanin ewe moni epwe totiw non ukukun 24 ier, poputa seni nesaponon  
8 ewe 8 ier mei mumuta.

9 Tetten 4. Nounoun Manawen moni. Ekkewe loans epwe nounou ngeni monien  
10 infrastructure development projects pachepachen emwirinonon ewe electrical power  
11 system non Chuuk ussun mei nom non ewe taropwen etipeew nefinen FSM me ewe bank  
12 mei pwan tufichin an epwe nounou ngeni niwinin diesel ren annonon ekkewe generators  
13 non ekkewe poputan ruu ier.

14 Tetten 5. Kaworen me Fisitan. Iei a pwakita me fisita ew Loan Management  
15 Fund, epwe imuno seni ewe General Fund aan Chuuk State me pwan ekkewe ekkoch.

16 Tetten 6. Poppun Kaworen Monien Iseis (Fund). Ei Moni (Fund) a kawor an  
17 epwe awora monien kamotiwew ekkewe niwinimang ngeni ewe loan seni ewe Asian  
18 Development Bank faniten ewe Omnibus Infrastructure Development Project ren  
19 emwirinonon ewe Chuuk electrical power system.

20 Tetten 7. Ekkewe Account non ei Fund (Monien Iseis). Ewe (Fund) epwe wor  
21 non ekkei sakkun iseisen mini (accounts):

- 22 1). Ew account epwe masamas won an epwe angei me atou  
23 manawen ekkewe moni mi kawor faniten an CPUC epwe nounou;  
24 2). Ew repayment account ewe Mwun Chuuk epwe aea an epwe  
25 pachenong ewe ukukun CPUC epwe monsefani ngeni an Chuuk State we  
26 repayment account uwsun mi affat non ewe taropuen etip-eu.  
27 3). Ew repayment account an CPUC ewe Mwun Chuuk epue pwan  
28 aea faniten noun CPUC moni mi iseisen ren kamosefanin inetin iwe monien  
29

1 parro mi kawor non ei annuk ussun mei pwan affat me non ewe taropwen

2 etipeew: me

3 4). Pwan ekkoch accounts mi namot ar repwe kawor.

4 Tetten 8. Komeiker ren ewe Monien Parro (Loan). Ika mo epwe wor ekkoch

5 annuk mi ungeni me taropwen etip-eeew ewe Mwun Chuuk mi pachenong non, esapw wor

6 och sakkun moni ika moni tonong ren takesis, pachenong inetin ewe Mwun Chuuk moni

7 seni ewe Mwunap a fen nonom ren ewe Mwun Chuuk, epwe togneni nounou faniten an

8 ewe Mwun Chuuk epwe nouni monien komeiker ren ei moni mi kawor non ei annuk.

9 Tetten 9. Tumunun ei Moni. Ei moni epwe nom fan tumunuwen ewe meinapan

10 ewe Putain Administrative Services, ewe epwe wisen tumunu, pwe ei moni epwe nounou

11 fiti pwungun ewe eptipeewin parro, etipeewin nounoun moni, annuk, met mi mumuta ren

12 annukun iseisen moni, me met mi mwirinno ren nounoun moni an epwe emwirinono

13 omwokutun masowen non ei annuk.

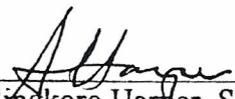
14 Tetten 10. Repot Iteiten Ier. Ewe Kepina ika ion chok a finata epwe awora an

15 repot ngeni ewe Aneepwungun Chuuk won nonomun ei Moni iteiten saponon ier.

16 Tetten 11. Poputan Pochokunan. Ei annuk epwe poputa pochokunan inet chok a

17 kapunguno me ren ewe Kepina, ika non a pwusin winiti annuk won winikapan.

Sain seni:

  
Singkoro Harper, Speaker  
Utten Representatives  
Aneepwungun Chuuk

Annetata:

  
Herter Sorim, Chief Clerk  
Utten Representatives  
Aneepwungun Chuuk

Pwinin maram:

June 1, 2006

Sain seni:

  
Detor Santos, President  
Senate, Aneepwungun Chuuk

Annetata:

  
Songkinita Bossy, Chief Clerk  
Senate, Aneepwungun Chuuk

Pwinin maram:

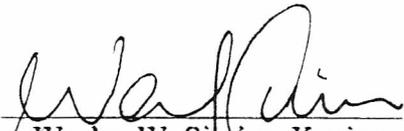
June 2, 2006

NAMOPWUNG NO: 8-19

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Kopwunguno seni:

  
Wesley W. Simina, Kepina  
Mwun Chuuk

Pwinin maram: June 14, 2006

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Uruwon: H.B.NO: 8-50  
: H.S.C.R.NO: Ese Wor  
: S.S.C.R.NO: 8-2R-03

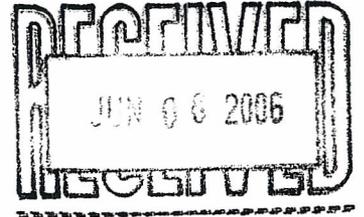


# EIGHTH CHUUK STATE LEGISLATURE

THE HOUSE OF REPRESENTATIVES

P. O. Box 27  
Weno Island, Chuuk State  
Federated States of Micronesia

330-2666  
330-2670  
330-2382



June 06, 2006

The Honorable Wesley W. Simina  
Governor  
State of Chuuk  
Federated States of Micronesia 96942

Dear Governor Simina:

It is my honor to transmit herewith Act No. 8-19, entitled, "To authorize the Governor of Chuuk to borrow approximately \$5,399,183 from the Asian Development Bank through the National Government of the Federated States of Micronesia for the purpose of funding the ADB Omnibus Infrastructure Development Project for the rehabilitation of Chuuk Public Utilities Corporation's electrical power system and establishing a debt management fund, authorizing disbursement of the proceeds of such loans, and for other purposes, and Act No. 8-26, entitled, "To establish a Social and Economic Development Authority for Northern Namoneas and to provide for its organization, management, authority and responsibility, and for other purposes" which were passed by both Houses of the 8th Chuuk State Legislature, Second Regular Session, 2006 for your action."

Thank you.

Respectfully,

  
Herter E. Sorim  
Chief Clerk

Enclosure: Act No. 8-19

HES/dkl

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AN ACT

To establish a Social and Economic Development Authority for Northern Namoneas and to provide for its organization, management, authority and responsibility, and for other purposes

Be it enacted by the Chuuk State Legislature:

1           Section 1. Establishment. The Northern Namoneas Economic Development  
2 Authority is hereby established as a public corporation under the laws of the State of  
3 Chuuk and the Federated States of Micronesia. The principal office of the Authority  
4 shall be at a location determined by the Board.

5           Section 2. Area of Services. The Authority is hereby established to serve the  
6 following municipalities within the State of Chuuk:

7                   (1) Weno;

8                   (2) Piis-Panewu; and

9                   (3) Fonoton

10          Section 3. Purpose of Authority. The Authority shall identify the development  
11 needs of its area of service, and shall promote, by its own activity and that of others,  
12 economic development in coordination and cooperation with State and National  
13 Government, and private and cooperative enterprises.

14          Section 4. Board of Directors.

15                   (1) Establishment. There shall be a Board of Directors of the Northern  
16 Namoneas Economic Development Authority which shall have  
17 general Management and control over the Authority.

18                   (2) Composition.

19                           (A) The Board shall be composed of 7 members as follows:

20                                   (i) Mayor of Weno Municipality of his designee;

21                                   (ii) One State Senators and two of the Representatives  
22 from the are a served by the Authority as provided  
23 in the Constitution of the State of Chuuk to serve  
24 as non-voting members:

(iii) Mayor of Fonoton or his designee;

(iv) Mayor of Piis-Panewu or his designee;

(v) The N.N. Delegation FSM Congress.

(3) Compensation. There shall be no compensation for members of the Board during its first initial year of operation from the effective date of this Act. Compensation for members of the Board during subsequent years shall be determined by the Board by two-third votes of its members.

(4) Term of Office. Terms of office of municipal representatives shall be for a period of two years, except that initial terms of office and filling of vacancies shall be as provided in this Act. The members from the Legislature shall serve on the Board during their of office in Legislature. The term of office shall commence on the day of the first meeting of the Board.

(5) Organization Meeting. Not later than 60 days after the effective date of this Act, the Board shall meet to select its officers and conduct other business. The first meeting of the Board shall be called by the State Senator who shall preside at such meeting.

(6) Vacancies. Each vacancy on the Board shall be filled for the unexpired portion of the term in the same manner as originally filled. Upon a determination that a vacancy exists, the chairman or, in his absence, the Vice Chairman of the Board shall issue a notice of vacancy to all members of the Board and to the municipal government responsible for filling the vacancy.

(7) Removal.

a) Members of the Board may be removed from the Board for failure to attend three connective meetings of the Board or for incompetence neglect of duty or malfeasance in office.

1                   b) Removal of a member shall be by a three-fourth vote of all  
2                   other members of the Board. Notification of intent to call for  
3                   removal pursuant to this Section shall be made at least 30 days  
4                   in advance, by means which shall be described in the bylaws of  
5                   the Authority, and shall include a summary of the basis of the  
6                   charges against the member and identification of the witnesses  
7                   to be called and evidence to be used.

8                   c) The Chuuk State Supreme Court shall assume jurisdiction to  
9                   hear claims of wrongful removal.

10               (8) Officers. The Board shall elect among its members a chairman, vice-  
11               chairman and secretary-treasurer. The Chairman shall ordinarily  
12               preside at Board meetings. In his absence the vice-chairman shall  
13               preside. In his absence the secretary-treasurer shall preside. The  
14               bylaws shall designate the presiding officers in the absence of these  
15               officers.

16               (9) Regular Meetings. Regular meetings shall be held not less than once  
17               per calendar quarter at such time and place as shall from time to time  
18               be determined by the chairman upon notice as shall be provided by the  
19               laws.

20               (10) Special Meetings. Special meetings shall be called by the  
21               Chairman on his own initiative, or by petition by two-third of the  
22               members, pursuant to notice as shall be provided in the bylaws.

23               (11) Quorum. A quorum of all regular and special meetings and  
24               business of the Board shall be four (4) members.

25               (12) Executive Committee. The Board may, pursuant to its bylaws,  
26               establish an Executive Committee, determine the membership thereof,  
27               and assign its responsibilities.

28               (13) Record of Meetings. All meetings of the Board and the Executive  
29               Committee shall be public except when confidential matters relating to

1 personnel are discussed. The Secretary-Treasurer or in his absence  
2 another member designated by the bylaws shall keep full, accurate minute  
3 of all meetings which, except for confidential matters relating to  
4 personnel, shall be available for public inspection at a reasonable time and  
5 place, as provided by law.

6 Section 5. Power of the Authority. The Authority, through its Board of Directors,  
7 shall have the following powers obligations and duties.

- 8 (1) to identify the needs for the economic education, and  
9 social development of the area served by the Authority taking into  
10 account the cultural and social traditions of the area;
- 11 (2) to formulate plans and goals for the development the resources of the  
12 area;
- 13 (3) to seek from all appropriate sources funds for the implementation of  
14 such plans;
- 15 (4) to administer programs and projects in furtherance of such  
16 development goals, either through its employees or by contract, or  
17 such other means as the Board deems advisable;
- 18 (5) to employ an Executive Director and a Budget and Finance Office and  
19 to set the terms of employment and to employ such administrative  
20 staff and other employees as may be required by law or needed in  
21 furtherance of the goals of the Authority;
- 22 (6) to acquire in any lawful manner any property, real property or mixed  
23 tangible or intangible, or any interest therein to hold maintain and use  
24 the same and to sell lease or otherwise dispose of them;
- 25 (7) to establish, maintain, operate, and engage in, upon its own account  
26 any appropriate enterprise undertaking or activities in furtherance of  
27 the purposes of the Authority's and to receive payments thereof, such  
28 payments to go into the general revenues of the Authority;
- 29

1 (8) to enter into and perform contracts or other agreements or transactions  
2 as may be necessary in the conduct of its business:

3 (9) to borrow money from time to time: provided, however that the debts  
4 of the Authority shall not be debts of the State of Chuuk or any the  
5 municipalities; the assets of the State Government or the  
6 municipalities shall not be used as security for the debts of the  
7 Authority unless otherwise provided by law.

8 (10) To levy and collect charges, fees, and other payments for goods  
9 sold and services rendered by the Authority, except that no such levy  
10 shall be in the form of a tax or assessment levied against the general  
11 public, the users of public facilities, or property benefited by actions  
12 of the Authority unless specifically authorized by law.

13 (11) To execute, in accordance with its bylaws all instruments  
14 necessary or appropriate in the exercise of it powers:

15 (12) To take such other actions and assume other responsibilities as  
16 may be necessary or appropriate in the exercise of its power: and

17 (13) To approve bylaws, policies and procedures for the guidance and  
18 operation of the authority.

19 **Section 6. Suits and Legal Representation.**

20 (1) The authority may sue and be sued in its own name, provided that  
21 any liability incurred by the Authority when not acting as an agency  
22 of the State or other governmental entity, shall not be a liability of the  
23 State or other governmental entity: and

24 (2) The State Attorney General Chuuk shall represent and assist the  
25 Authority in legal matters.

26 **Section 7. Management.**

27 (1) The Authority, through the Board, may receive, manage, invest  
28 and disburse funds or other property which may be appropriated,  
29 granted, or in any other manner received from any source for the

1 purpose of the Authority. The Authority may use governmental  
2 accounting procedures or, if appropriate, such financial or accounting  
3 system as may be prescribed by law for commercial companies; and

4 (2) The Authority may purchase supplies, equipment, and materials  
5 through its own purchasing procedures or governmental purchasing  
6 procedures.

7 Section 8. Annual Budget. The Executive Director shall prepare and submit a  
8 budget for the Authority to the Board of Directors for review and approval, and shall seek  
9 sources of funding for the Authority.

10 Section 9. Executive Director. There shall be an Executive Director of the  
11 Authority, who shall be appointed by the Board to serve at its pleasure. The Board shall  
12 establish the salary of the Executive Director. The Executive Director shall be  
13 responsible for the management of the programs, projects and other activities of the  
14 Authority, and shall employ, supervise and terminate the employees of the authority in  
15 accordance with general and rules of employment by the Board, except as provided in  
16 Section 13 hereof of this Act.

17 Section 10. Budget and Finance Officer. The Executive Director shall appoint  
18 with the concurrence of the Board, a Budget and Finance Officer for a term as provided  
19 in the bylaws. The budget and Finance Officer shall receive and disburse all funds of the  
20 Authority. Before entering into his duties, he shall execute, at the expense of the  
21 Authority a good and sufficient bond in the sum of not less than \$10,000, or such sum as  
22 may be established by the Board. The bond shall be made with one or more sufficient  
23 sureties authorized to do business in the Federated States of Micronesia; and shall be  
24 approved as to form by the Attorney General of the State of Chuuk. The Budget and  
25 Finance Officer shall serve at all time under the direct supervision of the Executive  
26 Director.

27 Section 11. Accounts and Records. The Board and the Executive Director shall  
28 be jointly responsible to ensure that the Budget and Finance Officer prepares proper and  
29 complete books of accounts reflecting all income, expenditures, assets, and liabilities of

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1 the Authority, including appropriation, grants, and property. The Board, no later than  
2 sixty days after the close of each governmental fiscal year, shall submit to the Governor  
3 and the President and the Speaker of the Legislature a complete report showing the  
4 activities of the Authority during the fiscal year, the present condition of the Authority  
5 and such other matters as the Board shall deem appropriate. The state Auditor, of if there  
6 be no such officer, a licensed accountant appointed by the Board shall inspect and audit  
7 all accounts of the Authority at least annually and report thereon to the Governor and the  
8 President and the Speaker of the Chuuk State Legislature.

9       Section 12. Taxation of the Authority. To the extent that the legislative capacity  
10 of the State of Chuuk can prescribe, the Authority shall be treated as a governmental  
11 entity and shall be exempted from taxation in the same manner as a governmental entity  
12 with regard to its functions that are governmental in character. With respect to functions  
13 that the Authority may undertake that are commercial in character the Authority shall be  
14 treated as a non profit commercial enterprise.

15       Section 13. Personnel Administration.

- 16               (1) The Authority may establish its own personnel system and  
17               policies independent of the Chuuk State Public Service System or  
18               may by appropriate resolution of the Board addressed to the  
19               Governor, be included in the Chuuk State Public Services System for  
20               purposes of its personnel administration, provided that if the  
21               Authority chooses to be included in the State Public Service System,  
22               the Board may designate positions to be exempted from that system.
- 23               (2) All employees of the Authority, including the Executive Director and  
24               the Budget and Finance Officer, if members of the Chuuk State Public  
25               Service System immediately prior to their employment with the  
26               Authority;
- 27               (3) The Board may be general rules applicable to all employees, assign to  
28               employees levels of wages and benefits that take into account in whole  
29               or in part their prior governmental employment; and

1 (4) The Chuuk State Government shall provide to all former employees of  
2 the Authority, who shall have terminated their employment in good  
3 standing, rights of employment and seniority as their services to the  
4 Authority, as well as prior governmental service would entitle them as  
5 if all their service were with the Chuuk State Government, or National  
6 Government.

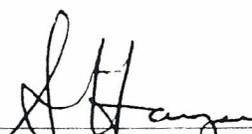
7 Section 14. Notification to Municipal Governments regarding Projects. The  
8 Authority shall endeavor to inform affected municipal governments of any projects  
9 planned for their communities at the earliest practical opportunity and shall continue to  
10 inform the municipal government and members of the public of the nature of the projects  
11 and any substantial change in their plans.

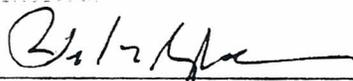
12 Section 15. Land Acquisition and Relocation Assistance.

13 (1) Any activity of the Authority which requires the acquisition of a  
14 right in private real property shall be governed by the requirements of  
15 the State Law No. 2-1. The State Government shall be responsible for  
16 such property acquisition and relocation assistance.

17 (2) The Authority shall promptly notify the State government whenever it  
18 requires use or acquisition of private real property of the state or the  
19 public land authority. The notification shall describe with specificity  
20 the property to be used or acquired, the reason for its need, the extent  
21 and duration of possession required alternative possibilities that have  
22 been considered and rejected and the reason therefore and the date by  
23 which such acquisition or use is expected to commence. Any rights in  
24 private property acquired for the benefit or use of the Authority shall  
25 be held by the State Government except as otherwise specifically  
26 provided by law.

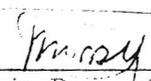
27 Section 16. Effective Date. This act shall take effect upon its approval by the  
28 Governor, or upon its becoming law without such approval.

Signed by:   
Singloro Harper, Speaker  
House of Representatives  
Chuuk State Legislature

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

Date: June 5, 2006

Signed by:   
Deror Santos, President  
Senate, Chuuk State Legislature

Attested:  
  
Songkinita Bossy, Chief Clerk  
Senate, Chuuk State Legislature

Date: June 6, 2006

Approved by: \_\_\_\_\_  
Wesley W. Simina, Governor  
Chuuk State Government

Date \_\_\_\_\_

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History : H.B.NO: 8-63:HD2  
: H.S.C.R.NO: None  
: S.S.C.R.NO: None