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GOVERNOR  
RITIS HELDART  
LIEUTENANT GOVERNOR

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*Gov. Comm. No. 11-IR-23-06*

*Rec'd JHO  
2/1/12  
3:00 P.m.*

February 1, 2012

**THE HONORABLE MARK MAILO**  
President  
Senate  
11<sup>th</sup> Chuuk State Legislature  
Weno, Chuuk, FM 96942

**THE HONORABLE INNOCENTE ONEISOM**  
Speaker  
House of Representatives  
11<sup>th</sup> Chuuk State Legislature  
Weno, Chuuk, FM 96942

**RE: CSL NO. 11-12-01**

Dear President Mailo and Speaker Oneisom:

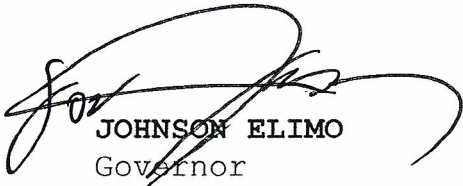
I am respectfully transmitting the attached Act No. 11-12 which I signed into a law and assigned the corresponding number as Chuuk State Law No. 11-12-01. This Act authorized the Governor to sell \$500,000.00 worth of shares of stocks owned by Chuuk State in the Bank of FSM, and appropriates the proceeds of the sale to specific uses.

I am grateful for the swift passage of the said Act however, this falls short on our agreement, MOU signed between the FSM National Government and Chuuk State on July 19, 2007 and expectations. As you may recall, during the informal leadership meeting with CPUC, ADB Project Manager for the ADB Omnibus Loan on January 17, 2012 we will also use the proceeds for the sale of the FSM stocks to pay and clear the \$300,000 judgment debt for the past use of the land for the CPUC Generators. In that meeting it was also agreed that we are going to authorize the sale of the entire Chuuk State shares of stocks which is not less than \$1,500,000.00. We also agreed that \$350,000.00 will be applied for the payments of the landowners for the future site of the administration and legislative building complex and the remainder will be

appropriated for the Debt Relief fund. This was the understanding basically for the Debt Relief Task Force to address the judgment costs of the land occupied by CPUC power plant. Without payment of this judgment we could not further proceed with the long term lease or even outright purchase or condemnation which the owner already agreed provided, the full amount of the judgment shall be paid.

In view of this, I will be amending the amended special session call to include further authorization for the sale of the remaining shares of stocks in the Bank of FSM and the amendment of CFCC law.

Sincerely,



**JOHNSON ELIMO**  
Governor

Enclosure : CSL 11-12-01

File (with enclosures)

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AN ACT

To authorize the Governor of Chuuk to divest, sell or liquidate only \$500,000 worth of Chuuk State Government's investments funds in stocks or shares in the Bank of the FSM and whatever amount as may be earned from such investment principal and interest for the purposes authorization to the Debt Relief Fund, and to appropriate for funding of the land acquisition for the Administration and Legislature complex and partial payment for outstanding debt to Penta Ocean, and for other purposes.

Be it enacted by the Chuuk State Legislature:

1           Section 1. Purposes. The purposes of this Act are to allow the authorize the Governor of  
2 Chuuk State to negotiate, transact, sell and dispose of \$500,000 worth of investments of Chuuk  
3 State in the Bank of the Federated States of Micronesia. Any net proceeds shall be deposited  
4 into the Debt Relief Fund as established by CSL No. 9-07-09 and for the land acquisition for the  
5 site of the Administration and Legislature building and partial payment for outstanding debt to  
6 Penta Ocean.

7           Section 2. Findings. The State finds that:

8                   (1) The State must initiate and implement cost savings measures as it faces less  
9                   than anticipated local revenue collections and certain reductions and possible  
10                   future termination of funds under the Compact of Free Association between  
11                   the Federated States of Micronesia and the United States of America;

12                   (2) The State must undertake to implement effective financial and structural  
13                   reforms to maintain a sustainable and affordable government to serve the  
14                   people of the State of Chuuk and other cost saving and cost reduction  
15                   measures necessary to reduce and retire its outstanding financial obligations;  
16                   and

17                   (3) The State has substantial investments in Bank of FSM and that these  
18                   investments were identified by the Task Force on Structural and Financial  
19                   Reforms as possible sources of revenue that will assist in the payment of  
20                   Chuuk State outstanding financial obligations.

21           Section 3. Authorization. Notwithstanding any provision of CSL No. 3-95-28 to the  
22           contrary, for purposes of depositing the Chuuk State shares and/or stocks in Bank of the FSM,

1 the Governor of Chuuk is hereby authorize to make every effort necessary to divest, sell and or  
2 liquidate only \$500,000 worth of Chuuk State Government investments in shares and or stocks  
3 purchased, owned and invested by Chuuk State Government in the Bank of the FSM. Any  
4 proceeds or liquidated sum or sums earned there from shall be for deemed available and  
5 earmarked for deposit into the Debt Relief fund and for the land acquisition of the site of the  
6 Administration and Legislature building and partial payment for outstanding debt to Penta  
7 Ocean.

8 Section 4. Appropriation. There is hereby authorized for appropriation the sum of five  
9 hundred thousand dollars (\$500,000) or so much thereof for the following purposes:

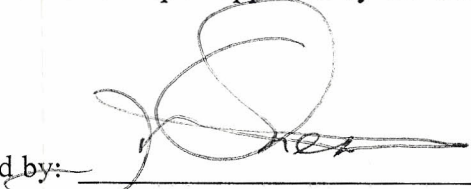
- 10 a) Seventy five thousand dollars (\$75,000) for Debt Relief fund: and
- 11 b) Three hundred fifty thousand dollars (\$350,000) for the acquisition of land  
12 for the Legislature and Executive complex.
- 13 c) Seventy Five Thousand dollars (75,000) for Penta Ocean.

14 Section 5. Reporting. The Governor shall submit a report to the Legislature before  
15 September 30, 2013, which shall :

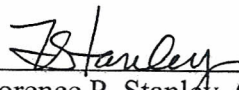
- 16 a) Indicate the actual expenditure of the fund herein as of April 1, 2012; and
- 17 b) Submit a report to the Legislature on or before June 15, 2012 detailing the  
18 fiscal report of the total fund earned for Chuuk State Government from such  
19 liquidation and divestment of Chuuk State investments in the Bank of the  
20 FSM.

21 Section 6. Act supersedes other laws. The provision of this Act shall supersedes in their  
22 entirety any other provisions of any State laws and regulations that may be interpreted or applied  
23 as being inconsistent with any provisions of this Act.

24 Section 7. Effective Date. This Act shall take effect upon approval by the Governor, or  
25 upon its becoming law without such approval.

Signed by:   
Innocente I. Oneisom, Speaker  
House of Representatives  
Chuuk State Legislature

Attested:

  
\_\_\_\_\_  
Florence P. Stanley, Chief Clerk  
House of Representatives  
Chuuk State Legislature

Date: 1/27/12

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EW NOMWOPWUNG

A muut ngeni ewe Kepina non Chuuk epwe angei me amomono won ukukun \$500,000 me non noun Mwun Chuuk we sea non ewe Bank of the FSM me ukukun met manawan an epwe tonong non ewe Debt Relief Fund, me awora nounoun ena ukukun mwoni fan itan kammoo fonu nenian ewe watten imw an epwe aneania office an ewe Administration me Legislature me mommon eoch ewe niwinimang ngeni ewe Penta Ocean, me pwan ren ekkoch popun.

Epwe pwung meren ewe Aneepwungun Chuuk:

1           Tetten 1. Popun. Popun ei Annuk an a mut ngeni ewe Kepina non Mwun Chuuk an  
2 epwe affor me amomono ukukun \$500,000 seni noun Mwun Chuuk we sea non ewe Bank of the  
3 Federated States of Micronesia. Ei mwoni seni ei amomo epwe tonong non ewe Debt Relief  
4 Fund a kawor seni pwungun Annukun Chuuk No. 9-07-09 fan itan kamon fonu nenian ewe  
5 minefon watten office epwe annenia office an ewe Administration me Legislature non Chuuk me  
6 momoon ekis an Chuuk we niwinimang ngeni ewe Penta Ocean.

7           Tetten 2. Kunean. Ewe Mwun Chuuk a kuna pwe:

8           (1) Mwun Chuuk epwe poputani me fori an angangen nounouoch mwoni non ei  
9           fansoun epwe kukununo an mwoni tonong seni takisis fengen me kanneton  
10           ukutiwen kaworen ewe mwonian ewe Atipewin Free Association nefinan  
11           Federated States of Micronesia me ewe Mwun Merica;

12           (2) Mwun Chuuk epwe poputani tumunu ochun nounoun noun mwoni fan itan  
13           epwe tongeni namot ngeni aramasen Chuuk State fengen me tufichin kawesin  
14           an kewe niwinimang; me

15           (3) Mwun Chuuk a wor watten noun mwoni non ewe Bank of FSM fengen me  
16           ikkei ekkei mwoni ewe Task of on Structural me Financial Reforms a kuna  
17           pwe repwe tongeni nounou ne moni an Mwun Chuuk kewe niwinimang.

18           Tetten 3. Mumutan. Me nukun masowan ewe Annukun Chuuk No. 3-95028, fan itan  
19           katonongen noun Mwun Chuuk we sea non ewe Bank of the FSM, ewe Kepina non Chuuk iei a  
20           mumu ngeni an epwe amomono ukukun sea epwe awora \$500,000 seni noun Mwun Chuuk we  
21           sea non ewe Bank of the FSM. Ei ukukun ika fite ukukun mwoni epwe kawor seni pwungun ei  
22           annuk epwe katonong non ewe Debt Relief Fund fan iten kamon fonu fan itan nenian office an

1 ewe Administration me ewe Legislature me mommon och an Chuuk State we niwinimang ngeni  
2 ewe Penta Ocean.

3 Tetten 4. Anounoun Mwoni. Iei a kawor non annuk anounoun ukukun \$500,000 ika fite  
4 ukukun epwe tufich fan itan ekkei wewe:

- 5 a) Fiik-me-nimu ngorou \$75,000 fan itan ewe Debt Relief Fund; me  
6 b) Unupwuku-nime ngorrou chana (\$350,000) fan itan komon fonu epwe aneania  
7 ewe minefon office an Administration me Legislature.  
8 c) Fik-me-nimmu ngorou chana (\$75,000) ngeni Penta Ocian.

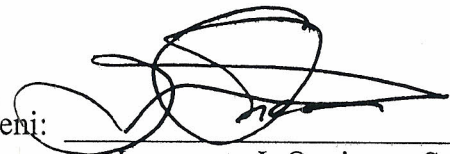
9 Tetten 5. Repot. Ewe Kepina epwe awora an repot ngeni ewe Aneepwungun Chuuk me  
10 mwan September 30, 2013, ewe epwe:

- 11 a) Affata ukukun mwoni a nounouno tori April 1, 2012; me  
12 b) Awora repot ngeni ewe Aneepwungun Chuuk non ika mwan June 15, 2012  
13 epwe affata met mei kawor seni amomoon ekkewe sea seni ewe Bank of the  
14 FSM.

15 Tetten 6. Kattanoon Annuk. Masowen ei Annuk epwe manaman me ataeno met  
16 masowen ekkoch annuk me regulation minne repwe u-ngeni pwungun ei Annuk.


17 Tetten 7. Poputan Pochokunan. Ei Annuk epwe poputa pochokunan fansoun a  
18 kapunguno seni ewe Kepina, ika fansoun chok a pwisin winita annuk won winikapan.

Sain seni: \_\_\_\_\_



Innocente I. Oneisom, Speaker  
Utten Representatives  
Aneepwungun Chuuk

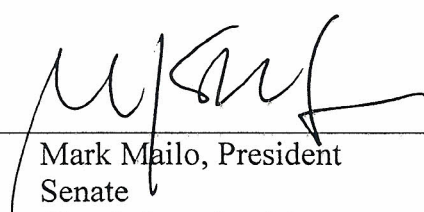
Annetata:

  
\_\_\_\_\_  
Florence P. Stanley, Chief Clerk  
Utten Representatives  
Aneepwungun Chuuk

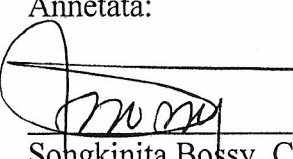
Pwinin maram: \_\_\_\_\_

11/27/12

Sain seni:

  
Mark Mailo, President  
Senate  
Chuuk State Legislature


Annetata:

  
Songkinita Bosy, Chief Clerk  
Senate  
Aneepwungun Chuuk

Pwinin maram:

Jan. 30, 2012

A Kopwunguno seni:

  
Johnson Elimo, Governor  
Mwun Chuuk

Pwinin maram:

02/09/12

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Uruwon : H.B.NO: 11-34;HD1  
: H.S.C.R.NO: 11-1R-2S-02  
: S.S.C..R.NO: 11-1R-2S-03