
AN ACT

Creating the Truk Coconut Authority, and for other purposes.

Be it enacted by the Legislature of Truk:

Section 1. Enactment. Chapter 1, Title 34 is enacted and added to the Truk District Code to read as follows:

"Chapter 1.

Truk Coconut Authority

Sections:

1. Statement of Purposes
2. Creation of Authority
3. Principal Office
4. General Powers
5. Management of Authority
6. Bylaws
7. Audit
8. Tax Exemption
9. Debts of Authority not public debts
10. Annual Report
11. Willfully defrauding Authority
12. Copra Stabilization

Section 1. Statement of Purposes. The Legislature of Truk recognizes that products derived from the coconut tree are one of the major sources of income for the majority of the people of Truk. Because the price of copra has been erratic on the World market in recent years, steps must be taken to preserve and revitalize this essential industry. The purpose of this Chapter is to establish a quasi-governmental authority to buy, process, manufacture and sell, at a profit, products derived from the coconut tree and to preserve and revitalize the copra industry and to stabilize the price for copra within Truk State.

Section 2. Creation of Authority. There is hereby created a quasi-governmental authority to be known as the Truk Coconut Authority, hereafter called the Authority, to buy process, manufacture and sell copra oils and other products derived from copra, coconuts, and the coconut tree and stabilize prices therefor within Truk State.

Section 3. Principal Office. The Authority's principal office shall be located in Moen and the Authority shall be deemed, for purposes of venue in civil actions, to be a resident thereof. The Authority may establish offices in such other places as it may deem necessary or appropriate for the conduct of its operations.

Section 4. General Powers. The Authority shall have the following general powers:

(1) to engage in the purchase, manufacture and processing of copra and oils and other products derived from copra, coconut, or the coconut tree;

(2) to purchase or otherwise acquire, operate, maintain, lease, sell and dispose of factories, warehouses, facilities, machinery, expellers, grinders, presses, filters, cookers, tanks and other apparatus raw materials, equipment, utensils, supplies, parts and other foods, wares, products and merchandise related to the business of manufacturing, storing, processing and selling oils and other produces derived from copra, coconuts, or the coconut tree;

(3) to improve and construct improvements upon any land or other real property owned or leased by the Authority;

(4) to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its

business and on such terms as it may deem appropriate;

(5) to buy, sell, hold for investment, and deal in securities of every description including mortgages, bonds, debentures, promissory notes, commercial papers, and securities of all classes;

(6) to determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid;

(7) to sue and be sued in its own name; PROVIDED, that neither the Truk Legislature, Truk State Government or the Trust Territory Government shall be liable for any debts of the Authority, nor shall any action be brought in any court against the Truk Legislature or Truk State Government or the Trust Territory Government or any political subdivision thereof or the United States Government because of any activities, actions, or omissions of the Authority, its officers, employees or agents;

(8) to appoint such officers, attorneys, agents and employees and vest them with such powers and duties, and to fix and pay such compensation to them for their services as the Authority may determine; to require bonds for the faithful performance of their duties and to pay the premium for such bonds;

(9) to execute in accordance with its by-laws, all instruments necessary or appropriate in the exercise of any of its powers;

(10) to study, set, control and subsidize prices for copra within Truk State;

(11) to inspect and improve the quality of copra;

(12) to appoint and employ agents to act on its behalf in the administration of this act to receive money derived from copra stabilization;

(13) to administer and invest these funds;

(14) to work in cooperation with any and all copra stabilization boards and commissions or entitles to assure stability in the world copra market; and

(15) to take such other actions as may be necessary or appropriate to carry out the powers herein or hereafter specifically conferred upon it.

Section 5. Management of Authority.

(1) the Authority shall be managed and its powers exercised by the Board of Directors which shall consist of five persons appointed to terms of four years by the Governor with advise and consent of Legislature. New appointments to a term of office shall be made in the same manner as original appointments;

(2) any vacancy occurring on the Board of Directors during a term of office shall be filled by appointment or election and any director so appointed shall serve for the unexpired term of the director he replaces;

(3) any director may be removed from office by the Board of Director for incompetence, neglect of duty, or any criminal act;

(4) members of the Board of Director shall be paid at the rate of thirty dollars per day when actually performing authority business. If a member of the Board is concurrently employed in another post in the Government of the Trust Territory, or this State of Truk he shall receive his regular salary during the period the Board

is convened in lieu of compensation. Member will be paid per diem and travel expenses incidental to travel required to fulfill their responsibilities under this Chapter on the same basis as regular government employees;

(5) the Authority shall have at least the following officers: a chief executive officer, a treasurer and a secretary. These officers shall be appointed by the Board of Director for a term of office which shall not exceed four years. No member of the Board shall simultaneously serve as an officer or an employee of the Authority. The officers of the Authority may be removed from office as provided in the bylaws of the Authority; and

(6) the Governor shall be acting chairman, whose only function shall be to call the first board meeting. At the first meeting of the Board of Director, the members shall proceed to elect a chairman by majority vote. The chairman may be replaced by the affirmative vote of two-thirds of the members of the Board of Directors.

Section 6. ByLaws. The Board of Directors, by an affirmative vote of a majority of the whole Board, may adopt, amend, alter or repeal such bylaws for the Authority as are not inconsistent with this Chapter providing for the management of the business of the Authority, the regulation of its affairs, the organization, conduct and meetings of the Board of Directors, the duties of the officers of the Authority, the officers required to furnish bonds and the amounts thereof, and any other matter not inconsistent with the purposes of the Authority; however, PROVIDED, that the bylaws shall not be adopted, amended, altered or repealed at my meeting of the Board of Directors unless written

notice of any proposed action of change the bylaws has been sent by certified mail to each director two weeks prior to such meeting.

Section 7. Audit. The books and records of the Authority shall be thoroughly examined and audited annually, at such time as the Governor may direct, by qualified independent auditors appointed by the Governor. An audit of the Authority may be conducted more frequently if deemed necessary by the Governor.

Section 8. Tax Exemption. It is hereby found and declared that the purpose for which the Authority is public purpose for the benefit of the people of Truk, and that, therefore, the Authority shall not be required to pay any taxes or assessments on any of the property acquired or to be acquired by it, or on its operations or activities required by the laws of Truk.

Section 9. Debts of Authority not Public Debts. The debts or obligations of the Authority shall not be debts or obligations of the government of the Trust Territory or any political subdivision thereof, or the Truk Legislature or Truk State Government or the United States Government, and neither the government of the Trust Territory or any political subdivision thereof, the Truk Legislature or Truk State Government nor the United States shall be responsible for the same.

Section 10. Annual Reports. The Authority shall file with the Governor and the Truk Legislature within ninety days after the close of each fiscal year, a report sworn to by the members of the Board of Directors, stating the names and address of the Authority, containing a profit and loss statement for preceding fiscal year and a statement of its assets and liabilities as of the close of such year, and stating the names and addresses of all directors and officers of the Authority. Such report shall be made available to the general public without charge.

Section 11. Wilfully Defrauding Authority.

Any director, officer, employee or agent of the Authority who embezzles, abstracts, or wilfully misapplies any moneys, funds, credits or securities of the Authority, or who wilfully makes any false entry in any book, report or statement of the Authority, or does any other act with intent to defraud the Authority, or any individual who knowingly aids or abets any director, officer, employee or agent in any violation of this Section shall be guilty of a felony and, upon conviction, shall be fined not more than \$5,000 or imprisoned for not more than two years, or both.

Section 12. Copra Stabilization. The Authority shall act in cooperation with the Micronesian Copra Stabilization Board until such time as the Micronesian Copra Stabilization Board ceases to exist or no longer retains jurisdiction of copra sales within Truk State. Nothing in this act shall be deemed to supercede Executive Order 115, but rather it is the purpose of this act to create a statewide Authority to work with the Micronesia Copra Stabilization Board until it can assume all responsibilities thereof."

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

Signed by: *Erhart Aten*
for Tadashi C. Wainit, Speaker
Legislature of the State of Truk

Attested to: *[Signature]*
Datasi Albert Date: 4/11/79
Legislative Clerk/Secretary

Approved by: *[Signature]*
Erhart Aten, Governor
Truk State Government

Date: April 27, 1979