

## CHAPTER 2

### Coconut Development

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#### **§ 201. FSM Coconut Development Authority—Creation.**

There is hereby created in the Federated States of Micronesia a Government authority to be known as the Federated States of Micronesia Coconut Development Authority, hereinafter called the "Authority."

**Source:** PL 1-156 § 1 (part).

#### **§ 202. Coconut Development Authority—Powers.**

The Authority shall be authorized to:

- (1) engage in the manufacture and processing of all products derived from the coconut tree;
- (2) buy, collect, market, sell, export, and deal generally in all products derived from the coconut tree;
- (3) inspect and improve the quality of products derived from the coconut tree;
- (4) fix all prices to be paid to producers or sellers of products derived from the coconut tree in the Federated States of Micronesia, collect and receive all moneys derived from the sales of said products, administer and invest said moneys, disburse said moneys as required to stabilize the price of said products, and perform all acts and things necessary or proper in connection with or incidental to the purchase, marketing and sale of said products;
- (5) 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 goods, wares, products, and merchandise related to the business of manufacturing, storing, and processing products derived from the coconut tree;
- (6) improve and construct improvements upon any land or other real property owned or leased by the Authority;
- (7) enter into and perform such contract, 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;
- (8) buy, sell, hold for investment, and deal in securities of every description including mortgages, bonds, debentures, promissory notes, commercial paper, and securities of other classes;
- (9) determine the character of and the necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, and paid;
- (10) promulgate regulations, not inconsistent with this chapter, necessary or appropriate for the conduct of the affairs of the Authority;
- (11) appoint such managers, officers, attorney, agents, and employees, as the Authority may determine, and require bonds for the faithful performance of their duties and to pay the premium for such bonds;
- (12) execute all instruments necessary or appropriate in the exercise of any of its powers; and
- (13) take such other actions as may be necessary or appropriate to carry out the powers herein or hereafter specifically conferred upon it.

**Source:** PL 1-156 § 1 (part).

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code. The statutory provisions on the FSM Congress are found in title 3 of this code.

### **§ 203. Board of Directors—Composition.**

The Authority shall be managed and its powers exercised by a Board of Directors, hereinafter referred to as the

"Board," which shall consist of five persons as follows: one person who shall be appointed by and serve at the pleasure of the President of the Federated States of Micronesia, who shall be knowledgeable in the processing and marketing of products derived from the coconut tree; and one person from each State, which person shall be appointed for a term of two years by the Governor of each respective State and confirmed by the State legislature.

**Source:** PL 1-156 § 2(1); PL 2-8 § 1 (part).

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code.

#### **§ 204. Board of Directors—Organizational meeting; Officers.**

The person appointed by the President shall be acting chairman, whose sole responsibility shall be to call the first Board meeting as soon as practicable after all appointments have been made. At the first meeting of the Board, a chairman, secretary, and treasurer shall be elected from among the members of the Board, which officers may be removed at any time by majority vote of the Board. No member of the Board may serve as an employee of the Authority.

**Source:** PL 1-156 § 2(2); PL 2-8 § 1 (part).

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code.

#### **§ 205. Board of Directors—Meetings; Quorum.**

The Board shall meet once a year. A quorum shall consist of three members of the Board.

**Source:** PL 1-156 § 2(3); PL 2-8 § 1 (part); PL 16-50 § 1.

#### **§ 206. Board of Directors—Compensation.**

Members of the Board shall be paid at the rate of \$35 per day when actually performing Authority business; provided that officials and employees of the State governments or the Government of the Federated States of Micronesia who are members of the Board shall not receive any compensation. All members will be paid per diem and travel expenses at standard Government rates incidental to travel required to fulfill their responsibilities under this chapter.

**Source:** PL 1-156 § 2(4); PL 2-8 § 1 (part).

**§ 207. Annual report.**

The Board shall file with the President and the Congress of the Federated States of Micronesia, within 30 days after the close of each fiscal year, a report generally stating the activities of the Authority and containing a profit-and-loss statement for the preceding fiscal year and a statement of its assets and liabilities as of the close of such year. Such report shall be considered a public document and made available for public inspection.

**Source:** PL 1-156 § 3.

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code. The statutory provisions on the FSM Congress are found in title 3 of this code.

**§ 208. Audit.**

The books and records of the Authority shall be audited annually, or at such other time as the President of the Federated States of Micronesia may direct, by the Public Auditor of the Federated States of Micronesia or by qualified independent auditors at the President's discretion.

**Source:** PL 1-156 § 4.

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code. The statutory provisions on the Public Auditor are found in chapter 5 of title 55 (Government Finance and Contracts) of this code.

**§ 209. Tax exemption.**

It is hereby declared that the purpose for which the Authority is created is a public purpose for the benefit of the people of the Federated States of Micronesia, and that the Authority shall not be required to pay any taxes or assessments except import taxes or assessments on any of the property acquired or to be acquired by it, or on its income, operations, or activities.

**Source:** PL 1-156 § 5; PL 11-26 § 2.

**Cross-reference:** The statutory provisions on Taxation and Customs are found in title 54 of this code.

**§ 210. Debts of Authority not public debts.**

The debts or obligations of the Authority shall not be debts or obligations of the Government of the Federated States of Micronesia, nor shall it be responsible for the same.

**Source:** PL 1-156 § 6.

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code.

### **§ 211. Manager.**

The Board shall hire a manager of the Authority at an appropriate compensation. The manager shall be competent and experienced in the processing and marketing of products derived from the coconut tree. He shall have responsibility for managing the affairs of the Authority, subject to the supervision of the Board. The Board may authorize the manager to hire appropriate employees and staff. The employees and staff shall be subject to the provisions of chapter 1 of title 52 of this code, but the manager is expressly exempted therefrom.

**Source:** PL 1-156 § 7.

**Cross-reference:** Chapter 1 of title 52 of this code is on the Public Service System.

### **§ 212. Principal office.**

The principal office of the Authority shall be located in the State of Truk. The Authority is authorized to establish offices in such other places as it may deem necessary or appropriate for the conduct of its operations.

**Source:** PL 1-156 § 8.

### **§ 213. Bylaws.**

(1) The Board, 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; the duties of the employees of the Authority; the employees required to furnish bonds and the amounts thereof; and any other matter not inconsistent with the purposes of the Authority.

(2) The bylaws shall not be adopted, amended, altered, or repealed at any meeting of the Board unless written notice of any proposed action to change the bylaws has been sent by certified mail to each director two weeks prior to such meeting.

**Source:** PL 1-156 § 9.

**§ 214. Membership in international organizations.**

The Authority is authorized to become a member of international organizations concerned with the development and marketing of coconut-tree products.

**Source:** PL 1-156 § 10.

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code.

**§ 215. Executive order superseded.**

In so far as it applies to copra stabilization activities in the Federated States of Micronesia, this chapter supersedes Executive Order No. 115 of the Trust Territory of the Pacific Islands.

**Source:** PL 1-156 § 11.

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code.

**§ 216. Transfer of TT Copra Stabilization Board assets.**

The Federated States of Micronesia's share of the existing assets, deposits, and property of the Trust Territory Copra Stabilization Board shall be transferred to the National Government of the Federated States of Micronesia by the High Commissioner of the Trust Territory and allotted to the Secretary of Finance of the Federated States of Micronesia, who shall transfer said assets, deposits, and property to the Authority upon its organization. Such share shall be determined as follows:

(1) The total production of copra by all entities which are now members of the Trust Territory Copra Stabilization Board shall be determined for the period from February 1, 1977, to the end of the month during which this chapter becomes effective.

(2) The total production of copra from the area which is now the Federated States of Micronesia shall be determined for the period from February 1, 1977, to the end of the month during which this chapter becomes effective.

(3) For the period described in subsections (1) and (2) of this section, that percentage of the total production described in subsection (1) which came from the area which is now the Federated States of Micronesia shall be determined.

(4) The share of existing assets, deposits, and property of the Trust Territory Copra Stabilization Board which shall be transferred to the National Government of the Federated States of Micronesia shall be the percentage determined in subsection (3) of this section.

**Source:** PL 1-156 § 12.

**Cross-reference:** The statutory provisions on the President and the Executive are found in title 2 of this code.

**Editor's note:** PL 1-156 was enacted on March 6, 1981.

**§ 217. Transfer of functions and assets.**

All functions, rights, claims, assets, responsibilities, liabilities, contracts, and all other property and debts of the Federated States of Micronesia Coconut Processing Authority and the Federated States Copra Stabilization Board are hereby transferred to the Federated States of Micronesia Coconut Development Authority to be administered in accordance with this chapter.

**Source:** PL 1-156 § 13.