June 16, 2014

The Honorable Dohsis Halbert
Speaker
Eighteenth Congress of the Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear Speaker Halbert:

I am pleased to transmit the following Congressional Act, which I signed to become Public Law No. 18-68:

Congressional Act No. 18-70, entitled: “AN ACT TO REPEAL SECTION 201 THROUGH 215 OF TITLE 22 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAW NO. 11-26, IN THEIR ENTIRETY AND INSERTING NEW SECTIONS 201 THROUGH 212 IN LIEU THEREOF, IN ORDER TO DISSOLVE THE FEDERATED STATES OF MICRONESIA COCONUT DEVELOPMENT AUTHORITY, AND REPOSE THE RESPONSIBILITY FOR COCONUT DEVELOPMENT IN THE FEDERATED STATES OF MICRONESIA PETROLEUM CORPORATION, AND FOR OTHER PURPOSES.”

As indicated on its title, the intention of the Act is dissolve the FSM Coconut Development Authority and assign its essential function and responsibility to the FSM Petroleum Corporation. The FSM Petroleum Corporation will assume the assets of the dissolved government agency and utilize the assets to develop the coconut industry.

I wish to express appreciation for the favorable action of Congress in passing this Act.

Sincerely,

Manny Mori
President

Enclosures:

Cc: Chief Justice, FSM Supreme Court
Secretary, Department of Justice
Director, SBOC
Legislative Matters, CFSM
Library, CFSM
FSM PIO
May 29, 2014

His Excellency Manny Mori
President
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear President Mori:

I have the honor to transmit herewith Congressional Act No. 18-70, "AN ACT TO REPEAL SECTION 201 THROUGH 215 OF TITLE 22 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAW NO. 11-26, IN THEIR ENTIRETY AND INSERTING NEW SECTIONS 201 THROUGH 212 IN LIEU THEREOF, IN ORDER TO DISSOLVE THE FEDERATED STATES OF MICRONESIA COCONUT DEVELOPMENT AUTHORITY, AND REPPOSE THE RESPONSIBILITY FOR COCONUT DEVELOPMENT IN THE FEDERATED STATES OF MICRONESIA PETROLEUM CORPORATION, AND FOR OTHER PURPOSES", which was passed by the Eighteenth Congress of the Federated States of Micronesia, Fourth Regular Session, 2014, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

Liwiana Ramon Ioannis
Chief Clerk, Congress of the Federated States of Micronesia

Enclosures
An Act

TO REPEAL SECTION 201 THROUGH 215 OF TITLE 22 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAW NO. 11-26, IN THEIR ENTIRETY AND INSERTING NEW SECTIONS 201 THROUGH 212 IN LIEU THEREOF, IN ORDER TO DISSOLVE THE FEDERATED STATES OF MICRONESIA COCONUT DEVELOPMENT AUTHORITY, AND REPOSE THE RESPONSIBILITY FOR COCONUT DEVELOPMENT IN THE FEDERATED STATES OF MICRONESIA PETROLEUM CORPORATION, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: FLORENCIO S. HARPER (BY REQUEST)
DATE: SEPTEMBER 16, 2013

REFERRED TO: COMMITTEE ON RESOURCES AND DEVELOPMENT
S.C.R. NO. 18-146 – MAY 14, 2014
FIRST READING: MAY 26, 2014
SECOND READING: MAY 27, 2014

[Signature]
Liwiana Ramon Iloaniš
Chief Clerk, FSM Congress
ACT NO. 18-70

(CONGRESSIONAL BILL NO. 18-65)

We hereby certify that on May 27 the foregoing act passed Second and Final Reading of the Eighteenth Congress of the Federated States of Micronesia, Fourth Regular Session, 2014, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

Dohsis Halbert
Speaker
Congress of the Federated States of Micronesia

Liwiana Ramon Iloanis
Chief Clerk
Congress of the Federated States of Micronesia
AN ACT

To repeal section 201 through 215 of title 22 of the Code of the Federated States of Micronesia, as amended by Public Law No. 11-26, in their entirety and inserting new sections 201 through 212 in lieu thereof, in order to dissolve the Federated States of Micronesia Coconut Development Authority, and repose the responsibility for coconut development in the Federated States of Micronesia Petroleum Corporation, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1. Section 1. Sections 201 through 215 of title 22 of the Code of the Federated States of Micronesia, as amended by Public Law No. 11-26, are hereby repealed in their entirety.

2. Section 2. Title 22 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 201 to read as follows:

   "Section 201. Short title. This chapter may be cited as the "Coconut Tree Products Act of 2013".

3. Section 3. Title 22 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 202 to read as follows:

   "Section 202. Background. In order to enhance the capacity for the manufacturing, processing, and distribution of biofuel from the coconut tree as a supplemental source of fuel in the Federated States of Micronesia, to better facilitate the buying, selling, exporting, manufacturing, and processing of copra and..."
other coconut tree products from within the Federated
States of Micronesia, and to do so as a self-sustaining
tenterprise, it is the determination of Congress to
dissolve the Authority and transfer its responsibilities
and functions to a more business oriented entity as
provided in this chapter."

Section 4. Title 22 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 203 to read as follows:

"Section 203. Definitions. Unless the context requires
otherwise, as used in this chapter:

(1) "Authority" means the Federated States of
Micronesia Coconut Development Authority, which is
dissolved pursuant to section 204 of this chapter;

(2) "CEO" means the Chief Executive Officer of the
Corporation;

(3) "Congress" means the Congress of the Federated
States of Micronesia;

(4) "Corporation" means the Federated States of
Micronesia Petroleum Corporation established under
chapter 2 of title 27 of the Code of the Federated
States of Micronesia;

(5) "Government" means the Government of the Federated
States of Micronesia;

(6) "President" means the President of the Federated
States of Micronesia; and

(7) "Works" means the selling, buying, exporting, manufacturing, processing, and distribution of copra and other coconut tree products, and including all activities for which the Corporation is empowered under section 206 to undertake."

Section 5. Title 22 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 204 to read as follows:

"Section 204. Dissolution of the Authority. The Authority is hereby dissolved."

Section 6. Title 22 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 205 to read as follows:

"Section 205. Transfer of assets, liabilities and employees. (1) The rights to, interests in, and ownership of all the assets of the Authority, of whatever description and wherever located including, but not limited to, equipment and leasehold interests, are hereby fully transferred to the Corporation free of any lien or encumbrance. The Government shall be responsible for the settlement or discharge of any lien or encumbrance upon such assets.

(2) Unless an express assumption of liability is executed by the Corporation, the Corporation shall not
assume, nor shall it be deemed to have assumed, any
liability of the Authority. The Government shall be
responsible for the settlement or discharge of any
liability of the Authority, which the Corporation has
not expressly assumed.

(3) Unless the Corporation expressly agrees otherwise,
it shall not be required to assume, acquire or maintain
the employment of any employee of the Authority. The
Government shall be responsible for the layoff,
redundancy, re-assignment, or placement (whichever may
be appropriate) of all employees of the Authority, which
the Corporation does not expressly agree to assume,
acquire, or maintain in its employment.”

Section 7. Title 22 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 206 to read as follows:

“Section 206. Powers of the Corporation. In addition
to, and without limiting any of its powers under chapter
2 of title 27 of the Code of the Federated States of
Micronesia, the Corporation shall be authorized to:

(1) engage in the manufacturing and processing of
biofuel and other products derived from the coconut
tree;

(2) buy, collect, market, sell, and distribute coconut
biofuel and deal generally in the buying, collection,
marketing, selling, and distribution of all other
products derived from the coconut tree;

(3) fix all prices to be paid to producers or sellers
of copra and other products derived from the coconut
tree in the Federated States of Micronesia, collect and
receive all moneys it derives from copra or other
coconut tree products, administer and invest said
moneys, disburse said moneys as required to stabilize
the price of copra or other coconut tree products, and
perform all acts and things necessary or proper in
connection with or incidental to the buying, selling,
exporting, manufacturing, and processing of copra and
other coconut tree products;

(4) purchase or otherwise acquire, operate, maintain,
lease, sell, and dispose of factories, warehouses,
facilities, machineries, 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;

(5) enter into and perform such contracts, leases,
agreements, or other transactions as may be necessary in
the performance or undertaking of the Works, and on such
terms as it may deem appropriate;
(6) use the proceeds derived from the Works to 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;

(7) determine the character of and the necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, and paid in respect of the buying, selling, manufacturing, and processing of copra and other coconut tree products;

(8) execute all instruments necessary or appropriate in the exercise of any of its powers;

(9) to operate and manage the Works, either directly or through contracts with third parties; and

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

Section 8. Title 22 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 207 to read as follows:

"Section 207. Contracts. (1) All contracts for construction projects involving $20,000 more, or for the purchase of personal property involving $10,000 or more, to be made in the performance or undertaking of the Works, or in connection with the Works, by the
Corporation, shall be let by free and open competitive bidding, by sealed bids, to the lowest responsible bidder. A notice requesting bids shall be published as widely as practicable at least ten days before bids are received. The Corporation shall have the discretion to reject any and all bids, and to re-advertise.

(2) If, after rejecting bids for materials and supplies, the Corporation determines that the materials and supplies may be purchased at a lower price in the open market, such purchase may be authorized without further requirement for bidding.

(3) No bidding may be required for the purchase or leasing of real property, or for the purchase of copra or other coconut tree products in connection with the Works."

Section 9. Title 22 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 208 to read as follows:

"Section 208. Exempt from license. The Corporation shall be exempt from the license required under chapter 3 of this title."

Section 10. Title 22 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 209 to read as follows:

"Section 209. Debts not Government's. Subject to
section 205 hereof, the debts or obligations of the
Corporation shall not be the debts or obligations of the
Government, nor shall the Government be responsible for
the same."

Section 11. Title 22 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 210 to read as follows:

"Section 210. Annual report. The Corporation shall
file with the President and the Congress, within 30 days
after the close of the fiscal year of the Corporation,
an annual report generally stating the activities in the
performance or undertaking of the Works. The annual
report shall contain a profit-and-loss statement on the
Works during the preceding fiscal year, and a statement
of assets and liabilities as of the close of such
year. The annual report shall be considered a public
document and made available for public inspection."

Section 12. Title 22 of the Code of the Federated States
of Micronesia, as amended, is hereby further amended by inserting
a new section 211 to read as follows:

"Section 211. Tax liability. The Corporation shall be
liable for the payment of any tax, assessment or
contribution as may be required by law in respect of the
Works. Nothing herein shall be deemed to exempt
employees and independent contractors of the Corporation
from any tax liability for services rendered to the
Corporation in connection with the Works."

Section 13. Title 22 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 212 to read as follows:

"Section 212. Effect on Corporation's enabling law.
Nothing in this chapter shall be deemed to have altered
the legal personality, privileges, rights, protections,
disabilities, and liabilities of the Corporation, as
defined in chapter 2 of title 27 of the Code of the
Federates States of Micronesia, nor to have diminished
or in any way detracted from the Corporation's powers,
functions, responsibilities, duties, obligations, and
charges as mandated in chapter 2 of title 27 of the Code
of the Federates States of Micronesia."

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Section 14. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

June 16, 2014

Manny Mori
President
Federated States of Micronesia