

WJM

A BILL FOR AN ACT

To amend section 2 of Public Law NO. 9-135, the ADB Water Project Authorization Act, to permit certain changes to the form of Financing Agreement with the States, and for other purposes.

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

1 Section 1. Section 2 of Public Law No. 9-135 is hereby
2 amended to read as follows:

3 "Section 2. Definitions. Unless otherwise defined
4 or required by the context, terms used in this act
5 shall have the following meanings:

6 (1) "Bank" means the Asian Development Bank.

7 (2) "Congress" means the Congress of the FSM.

8 (3) "FSM" means the Federated States of
9 Micronesia.

10 (4) "Financing Agreement" means a three-party
11 agreement between the FSM, a State, and utility
12 company within that State in substantially the form
13 heretofore submitted to Congress and labeled
14 "Congress Draft"; provided, however, that said form
15 shall be modified to:

16 (a) provide that repayment of the loan to
17 one State cannot be accelerated because of a default
18 by any other State;

19 (b) change the section 4.02 grant of
20 security by a State to provide that the pledged funds
21 may not be retained or applied except to the extent
22 of a default, which amount may never aggregate more
23 than the total amount due under the loan; and

24 (c) extend the grace period for repayment
25 of principal by the State to the FSM from five to ten

1 years. The section 4.01 diversion to the FSM of
2 repayments by the utility company shall remain in
3 place as if the grace period were still five years,
4 and the funds thereby retained by the FSM shall be
5 deposited into a separate trust account within the
6 national investment portfolio, for the benefit of the
7 State but under the control of the Secretary of
8 Finance. The State shall be entitled to the net
9 investment earnings from that trust account.

10 (5) "Loan Agreement" means the Loan Agreement
11 (Special Operations) (Water Supply and Sanitation
12 Project) between the FSM and the Bank in
13 substantially the form heretofore submitted to
14 Congress and labeled "Negotiated Draft 14/viii/96".

15 (6) "President" means the President of the FSM
16 or his designee, or in the absence of the President,
17 the Vice President of the FSM or his designee.

18 (7) "Project" means the water supply and
19 sanitation project contemplated by the Loan
20 Agreement.

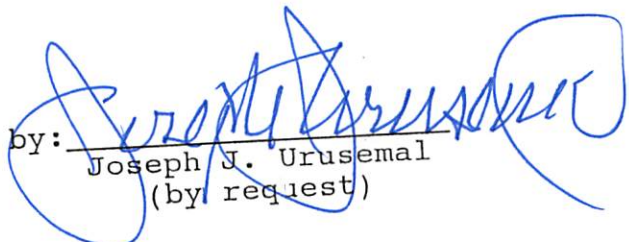
21 (8) "State" means a state of the FSM."
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WAM

C.B. NO. 10-103

1 Section 2. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its
3 becoming law without such approval.

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5 Date: 8/04/97

Introduced by: 
Joseph J. Urusemal
(by request)

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