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AN ACT

To create a Federated States of Micronesia Coconut Development Authority, to abolish the Federated States Copra Stabilization Board and the Federated States of Micronesia Coconut Processing Authority, and for other purposes.

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

1       Section 1, Creation and Powers of the Federated States of Micro-  
2 nesia Coconut Development Authority. There is hereby created in the  
3 Federated States of Micronesia a government authority to be known as the  
4 Federated States of Micronesia Coconut Development Authority, hereafter  
5 called the "Authority", which shall be authorized to:

6           (1) Engage in the manufacture and processing of all products  
7 derived from the coconut tree;

8           (2) Buy, collect, market, sell, export, and deal generally in  
9 all products derived from the coconut tree;

10          (3) Inspect and improve the quality of products derived from  
11 the coconut tree;

12          (4) Fix all prices to be paid to producers or sellers of  
13 products derived from the coconut tree in the Federated States of Micro-  
14 nesia, collect and receive all monies derived from the sales of said  
15 products, administer and invest said monies, disburse said monies as  
16 required to stabilize the price of said products, and perform all acts  
17 and things necessary or proper in connection with or incidental to the  
18 purchase, marketing, and sale of said products;

19          (5) Purchase or otherwise acquire, operate, maintain, lease,  
20 sell, and dispose of factories, warehouses, facilities, machinery, ex-  
21 pellers, grinders, presses, filters, cookers, tanks, and other apparatus,  
22 raw materials, equipment, utensils, supplies, parts, and other goods,

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1 wares, products, and merchandise related to the business of manufacturing,  
2 storing, and processing products derived from the coconut tree;

3 (6) Improve and construct improvements upon any land or other  
4 real property owned or leased by the Authority;

5 (7) Enter into and perform such contracts, leases, cooperative  
6 agreements, or other transactions as may be necessary in the conduct of its  
7 business and on such terms as it may deem appropriate;

8 (8) Buy, sell, hold for investment, and deal in securities of  
9 every description including mortgages, bonds, debentures, promissory notes,  
10 commercial paper, and securities of other classes;

11 (9) Determine the character of and the necessity for its obliga-  
12 tions and expenditures and the manner in which they shall be incurred,  
13 allowed, and paid;

14 (10) Promulgate regulations, not inconsistent with this act,  
15 necessary or appropriate for the conduct of the affairs of the Authority;

16 (11) Appoint such managers, officers, attorneys, agents, and  
17 employees, as the Authority may determine, and require bonds for the  
18 faithful performance of their duties and to pay the premium for such bonds;

19 (12) Execute all instruments necessary or appropriate in the  
20 exercise of any of its powers; and

21 (13) Take such other actions as may be necessary or appropriate  
22 to carry out the powers herein or hereafter specifically conferred upon it.

23 Section 2. Board of Directors.

24 (1) The Authority shall be managed and its powers exercised by  
25 a Board of Directors, hereinafter referred to as the "Board", which shall



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1 consist of five persons as follows: one person who shall be appointed by  
2 and serve at the pleasure of the President of the Federated States of  
3 Micronesia, who shall be knowledgeable in the processing and marketing of  
4 products derived from the coconut tree; and one person from each state, which  
5 person shall be appointed by the Governor of each respective state and con-  
6 firmed by the state legislature.

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

14           (3) The Board shall meet semi-annually or more often at the call  
15 of the Chairman. A quorum shall consist of three members of the Board.

16           (4) Members of the Board shall be paid at the rate of 35 dollars  
17 per day when actually performing Authority business; PROVIDED, that  
18 officials and employees of state governments or the Government of the  
19 Federated States of Micronesia who are members of the Board shall not  
20 receive any compensation. All members will be paid per diem and travel ex-  
21 penses at standard government rates incidental to travel required to ful-  
22 fill their responsibilities under this act.

23           Section 3, Annual Report. The Board shall file with the President  
24 and the Congress of the Federated States of Micronesia, within 30 days  
25 after the close of each fiscal year, a report generally stating the

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1 activities of the Authority and containing a profit and loss statement for  
2 the preceding fiscal year and a statement of its assets and liabilities as  
3 of the close of such year. Such report shall be considered a public  
4 document and made available for public inspection,

5 Section 4. Audit. The books and records of the Authority shall be  
6 audited annually, or at such other time as the President of the Federated  
7 States of Micronesia may direct, by the Public Auditor of the Federated  
8 States of Micronesia or by qualified independent auditors at the President's  
9 discretion.

10 Section 5. Tax Exemption. It is hereby declared that the purpose for  
11 which the Authority is created is a public purpose for the benefit of the  
12 people of the Federated States of Micronesia, and that the Authority shall not  
13 be required to pay any taxes or assessments on any of the property acquired or  
14 to be acquired by it, or on its income, operations, or activities.

15 Section 6. Debts of Authority Not Public Debts. The debts or obligations  
16 of the Authority shall not be debts or obligations of the Government of the  
17 Federated States of Micronesia, nor shall it be responsible for the same.

18 Section 7. Manager. The Board shall hire a manager of the Authority  
19 at an appropriate compensation. The Manager shall be competent and ex-  
20 periented in the processing and marketing of products derived from the  
21 coconut tree. He shall have responsibility for managing the affairs of the  
22 Authority, subject to the supervision of the Board. The Board may authorize  
23 the Manager to hire appropriate employees and staff. The employees and  
24 staff shall be subject to the provisions of the National Public Service  
25 System Act, Public Law No. 1-47, but the Manager is expressly exempted



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1 therefrom.

2       Section 8. Principal Office. The principal office of the Authority  
3 shall be located in the state of Truk. The Authority is authorized to  
4 establish offices in such other places as it may deem necessary or appropriate  
5 for the conduct of its operations.

6       Section 9. Bylaws. The Board, by an affirmative vote of a majority of  
7 the whole Board, may adopt, amend, alter, or repeal such bylaws for the  
8 Authority as are not inconsistent with this act, providing for the manage-  
9 ment of the business of the Authority; the regulation of its affairs; the  
10 organization, conduct, and meetings of the Board; the duties of the  
11 employees of the Authority; the employees required to furnish bonds and  
12 the amounts thereof; and any other matter not inconsistent with the purposes  
13 of the Authority; PROVIDED, that the bylaws shall not be adopted, amended,  
14 altered, or repealed at any meeting of the Board unless written notice of  
15 any proposed action to change the bylaws has been sent by certified mail to  
16 each director two weeks prior to such meeting.

17       Section 10. Membership in International Organizations. The Authority  
18 is authorized to become a member of international organizations concerned  
19 with the development and marketing of coconut tree products.

20       Section 11. Executive Order Superseded. In so far as it applies to  
21 copra stabilization activities in the Federated States of Micronesia, this  
22 act supersedes Executive Order 115 of the Trust Territory of the Pacific  
23 Islands.

24       Section 12. Transfer of Trust Territory Copra Stabilization Board  
25 Assets. The Federated States of Micronesia's share of the existing assets,

1 deposits, and property of the Trust Territory Copra Stabilization Board shall  
2 be transferred to the National Government of the Federated States of Micro-  
3 nesia by the High Commissioner of the Trust Territory and allotted to the  
4 Director of Finance of the Federated States of Micronesia, who shall transfer  
5 said assets, deposits, and property to the Authority upon its organization.  
6 Such share shall be determined as follows:

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

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

15           (3) For the period described in (1) and (2) above, that percentage  
16 of the total production described in (1) above which came from the area which  
17 is now the Federated States of Micronesia shall be determined;

18           (4) The share of existing assets, deposits, and property of the  
19 Trust Territory Copra Stabilization Board which shall be transferred to the  
20 National Government of the Federated States of Micronesia shall be the per-  
21 centage determined in (3) above.

22       Section 13. Transfer of Functions and Assets. All functions, rights,  
23 claims, assets, responsibilities, liabilities, contracts, and all other  
24 property and debts of the Federated States of Micronesia Coconut Processing  
25 Authority and the Federated States Copra Stabilization Board are hereby

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1 transferred to the Federated States of Micronesia Coconut Development  
2 Authority to be administered in accordance with this act.

3 Section 14. Repealer. Public Law No. 5-72, as amended by Public Law  
4 No. 6-131 and Public Law No. 1-27, and Public Law No. 1-77, as amended by  
5 Public Law No. 1-105, are hereby repealed in their entirety.

6 Section 15. This act shall become law upon approval by the President  
7 of the Federated States of Micronesia, or upon its becoming law without such  
8 approval.

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March 6, 1981

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Tosiwo Nakayama  
Tosiwo Nakayama  
President  
Federated States of Micronesia

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