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:

Section 1. Creation and Powers of the Federated States of Micronesia Coconut Development Authority. 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, hereafter called the "Authority", which 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 monies derived from the sales of said products, administer and invest said monies, disburse said monies 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 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;

(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 obliga-
tions and expenditures and the manner in which they shall be incurred,
allowed, and paid;

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

(11) Appoint such managers, officers, attorneys, 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.

Section 2. Board of Directors.

(1) The Authority shall be managed and its powers exercised by
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
8 (2) The person appointed by the President shall be acting
9 chairman, whose sole responsibility shall be to call the first Board meeting
10 as soon as practicable after all appointments have been made. At the first
11 meeting of the Board, a chairman, secretary, and treasurer shall be elected
12 from among the members of the Board, which officers may be removed at any
13 time by majority vote of the Board. No member of the Board may serve as an
14 employee of the Authority.
15
16 (3) The Board shall meet semi-annually or more often at the call
17 of the Chairman. A quorum shall consist of three members of the Board.
18
19 (4) Members of the Board shall be paid at the rate of 35 dollars
20 per day when actually performing Authority business; PROVIDED, that
21 officials and employees of state governments or the Government of the
22 Federated States of Micronesia who are members of the Board shall not
23 receive any compensation. All members will be paid per diem and travel ex-
24 penses at standard government rates incidental to travel required to ful-
25 fill their responsibilities under this act.
26
27 Section 3. Annual Report. The Board shall file with the President
28 and the Congress of the Federated States of Micronesia, within 30 days
29 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.

Section 4. 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.

Section 5. 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 on any of the property acquired or
to be acquired by it, or on its income, operations, or activities.

Section 6. 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.

Section 7. Manager. The Board shall hire a manager of the Authority
at an appropriate compensation. The Manager shall be competent and ex-
perienced 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 the National Public Service
System Act, Public Law No. 1-47, but the Manager is expressly exempted
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
be transferred to the National Government of the Federated States of Micron-
nesia by the High Commissioner of the Trust Territory and allotted to the
Director 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 act 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 act becomes
effective;

(3) For the period described in (1) and (2) above, that percentage
of the total production described in (1) above 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 per-
centage determined in (3) above.

Section 13. 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
Public Law No. 1-156
CONGRESSIONAL BILL NO. 1-396, C.D.1, C.D.2, C.D.3

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

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

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

\[\text{Signed} \ 6 \text{, 1981}\]

Tosiwo Nakayama
President
Federated States of Micronesia