

A BILL FOR AN act

To authorize the President of the Federated States of Micronesia to lend Pohnpei Utilities Corporation \$500,000, and to appropriate therefor the sum of \$500,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2002, for the purchase by Pohnpei Utilities Corporation of energy for power generation, and for other purposes.

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

1           Section 1. Loan authorization; terms. The President of the  
2 Federated States of Micronesia is hereby authorized to lend \$500,000 to  
3 Pohnpei Utilities Corporation (PUC) for the purchase of energy for  
4 power generation in its power plants. The President, or the Secretary  
5 of Finance and Administration as his designee, shall enter into a loan  
6 agreement which shall include the following terms:

7           (1) The loan term shall be for ten years.

8           (2) A total annual fee of one percent per annum shall be charged  
9 on the average outstanding balance drawn down (i.e., principal) on the  
10 loan and on the accrued fee. There shall be no other charges or fees  
11 for the loan.

12           (3) There shall be a grace period of two years on the repayment  
13 of the principal.

14           (4) The President or his designee may agree to other terms for  
15 the loan not inconsistent herewith.

16           Section 2. The sum of \$500,000, or so much thereof as may be  
17 necessary, is hereby appropriated from the General Fund of the

1 Federated States of Micronesia for the fiscal year ending September 30,  
2 2002, for the purpose of the funding authorized under section 1 of this  
3 act. Upon entry into an agreement of section 1 of this act, the sum so  
4 appropriated shall be deposited into a special loan fund, which shall  
5 be separate from the General Fund of the FSM and all other funds. The  
6 sum shall be available thereafter for drawdown pursuant and subject to  
7 the terms of the agreement.

8 Section 3. Allotment and management of funds and lapse date.

9 (1) All funds appropriated by this act shall be allotted,  
10 managed, administered, and accounted for in accordance with applicable  
11 law, including, but not limited to, the Financial Management Act of  
12 1979. The allottee of the funds appropriated by this act shall be the  
13 President of the Federated States of Micronesia or his designee. The  
14 allottee shall be responsible for ensuring that these funds, or so  
15 much thereof as may be necessary, are used solely for the purpose  
16 specified in this act, and that no obligations are incurred in excess  
17 of the sum appropriated.

18 (2) The authority of the allottee to obligate funds  
19 appropriated by this act shall lapse as of September 30, 2002.

20 Section 4. This act shall become law upon approval by the  
21 President of the Federated States of Micronesia or upon its becoming  
22 law without such approval.

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25 Date: \_\_\_\_\_ Introduced by: \_\_\_\_\_

C.B. NO. 12-16

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Peter M. Christian