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A BILL FOR AN ACT

To appropriate the sum of \$941,534 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1998, for the purpose of funding a loan to the Pohnpei Fisheries Corporation, and for other purposes.

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

1           Section 1. Purpose. It is the aim of the National  
2 Government to assist the States in their efforts to privatize  
3 certain governmental entities so that the rates of return on  
4 the uses of our economic resource can be maximized. The  
5 privatization of Pohnpei Fisheries Corporation (PFC) is  
6 considered to be one of the most important projects in our  
7 nation's privatization efforts. A loan of \$941,534 is  
8 necessary to allow the privatization of PFC to occur in a  
9 manner that would protect the government's investments in PFC  
10 and maximize its potential contribution to the private sector.

11           Section 2. The sum of \$941,534, or so much thereof as  
12 may be necessary, is hereby appropriated from the General Fund  
13 of the Federated States of Micronesia for the fiscal year  
14 ending September 30, 1998, for the purpose of funding a loan to  
15 PFC.

16           (1) Interest rate and repayment terms. The loan  
17 agreement shall contain a grace period of two years following  
18 the disbursement of the proceeds of the loan to PFC. During  
19 this grace period, no interest shall accrue, and no payments on  
20 the principal shall be due. Thereafter, the interest rate of  
21 the loan shall be one percent per annum, in accordance with a  
22 repayment schedule agreed to by the parties to the loan.

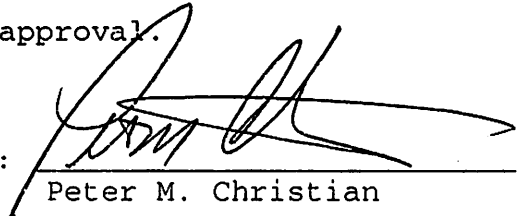
23           (2) Acceleration and Transferability. The loan  
24 agreement shall provide that, during the term of the loan, if  
25 PFC is sold to a private entity, then the loan may be

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1 accelerated with repayment in full as of the date of the sale,  
2 or the private entity may assume PFC's remaining obligations  
3 for repayment under terms and conditions that are equivalent to  
4 the terms and conditions in the loan agreement between PFC and  
5 the National Government.

6 Section 3. All funds appropriated by this act shall be  
7 allotted, managed, administered, and accounted for in  
8 accordance with applicable law, including, but not limited to,  
9 the Financial Management Act of 1979. The allottee of the  
10 funds appropriated by this act shall be the President of the  
11 Federated States of Micronesia or the President's designee.  
12 The allottee shall be responsible for ensuring that these  
13 funds, or so much thereof as may be necessary, are used solely  
14 for the purpose specified in this act, and that no obligations  
15 are incurred in excess of the sum appropriated. The authority  
16 of the allottee to obligate funds appropriated by this act  
17 shall lapse as of September 30, 1998.

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

21  
22 Date: 6/10/98 Introduced by:   
23 Peter M. Christian  
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