

AN ACT

To amend section 10 of Koror State Public Law No. K6-125-2001 to authorize the borrowing of funds in the name of Koror State Government for the construction of the new State Capitol building, and for related purposes.

THE PEOPLE OF KOROR REPRESENTED IN THE LEGISLATURE OF THE STATE OF KOROR DO ENACT AS FOLLOWS:

SECTION 1. FINDINGS. The Seventh Koror State Legislature hereby finds that Koror State Public Law No. K6-125-2001 authorizes the Governor of the State of Koror to negotiate with an FDIC registered bank for the acquisition of a loan to assist in the construction of as new State capitol building, and to determine the source of revenues to be used for the loan repayments as acceptable to the lending bank, with a repayment term not to exceed ten (10) years. The Governor has negotiated with the Palau National Development Bank for a loan, but the Palau National Development Bank is not an FDIC insured bank, and the Palau National development Bank raised other concerns about the potential loan to be made to Koror State Government.

The Seventh Koror State Legislature further finds that by amending the language of section 10 of Koror State Public Law No. K6-125-2001, that the State will be able to obtain a loan from the Palau National Development Bank, thereby increasing the chances of receiving a favorable loan with competitive terms.

SECTION 2. AMENDMENT OF SECTION 10 OF KOROR STATE PUBLIC LAW NO. K6-125-2001 RELATING TO THE AUTHORIZATION TO BORROW FUNDS FOR THE NEW STATE CAPITOL BUILDING PROJECT.

A. Section 10 of Koror State Public Law No. K6-125-2001 is hereby amended to read as

follows:

Section 10. State's Programs & Special Projects. The sum of \$2,406,400.00 is hereby authorized and appropriated for expenditure and obligations for Fiscal Year 2002 to continue special programs and projects. Of the sum authorized and appropriated hereunder, \$1,160,800.00 shall come from the national appropriations, \$245,600.00 shall come from state local revenues and \$1,000,000.00

from a Bank Loan as authorized in RPPL 5-34. The Koror State Legislature hereby approves of the borrowing of money on the credit of Koror State as authorized in Article VIII, section 6(2) of the Koror State constitution, and designates the Governor of the State of Koror to negotiate such a loan, all for the construction of the new State capitol building. The Governor is authorized to negotiate with any FDIC insured bank and with the Palau National Development Bank for the borrowing of a principal amount not to exceed \$1,000,000.00 (one million dollars) for the purpose of financing construction for the new State capitol building project. Koror State's repayment obligation on such loan shall constitute a general obligation payable from all revenues of the State, including but not limited to national government block grant appropriations that are not earmarked for a particular purpose, and public lands rental receipts, and shall be backed by the full faith and credit of the State. After the Governor negotiates the terms of the borrowing as authorized herein, the proposed loan agreement shall be transmitted to the Legislature. The Legislature may approve of the loan by way of Resolution, and the effectiveness of the terms of such borrowing shall be conditioned upon prior approval by the

Legislature.

By making this authorization, the State expressly waives any immunity from suit for breach of any obligation under the terms of such approved loan agreement. The term for repayments of the loan shall not exceed ten (10) years.

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SECTION 3. SEVER-ABILITY.

In the event that a court of competent jurisdiction determines that any part or portion of this Act are invalid or otherwise unenforceable, then the offending part or portions may be stricken, and the remaining portions shall continue in full force and effect.

SECTION 4. EFFECTIVE DATE.

This Act shall become effective upon its becoming law by operation of the Koror State constitution.

PASSED: August 15, 2002

CERTIFIED BY:

ATTESTED TO BY:

/s/ _____
Yositaka Adachi, Speaker
Seventh Koror State Legislature

/s/ _____
Marlena Sato, Assistant Clerk
Seventh Koror State
Legislature

APPROVED ON THIS 19th DAY OF August, 2002.

/s/
John C. Gibbons
Governor, Koror State

APPROVED ON THIS 26 DAY OF August, 2002.

/s/
Ibedul Y. M. Gibbons
Chairman, House of Traditional Leaders