



Commonwealth of the Northern Mariana Islands
Office of the Governor

Saipan, Mariana Islands 96950

FOR OFFICIAL USE
CABLE ADDRESS
GOV. NMI SAIPAN
REPLY TO

DEPT. of ACTIVITY

20 FEB 1987

The Honorable Jose R. Lifoifoi
Speaker, House of Representatives
Fifth Northern Marianas
Commonwealth Legislature
Saipan, CM 96950

Gov. Comm. 5-81

and

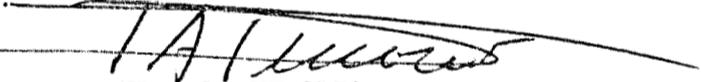
The Honorable Julian S. Calvo
Senate President
Fifth Northern Marianas
Commonwealth Legislature
Saipan, CM 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law House Bill No. 5-148, entitled, "To amend P.L. No. 4-49, Commonwealth Development Authority," which was passed by the Fifth Northern Marianas Commonwealth Legislature.

House Bill No. 5-148 becomes Public Law No. 5-27. Copies bearing my signature are forwarded for your ready reference.

Sincerely,


PEDRO A. TENORIO
Acting Governor

CC: Special Assistant for Programs and Legislative Review

Recd 4/10/87

PUBLIC LAW NO. 5-27

HOUSE BILL NO. 5-148

HOUSE OF REPRESENTATIVES
FIFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
THIRD REGULAR SESSION, 1986

AN ACT

TO AMEND P.L. NO. 4-49, COMMONWEALTH DEVELOPMENT AUTHORITY.

Offered by Representatives : Jose R. Lifoifoi, Gregorio B. Sablan,
Maximo T. Attao, Vicente M. Sablan and Edward M. Deleon Guerrero

Date: November 14, 1986

HOUSE ACTION

First and Final Reading: November 14, 1986

SENATE ACTION

First Reading: January 15, 1987

Second and Final Reading: January 20, 1987


FRANCES P. SABLAN
Chief Clerk
House of Representatives

AN ACT

To amend P.L. No. 4-49, Commonwealth Development Authority.

BE IT ENACTED BY THE FIFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 Section 1. Findings.

2 (a) In furtherance of the legislative mandate of the
3 Commonwealth Development Authority (the "Authority") to
4 underwrite, purchase, own, sell, mortgage, or otherwise
5 depose of stocks, bonds, debentures, securities or other
6 evidences of indebtedness in furtherance of the purposes
7 of Public Law No. 4-49 (the "Act"), including to stimulate
8 the economic development of the Commonwealth, the Authority
9 is to be authorized and empowered to make and issue bonds,
10 notes or other obligations in furtherance of the purposes
11 of the Act and to re invest prudently all or any portion of
12 the proceeds of such bonds, notes or other obligations, in
13 certain Investment Securities (as defined in the Act) or
14 in one or more insurance or endowment policies or annuity
15 contracts or optional annuity contracts, including without
16 limitation certain funding agreements or guaranteed
17 investment contracts, and to secure such bonds, notes or
18 other obligations by such proceeds, such reinvestment or
19 such other guarantees and collateral as may be required by
20 the Authority.

1 (b) In connection with the making and issuance by the
2 Authority of such bonds, notes or other obligations, the
3 Authority is to **be** authorized and empowered to waive
4 expressly, at or before the time of the issuance of such
5 bonds, notes or other obligations, any right of the
6 Authority to issue such bonds, notes or other obligations
7 exempt as to principal and interest, from taxation by the
8 United States, or by any state, territory or possession of
9 the United States, or any political subdivision of any of
10 them.

11 (c) The Authority is to be authorized and empowered to
12 use all or any portion of the proceeds of such bonds, notes
13 or other obligations, the reinvestment of such proceeds of
14 such bonds, notes or other obligations and earnings derived
15 from such reinvestment to provide for the timely repayment
16 of such bonds, notes or other obligations in accordance with
17 their respective terms and the payment of costs and expenses
18 incidental to such bonds, notes and other obligations, and
19 to use any excess earnings or other moneys derived therefrom
20 in furtherance of the purposes of the **Act**, and to secure
21 such bonds, notes or other obligations **by** such proceeds,
22 such reinvestments or such other guarantees and collateral
23 as may be determined or pledged by the Authority.

24 (d) The Authority pursuant to existing Section 6(a)(27)
25 of the *Act* is financial advisor and coordinator with respect

1 to any public borrowing by the Commonwealth, its departments,
2 autonomous public agencies, municipalities and public
3 corporations, and as such, the Authority has special
4 expertise, management capability and understanding and
5 experience of the economy and its investment potential
6 and climate, its corporate and capital market structure,
7 to evaluate the propriety and prudence of the making
8 and issuing such bonds, notes or other obligations in
9 furtherance of the purposes of the Act and to reinvest
10 prudently all or any portions of the proceeds of such bonds,
11 notes or other obligations, and to secure such bonds as
12 aforesaid, subject to the continuing authority of the
13 Authority to defer the exercise of such power pursuant to
14 Section 10(n) of the Act.

15 (e) The Authority is to be authorized and empowered to
16 enter into interest rate exchange transactions and other
17 similar financial accommodations with public or private
18 individuals, corporations, agencies or cooperatives and to
19 purchase letters of credit, insurance policies, surety
20 bonds or other similar financial guarantees from foreign or
21 domestic banking corporations or associations, insurance
22 companies, sureties or other private individuals,
23 corporations, agencies or cooperatives.

24 (f) After due consideration, the making and issuance
25 by the Authority of such bonds, notes or other obligations,

1 the reinvestment of the proceeds thereof and the use of all
2 or any portion of the proceeds and earnings and any excess
3 earnings or other moneys derived therefrom in such
4 furtherance of the purposes of the Act and the entering into
5 interest rate exchange transactions and other similar
6 financial accommodations and the purchasing by the Authority
7 of letters of credit, insurance policies, surety bonds and
8 other similar financial guarantees or collateral are defined
9 to be, for the purposes of this Act, public purposes in
10 accordance with the Constitution, Article X, Section 1 and
11 laws of the Commonwealth and found to be consistent with the
12 public purposes of the Authority and to satisfy the general
13 management guidelines and financial prudence requirements
14 set forth in Sections 10 and 11 of the Act.

15 Section 2. Amendment. Section 6(a) of P.L. 4-49 is amended to add
16 new subparagraphs 33 and 34 to read as follows:

17 "(33) to make and issue bonds, notes or other
18 obligations in furtherance of the purposes of this
19 Act, including, but not limited to, in accordance
20 with Section 24 of this Act.

21 (34) to enter into interest rate exchange transactions
22 and other similar financial accommodations with public or
23 private individuals, corporations, agencies or cooperatives
24 and to purchase letters of credit, insurance policies,
25 surety bonds, or other similar financial guarantees or

1 collateral from foreign or domestic banking corporations or
2 associations, insurance companies, sureties or other private
3 individuals, corporations, agencies or cooperatives and
4 execute a71 instruments necessary or convenient in the
5 exercise of such power."

6 Section 3. Amendment. Section 11 of P.L. 4-49 is amended to add a
7 new subsection (e) to read as follows:

8 "(e) Reinvestment by the Authority pursuant to
9 Section 24 of this Act of all or any portions of the
10 proceeds of bonds, notes or other obligations made and
11 issued pursuant to such Section is expressly authorized."

12 Section 4. Amendment. P.L. 4-49 is amended to renumber existing
13 "Section 24. Severability." as new "Section 25. Severability." and
14 ti, renumber existing "Section 24. Effective Date" as new "Section 26.
15 Effective Date." and to add, following the existing Section 23. Vacation
16 of Executive Order.", new Section 24 to read as follows:

17 "Section 24. Authority Reinvestment Revenue Bonds Program.

18 (a) in furtherance of Section 6 and not in limitation
19 thereof, the Authority is expressly authorized and empowered
20 to make and issue bonds, notes, or other obligations in
21 furtherance of the purposes of this Act by reinvesting all
22 or any portion of the proceeds of such bonds, notes or
23 other obligations pursuant to Section 11(e) and subsection
24 (c) of this Section and to use any or all of the proceeds,
25 reinvestment and earnings therefrom to provide for timely

1 repayment of such bonds, **notes** or other obligations in
2 accordance with **their** respective **terms** and the payment of
3 any cost and expenses incidental to such **bonds**, notes or
4 other obligations, and to use any excess earnings or other
5 moneys derived therefrom in furtherance of the purposes of
6 this Act for one or more public purposes at the direction
7 of the Authority with the approval of the Legislature
8 by Joint Resolution, and which bonds, notes or other
9 obligations shall be secured by such proceeds, such
10 reinvestment or such other guarantees and collateral as
11 may be determined or pledged **by** the Authority; provided
12 that, such bonds, notes or other obligations shall not
13 constitute obligations or indebtedness of the Commonwealth
14 or any political subdivision, government unit or agency
15 thereof, but shall be special and limited obligations of
16 the Authority, payable solely from the revenues and assets
17 determined or pledged **by** the Authority to provide for the
18 repayment thereof. Neither the faith and credit nor the
19 taxing power of the Commonwealth or any political
20 subdivision thereof is or shall be pledged to the payment
21 of the principal of, premiums, if any, or interests on
22 such bonds, notes or other obligations.

23 (b) The Authority is expressly authorized and
24 empowered in connection with the making and issuance of
25 such bonds, notes or other obligations, to waive expressly

1 at or before the time of the issuance of such bonds, notes
2 or other obligations, any right of the Authority to issue
3 such bonds, notes or other obligations exempt as to
4 principal and interest, from taxation by the United States
5 or by any state, territory or possession of the United
6 States, or any political subdivision of any of them.

7 (c) In furtherance of Section 11 and not in
8 limitation thereof, proceeds of bonds, notes or other
9 obligations of the Authority made and issued pursuant to
10 this Section shall be reinvested by the Authority, to the
11 extent permitted by law, in one or more insurance or
12 endowment policies or annuity contracts or optional
13 annuity contracts, including without limitation funding
14 agreements and guaranteed investment contracts, issued
15 by any foreign or domestic insurance corporation, company
16 or firm; provided that, such bonds, notes or other
17 obligations or the claims paying ability of the insurance
18 corporations, companies or firms issuing such policies,
19 contracts, or agreements are rated at the time of their
20 issuance in either of the two highest rating categories
21 by a nationally recognized rating agency, or in one or
22 more Investment Securities (as defined in Section 11(d)),
23 which policies, contracts, agreements or Investment
24 Securities in each such case mature not later than the
25 the date on which money so reinvested will be needed for
25 the purposes of this Act.

1 (d) The implementation of **the** Authority reinvestment
2 revenue bonds **program pursuant** to subsections (a), (b) and
3 (c) **of this Section is in compliance** with Section 10 of
4 **this Act.** The Authority is requested to prepare, within
5 not more than 180 days following the initial issuance date
6 of bonds, notes or other obligations pursuant to this
7 Section, and to update as necessary, an "Authority
8 reinvestment revenue bonds program report" for delivery
9 to the legislature and the Governor. Failure to prepare
10 such report shall not affect the validity of the issuance
11 of such bonds, notes or other obligations pursuant to
12 subsections (a), (b) and (c) of this Section.

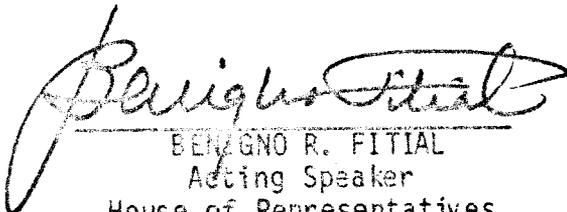
13 (e) The making and issuance of bonds, notes or other
14 obligations **by** the Authority pursuant to this Section is
15 hereby expressly defined as a public purpose and in
16 furtherance of the purposes of this Act, including without
17 limitation to stimulate the economic development of the
18 Commonwealth.

19 (f) in furtherance of Section 6(b)(4) of the Act and
20 not in limitation thereof, the Legislature may approve **by**
21 joint resolution the authorization, making the issuance
22 by the Authority of bonds, notes or other obligations
23 pursuant to subsections (a), (b) and (c) of this Section
24 either in a stated aggregate principal amount or an
25 aggregate principal amount not in excess of a principal

1 mount necessary and convenient to earn over the term of
2 such bonds through the reinvestment revenue bond program
3 a stated aggregate mount of excess earnings or other
4 moneys derived therefrom. Such approval by the
5 Legislature ~~may be~~ of a single making and issue of bonds,
6 or of one or more series of such bonds from time to time.
7 Such approval by the Legislature pursuant to this
8 subsection (f) shall be deemed to satisfy the requirements
9 of Section 6(b)(4) of the Act."

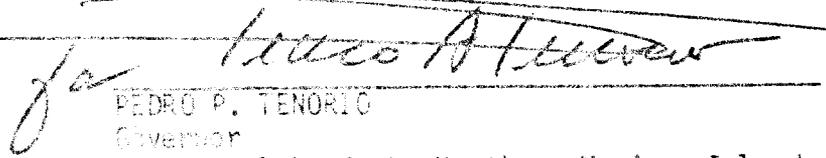
10 Section 5. Effective Date. This Act shall take effect after its
11 approval by the Governor, or upon its becoming law without such approval.

ATTEST:


BENIGNO R. FITIAL
Acting Speaker
House of Representatives


FRANCES P. SABLAN
House Clerk

APPROVED, FEB. 20, 1987


PEDRO P. TENORIO
Governor
Commonwealth of the Northern Mariana Islands