

AN ACT

To authorize the Commonwealth Development Authority to issue bonds on behalf of the Commonwealth in an amount up to sixty million U.S. Dollars and authorize interim bridge financing; to finance the cost for capital improvement projects; and for other purposes.

**BE IT ENACTED BY THE ELEVENTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

Section 1. Short Title. This Act may be cited as the Capital Improvements Projects Bond Authorization Act of 1999.

Section 2. Findings and Purpose. In January 1998, the Governor's Multi-Agency 702 CIP Task Force completed the Covenant Section 702 CIP Plan (hereinafter "CIP Plan"). The CIP Plan identified projects to be built with the funds from the 1996 "Agreement of the Special Representatives on Future Federal Financial Assistance of the Commonwealth of the Northern Mariana Islands" (hereinafter "Third Special Representatives Agreement"). This agreement covers the FY 1996 - FY 2002 period. The total amount of Covenant Section 702 CIP funds provided under the FY 1996 - FY 2002 Covenant Section 702 Program is \$154 million. Under the Third Special Representatives Agreement, half of the total amount comprises federal funding and the other half - \$77 million - must come from CNMI local funds.

The current condition of the Commonwealth economy has resulted in reduced government revenues and the CNMI Government does not currently possess sufficient funds to match the Federal Covenant Section 702 Grant portion without resorting to debt financing. In addition, funds are needed to finance other capital improvement projects not included in the Covenant Section 702 Plan.

Section 3. Public Debt Authorization. This Act is a bond authorization act within the meaning of Public Law 11-3. The Commonwealth Development Authority (CDA) on behalf of the Commonwealth, is hereby authorized to issue, in one or more series, up to sixty million dollars (\$60,000,000.00) worth of tax-exempt general obligation bonds of the Commonwealth to fund a variety of public purpose capital improvement projects as specifically set forth in CIP appropriations acts. This authorization is subject to the terms and conditions of Public Law 11-3. The Commonwealth Development Authority is also authorized to secure interim financing to fund the projects contemplated in the bond issue from a financial institution in an amount up to thirty million dollars (\$30,000,000.00). The funds borrowed under the interim financing shall be retired from funds generated by the bond issuance. The CDA is further authorized to pledge as additional security for the bonds, any revenues as authorized by Public Law 11-3, and on such priority and terms as the Secretary of Finance shall determine to be in the best interests of the Commonwealth.

Section 4. Severability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 5. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of this Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 6. Article X, Section 3 Certification. Upon passage of this bill by both houses of the Legislature, by a vote of at least two-thirds of the members in each house, the Speaker of the House of Representatives and the President of the Senate shall certify and the House Clerk and the Senate Legislative Secretary shall attest to the passage of this bill by such two-thirds vote, in accordance with Article X, Section 3 of the Commonwealth Constitution. Such certification and attestation shall form a part of the engrossed bill for transmission to the Governor, and shall serve as affirmation of the full faith and credit of the Commonwealth Government with respect to this bond issuance.

Section 7. Effective Date. This Act shall take effect upon approval by the Governor, or upon its becoming law without such approval.

Passed by the House of Representatives on August 31, 1999 and by the Senate on September 9, 1999, by the affirmative vote of two-thirds of the members in each house.

CERTIFIED BY:

/s/ Diego T. Benavente
DIEGO T. BENAVENTE
SPEAKER OF THE HOUSE

/s/ Paul A. Manglona
PAUL A. MANGLONA
PRESIDENT OF THE SENATE

ATTESTED TO BY:

/s/ Evelyn C. Fleming
EVELYN C. FLEMING
HOUSE CLERK

/s/ Edward U. Maratita
EDWARD U. MARATITA
SENATE LEGISLATIVE SECRETARY

___ Approved ___ this ___ 28th ___ day of ___ September ___, 1999

/s/ Pedro P. Tenorio
PEDRO P. TENORIO
Governor
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS