

THIRTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

FIRST SPECIAL SESSION, 2002

Public Law 13-36
H.B. NO. 13-107, SD1

AN ACT

To effectuate the terms of the Memorandum of Agreement between the Commonwealth Development Authority and the Commonwealth Utilities Corporation by authorizing the Commonwealth Utilities Corporation to issue shares of cumulative, non-convertible preferred stock valued at \$45,500,000.00 to the Commonwealth Development Authority and to provide for the repayment of debt for users fees for electrical consumption by the CNMI Government according to the terms of the Memorandum of Agreement; and for other purposes.

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

Section 1. Findings. The Commonwealth Utilities Corporation (CUC) and the Commonwealth Development Authority (CDA), both public corporations existing as autonomous agencies of the Government of the Commonwealth of the Northern Mariana Islands, have been involved in a legal dispute in the Superior Court of the Commonwealth. The parties desire to settle their disputes in an out-of-court settlement and have agreed on the terms of a mutual settlement that requires, among other things, a waiver of a portion of the debt owed by CUC to CDA and the conversion of the balance of debt to equity ownership. CUC and CDA have reduced the terms and conditions of their agreement to writing and seek the assistance of the legislature in effectuating certain provisions. The legislature finds that the out-of-court settlement reached by CUC and the authority CDA is a reasonable resolution of their differences. The legislature further finds that the terms and conditions of the settlement are in the public interest.

Section 2. Amendments. Title 4 CMC § 8123 is hereby amended by adding a new subsection (p) to read as follows:

“(p) To effectuate the settlement of disputes between CUC and the Commonwealth Development Authority (CDA) as required by their Memorandum of Agreement, CUC may issue shares of cumulative, non-convertible, non-transferable preferred stock valued at \$45,500,000.00 to CDA. CUC and CDA may provide by written agreement, subject to the terms and conditions of the Memorandum of Agreement, such terms and conditions being incorporated herein by reference, for (i) guaranteed annual dividends fixed and payable as agreed; (ii) buy-back provisions; (iii) default provisions; (iv) preferred shareholder rights, and (v) consistent with Commonwealth law, such other rights and remedies as are typically found in shareholder and stock purchase agreements.”

Section 3. Severability. If any provisions 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 4. 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 the 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 5. Effective Date. This Act shall take effect upon its approval by the Governor, or it becoming law without such approval.

CERTIFIED BY:

ATTESTED TO BY:

/s/ _____

HEINZ S. HOFSCHEIDER
SPEAKER OF THE HOUSE

/s/ _____

EVELYN C. FLEMING
HOUSE CLERK

Approved this 10th day of December, 2002

/s/ _____

JUAN N. BABAUTA
GOVERNOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS