



The Senate
NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
P.O. BOX 500129
SAIPAN, MP 96950

STANDING COMMITTEE REPORT NO. 23-68
Date: January 30, 2024
RE: House Bill No. 23-95, HS1

Honorable Edith E. DeLeon Guerrero
President of the Senate
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Madam President:

Your Committee on Fiscal Affairs, to which was referred House Bill No. 23-95, HS1, entitled:

“Repeal and Re-enact Public Law 23-12; and for other purposes,”

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion and deliberation, your Committee recommends the passage of the proposed legislation in the form of House Bill No. 23-95, HS1, Senate Substitute 1.

II. ANALYSIS:

A) Purpose:

The purpose of House Bill No. 23-95, HS1 is to repeal and reenact Public Law 23-12.

B) Committee Findings:

Your Committee finds that Public Law No. 23-12 was enacted to authorize a revolving Line of Credit (LOC) in the amount of \$15,000,000.00 between the Commonwealth Government and the Marianas Public Land Trust (MPLT). These funds are intended to subsidize ongoing projects that have been preapproved by the United States Economic Development Administration (EDA) with specific repayment terms by the CNMI government to MPLT within 30 days from the drawdown date from the LOC.

On January 16, 2024, a Senate Session was held to take action on House Bill No. 23-95, HS1. However, during deliberation on the proposed legislation, a request was made to include additional amendments to extend the LOC to the municipalities of Rota and Tinian for future projects that may arise within the seven-year period. After much deliberation, a motion was made, seconded, and unanimously carried to refer the proposed legislation to your Committee. Upon further review, your Committee finds that the legislation as transmitted to the Senate incorporated proposed amendments that were reflected only in Section 1. Findings and Purpose, however, no enabling language was reflected in the proposed statutory provisions of the bill.

A Committee Meeting was held on Thursday, January 25, 2024, and continued the following day on Friday, January 25, 2024, with the presence of Mr. Philip Long, Board of Trustees Chairperson of the Marianas Public Lands Trust; Ms. Tracy Norita, Secretary of the Department of Finance (DOF); and Ms. Elizabeth Balajadia, Administrator of the Capital Improvement Program (CIP), to discuss House Bill No. 23-95, HS1.

Before the adjournment of the Committee Meeting on Friday, January 26, 2024, your Committee informed MPLT Chairman Long and Finance Secretary Norita that a proposed Senate Substitute would be provided to them before the end of the day and requested for comments to be submitted to the Committee by Tuesday, January 30, 2024, at 11:30 a.m. Accordingly, your Committee called for a Committee Meeting on Tuesday, January 30, 2024, to formally discuss the provisions of the proposed legislation, as amended by your Committee. Present before your Committee was: Mr. Alvaro Santos, Trustee, MPLT; Ms. Tracy Norita, Secretary, DOF; and Ms. Elizabeth Balajadia, Administrator, CIP.

In summation of all three aforementioned dates that your Committee convened, discussions during these meetings included, but were not limited to, the following:

1. MPLT's Proposed Amendments. MPLT had embedded proposed amendments under Section 2 of *House Bill No. 23-95, HS1* that reflect the intent of the amendments made to the Findings and Purpose under a new subsection (k) and to insert a new subsection (l) that authorizes the autonomous agencies to enter into the LOC agreement, to read:

“(k) The Commonwealth hereby pledges and appropriates the sum not to exceed \$15,000,000.00 from future interest income distributions into the CNMI General Fund by the

Marianas Public Land Trust (MPLT) starting Fiscal Year 2024 and authorizes the withholding of such distributions for future fiscal years for payment and/or as security, in the event of any default and to satisfy any delinquent or default amount owed by the CNMI Government, for MPLT to withhold such distributions until such time as fully reimbursed and/or the Revolving Line of Credit with the Commonwealth Department of Finance is fully satisfied and retired. Any withholding of interest income distributions shall be separate from the prior authorized withholding for the Yutu Loan for which MPLT is currently withholding distributions until fully repaid. Thereafter, MPLT shall remit any net distributable interest income to the General Fund for the subsequent fiscal year.

(l) In the event that there are any autonomous CNMI Government agencies funded by the EDA-funded CIP projects participating or benefitting from the MPLT Line of Credit Agreement bridge financing, or any duly-approved non-profit organizations, those entities shall, as a condition of such participation, agree to be bound by the terms of this law and/or all agreements with MPLT in writing such as through a Memorandum of Understanding, Contract and/or Promissory Note including, but not limited to, the interest rate charged by MPLT.”

Your Committee had no objections to the proposed amendments offered by MPLT and agreed to incorporate these amendments into the proposed legislation.

2. LOC with Autonomous Agencies. DOF Secretary Norita clarified that the proposal made to MPLT encompassed all approved and funded specific EDA projects that include certain autonomous agencies of the Commonwealth government, such as the Northern Marianas Technical Institute, the Northern Marianas College, and the CNMI Public School System. As part of ensuring payment security of the LOC, a memorandum of understanding is being drafted for EDA projects approved for these autonomous agencies.
3. Sweep Account. It was presented to the Committee that MPLT had requested to be a co-signatory to a sweep account with the central government that was denied by the administration. DOF Secretary Norita clarified that the administration did not oppose opening a sweep account with MPLT but does not agree to MPLT being a co-signatory to the account because such action would cause a delay in the processing of payments by the central government. As shared by DOF Secretary Norita, the central government currently processes payment transactions electronically, by including MPLT as a co-signatory to the sweep account, the transactions would need to be done manually; which would require the physical presence of both parties to jointly sign-off prior for a transaction to occur.

For accountability purposes, DOF offered MPLT with an alternative option to have view-only access to the sweep account, which MPLT refused. It was further stated by MPLT Chairman Long that the view-only access into the sweep account would not be a form of collateral, which potentially affects the investment of MPLT with the risk profile not matching the yield.

DOF Secretary Norita further expressed that payment security has been an ongoing discussion with a guaranteed payment of the projects provided to the CNMI within the agreed-upon timeframe with EDA in the drawdown process. Additionally, the administration had inquired with EDA if they could directly deposit to MPLT. However, since MPLT is not a co-grantee of the EDA projects such direct payments are not authorized by EDA.

With the interest being compounded daily at a 5.5% interest rate from the date of drawdown of the funds by MPLT, the administration is focused on ensuring reimbursements from EDA are paid to MPLT promptly to avoid additional compounding of the interest charges.

4. Drawdown Process. DOF Secretary Norita shared that a flowchart has been created to properly document and provide guidance to all the project managers with EDA projects. Additionally, it was shared that initial drawdowns take approximately 3-5 days for EDA to process and that the administration is working closely with a Project Officer from EDA assigned to the CNMI for these projects.

A copy of the flowcharts and a drawdown schedule of EDA projects has been attached to this report for reference purposes.

5. LOC with the Municipalities of Rota and Tinian. Proposed amendments were provided to the three entities to extend the LOC agreement with the municipalities of Rota and Tinian to include existing and future EDA projects that may be approved and potential 702 CIP annual projects during the seven-year period of the LOC. The administration indicated that there is always an opportunity for the CNMI to compete in future EDA funding and had no objections to the potential approval of such projects for the municipalities of Rota and Tinian.

In regards to the proposed amendments to include 702 CIP annual projects for the CNMI, CIP Administrator Balajadia clarified that the annual budget is dependent on the CNMI's performance, including procurement audits. Furthermore, CIP Administrator Balajadia indicated that any project for Rota, Tinian, or Saipan through the 702 Covenant funding may be charged against the grant without a need to secure other funding to move the projects forward. Once a project has been identified for the Commonwealth the biggest delay is often the National Environmental Policy Act (NEPA) process. In regards to vendor payments, CIP Administrator Balajadia acknowledged that since her tenure with the CIP, there have not been any delays in payment with drawdowns from the Office of Insular Affairs being remitted within 3-5 days.

In terms of grant management, DOF Secretary Norita further expressed that interest rate charges to secure the advance payments through the LOC for the EDA projects are covered by EDA. Unlike the EDA-approved projects; CIP-funded projects do not require advance payment or proof of payment to draw the funds from the U.S Office of Insular of Affairs as stated by CIP Administrator Balajadia.

MPLT Chairman Long requested for consistency in the language throughout the bill that would authorize the debt with the governor to extend to the municipalities of Rota and Tinian.

Both the administration and MPLT had no objections to the proposed amendments in this regard.

6. Clarification of EDA Projects related to Non-profit Organizations. In reference to the drawdown schedule of EDA-funded projects, it was the understanding that the LOC is intended for government projects which raised an inquiry regarding projects of non-profit organizations, namely: 500 Sails, the Oleai Sports Complex managed by the Northern Marianas Sports Association (NMSA), and the Oleai Cultural Events Center. CIP Administrator Balajadia clarified that 500 Sails is a non-profit organization but is a co-grantee with the Office of Indigenous Affairs and that the Oleai Sports Complex and Oleai Cultural Events Center fall under the Department of Community and Cultural Affairs.

A legal concern was raised about the use of the EDA funds for the Oleai Sports Complex because NMSA, a non-profit corporation, primarily runs the sporting activities in the complex. Legal Counsel Jose Bermudes clarified that EDA funds for the complex are for infrastructure development and enhancement, not the operations of the NMSA.

During the meeting, no member objected to the passage of the proposed legislation, as amended. It is for these reasons that your Committee recommends the passage of the proposed legislation in the form of House Bill No. 23-95, HS1, Senate Substitute 1.

C) Legislative History:

House Bill No. 23-95 was formally introduced by Representative Edmund S. Villagomez on January 12, 2024. The House of Representatives passed the proposed legislation on First and Final Reading during its First Day, Third Regular Session in the form of House Bill No. 23-95, House Substitute 1 on January 12, 2024. House Bill No. 23-95, HS1 was transmitted to the Senate on January 12, 2024.

House Bill No. 23-95, HS1 was placed on the Bill Calendar for Senate action during its 1st Day, Third Regular Session on January 16, 2024. During deliberation on the proposed legislation, a motion was made, seconded, and unanimously carried to refer House Bill 23-95, HS1 to the Senate Standing Committee on Fiscal Affairs for disposition.

D) Public Hearing and Comment:

1. Public Hearing. No public hearing was scheduled for House Bill No. 23-95, HS1. However, Committee Meetings, which are open to the public, was held on January 25, 2024, which continued the following day, and on January 30, 2024. See below for further details.
2. Committee Meeting. The proposed legislation made its first appearance during the scheduled committee meeting convened on January 25, 2024. The Committee Meeting notices and agenda were officially posted on January 19, 2024, on various legislative forums and social media sites to invite members of the general public to provide comments as indicated under *Item No. III. Public Comments* of the Committee Agenda. Public comments in opposition to the proposed legislation were received by the following:
 - a. Richard Untalan Hofschneider, Part-time Advisor, Matua Council for Native Chamorro Advancement
 - b. Liana Manglona Sablan Hofschneider, President, Matua Council for Native Chamorro Advancement

House Bill No. 23-95, HS1 made its second appearance during the scheduled committee meeting convened on January 30, 2024. The Committee Meeting notices and agenda were officially posted on January 26, 2024, on various legislative forums and social media sites to invite members of the general public to provide comments as indicated under *Item No. III. Public Comments* of the Committee Agenda. Public comments in opposition to the proposed legislation were received by the following:

- a. Richard Untalan Hofschneider, Part-time Advisor, Matua Council for Native Chamorro Advancement
 - b. Edwin Raymond Borja Quitugua, personal testimony
 - c. Liana Manglona Sablan Hofschneider, President, Matua Council for Native Chamorro Advancement
3. Written Comment. Your Committee requested the participation of certain entities to provide comments and critical input on the proposed legislation. Although no formal written comments were provided to the Committee, the following entities were present and participated in the discussion:
 - a. Tracy B. Norita, Secretary, Department of Finance
 - b. Elizabeth Balajadia, CIP Administrator, Office of the Governor
 - c. Philip M. Long, Chairperson, MPLT Board of Trustees
 - d. Alvaro Santos, Member, MPLT Board of Trustees

E) Estimated Fiscal Cost:

In line with the negotiations made between the CNMI government, the U.S. Economic Development Administration (EDA), and the Marianas Public Land Trust (MPLT), the enactment of House Bill No. 23-95, HSI, Senate Substitute 1 would not result in additional expenses in regards to the approved EDA projects. Through constant dialogue between the EDA and the central government, a standard operating procedure has been implemented to ensure the prompt processing and preapproval of drawdown packages by the EDA before the drawdown of funds from the line of credit. In turn, the reimbursement of funds by EDA would be remitted to MPLT to settle the drawdown funds subject to a calculation of the interest rate charges for that specific amount to be included in the next payment request. Additionally, it is understood that the EDA projects are unique in that they require proof of advance payment and that the EDA grant also covers the 5.5% interest rate to be paid to MPLT.

Furthermore, as reflected in House Bill No. 23-95, HSI, Senate Substitute 1, it provides that should advance payments be required for future EDA projects for Rota and Tinian or 702 CIP projects that the compounded daily interest rate of 5.5% reflected in the terms of the line of credit be applied to such projects before the drawdown of any funds from the MPLT line of credit. These potential projects may or may not be an additional expense to the Commonwealth until such time that negotiations on the conditions and terms are agreed upon.

Given the exclusive financial framework of the line of credit to support existing and future EDA CIP projects and potential 702 CIP annual projects, the overall intent is to subsidize approved projects that will greatly benefit economic development for the Commonwealth. It is the objective of these awarded grants that the completion of these projects provide for a sustainable future that aid in reviving the local economy and workforce of the Commonwealth.

F) Summary of Committee Amendments:

Your Committee agreed to the proposed amendments, as follows:

1. Section 1. Findings and Purpose.

- a. Your Committee accepted the proposed amendments made by the House of Representatives and made technical amendments throughout this section.
- b. On page 2, line 9 the word "initial" was inserted to clarify that the \$20 million was an initial request for the line of credit (LOC) made by the administration. However, what was approved and reflected in Public Law 23-12 and this proposed legislation is an LOC of \$15 million.

- c. Additional language was inserted on page 4, lines 13-18, to include the intent of the Committee to extend the LOC to Rota and Tinian for existing or future EDA CIP projects and 702 CIP annual projects within the seven-year term of the LOC as reflected in the proposed statutory provisions of the proposed legislation.

2. Section 2. Repeal and Reenactment.

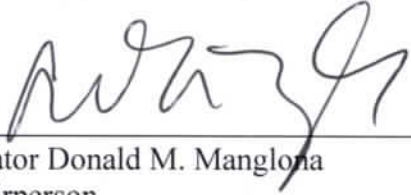
- a. Your Committee agreed to categorize the statutory provisions into respective sections as they relate to the intent of the proposed legislation.
- b. §101. Debt Authorization. Your Committee made a technical correction and inserted language to extend the \$15 million LOC agreement with the respective municipalities of Rota and Tinian and the autonomous agencies of the CNMI.
- c. §102. Line of Credit. Your Committee inserted amendments in regards to the advance payments of projects approved under the United States Economic Development Administration, to include existing or future EDA CIP projects for Rota and Tinian during the seven-year term of the LOC.
- d. § 103. Interest Income Withholding. Your Committee approved the statutory provision recommended by the MPLT [initial proposed subsection (k)] to reflect the House's intent to grant MPLT authorization to withhold from its annual interest income distribution to the Commonwealth government each fiscal year as security payment for the \$15 million LOC until such time that the credit is satisfied in full.
- e. §104. Additional EDA-Funded and 702 CIP Projects. Your Committee approved the statutory provision recommended by the MPLT [initial proposed subsection (l)] to authorize autonomous agencies to enter into the LOC agreement.

Additional language was inserted to clarify payment to the LOC from reimbursements received by the U.S. Office of Insular Affairs for 702 CIP project advances funded by the LOC.

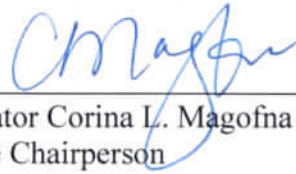
III. CONCLUSION:

Your Committee agrees with the intent and purpose of the proposed legislation, as amended, and recommends passage in the form of House Bill No. 23-95, HS1, Senate Substitute 1.

Respectfully submitted,



Senator Donald M. Manglona
Chairperson

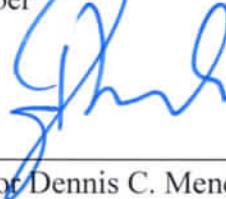


Senator Corina L. Magofna
Vice Chairperson



Senator Celina R. Babauta
Member

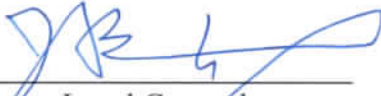
Senator Karl R. King-Nabors
Member



Senator Dennis C. Mendiola
Member

Senator Paul A. Manglona
Member

Reviewed by:



Senate Legal Counsel

Attachments:

- a. MPLT Line of Credit SOP Flow Chart for Central Government- updated 12/13/23
- b. MPLT Line of Credit SOP Flow Chart for Autonomous Agencies- updated 12/13/23
- c. Office of Planning Development- EDA Funded Projects Projected Expenditure

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

JANUARY 12, 2024

Third Regular Session, 2024

H. B. 23-95, HS1, SS1

A BILL FOR AN ACT

To Repeal and Re-enact Public Law 23-12; and for other purposes.

**BE IT ENACTED BY THE 23RD NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** The Legislature finds that on November
2 20, 2023 Governor Arnold I. Palacios signed House Bill 23-77, Senate Draft One
3 into Public Law 23-12 to authorize a revolving line of Credit between the
4 Commonwealth Government and the Marianas Public Land Trust (MPLT) in the
5 amount of \$15,000,000.00 with repayment terms.

6 Furthermore, the Legislature finds that on July 17, 2023, Governor Arnold
7 I. Palacios in a letter signed by the CNMI Senate President and House Speaker,
8 submitted a written request to the Marianas Public Land Trust. Governor Palacios
9 requested a Line of Credit in the amount of \$20 million for “bridge financing or
10 advances” for costs related to federally-funded Capital Improvement Projects
11 (“CIP”) from the United States Economic Development Administration whereby

1 the CNMI would be reimbursed for such advances within thirty (30) days of
2 advancing such costs for grant projects. Further, Governor Palacios requested that
3 the line of credit (“LOC”) facility be available for a period of 5-7 years while
4 infrastructure and other CIP projects are under construction. The Marianas Public
5 Land Trust has reviewed initial planned drawdown requests by the Governor and
6 has determined that a \$15 million Line of Credit is suitable for the amounts needed,
7 in any given 30-day period, during the next few years of forecasted drawdowns
8 offered by the Governor.

9 In addition to the \$20 million LOC initial request, Governor Palacios also
10 requested that MPLT reduce the interest rate on the CNMI’s existing debt
11 obligation to MPLT for the Typhoon Yutu loan, currently at 7.5% per annum. That
12 debt currently stands at approximately \$10.7 million as of June 2023 and is being
13 repaid by MPLT’s withholding of the annual interest-income distributions to the
14 CNMI General Fund.

15 MPLT has noted that previously in June 2019 the Trust received the
16 Typhoon Yutu request from the CNMI for \$15 million through a line of credit and
17 later converted it to a loan, to pay for “extraordinary expenses made under
18 extraordinary circumstances” for disaster recovery expenses which the former
19 CNMI Secretary of Finance asserted were not normal operating expenses of the
20 government. While the CNMI expected reimbursement from the Federal
21 Emergency Management Agency for disaster-related advances or expenses, the

1 CNMI ultimately could not repay the MPLT Yutu Loan which MPLT is now
2 servicing as repayment through the withholding of distributions for the next several
3 years.

4 The Legislature acknowledges that the Trustees of MPLT continue to
5 recognize that the \$15 million LOC request addressed in this legislation, as with
6 the Yutu Loan, constitutes a public debt obligation for government operations or
7 infrastructure, which have particular requirements under the CNMI Constitution.
8 As such, the Legislature is informed that the Trust has set forth certain requirements
9 from the CNMI Government through the Office of the Governor, Secretary of
10 Finance, and the Office of the Attorney General, to ensure the propriety of the
11 requested transaction and ensure capacity for payment.

12 As one of the requirements by MPLT, the purpose of this proposed
13 legislation is to authorize this public debt by the Commonwealth Government to
14 MPLT for a period not to exceed seven years (84 months) on a Revolving Line of
15 Credit and to ensure that there are adequate funds at the disposal of the CNMI
16 Department of Finance for purposes of paying that Line of Credit timely and
17 without default. The amount authorized for the LOC from MPLT shall not exceed
18 \$15,000,000.

19 The Legislature agrees that, unlike the Yutu Loan, the \$15 million LOC is
20 to be repaid by the CNMI Government through the Secretary of Finance on a
21 regular 30-day period following each advance, with reimbursed funds from the

HOUSE BILL 23-95, HS1, SS1

1 Federal government, and with other restrictions on drawdowns imposed by MPLT,
2 such as drawdown limits and drawdown pre-conditions. Therefore, this legislation
3 authorizes and pledges the funds that MPLT would distribute as interest income to
4 the General Fund pursuant to Article XI, Section 6 of the Constitution as security
5 and for repayment of the \$15 million LOC with the Commonwealth Government
6 through the Department of Finance at an annual interest rate of 5.5%. The LOC and
7 this legislative authorization expire automatically at the end of the 84-month period
8 and shall not be renewed or extended.

9 Accordingly, the Legislature hereby agrees and consents that MPLT may
10 withhold from its annual interest income distribution to the Commonwealth for
11 each fiscal year as security and to guarantee payment for the \$15 million LOC until
12 that credit facility is retired and fully satisfied.

13 The Legislature further agrees and consents that because the MPLT annual
14 interest income distribution to the Commonwealth will be used as security to
15 guarantee payment for the \$15 million LOC, it is also appropriate to authorize the
16 \$15 million LOC to be used to cover advance payments existing or future EDA CIP
17 projects and potentially 702 CIP annual projects during the seven-year term of the
18 LOC.

19 For the foregoing reasons, the Legislature finds that the \$15 million LOC
20 with MPLT is in the best interest of our people and our Commonwealth and

1 authorizes the Executive Branch to enter into such an agreement as required on
2 terms and conditions by MPLT.

3 **Section 2. Repeal and Re-enactment.** Subject to codification by the CNMI
4 Law Revision Commission, Public Law 23-12 is hereby repealed and re-enacted to
5 read as follows:

6 “§101. Debt Authorization. Pursuant to N.M.I. CONST. ART. X
7 Section 3, the CNMI Legislature authorizes a public debt and obligation to
8 the Marianas Public Land Trust for Governor Arnold I. Palacios, through
9 the Department of Finance, to enter into a Revolving Line of Credit with
10 the Marianas Public Land Trust in an amount not to exceed \$15,000,000.
11 This debt authorization shall also apply to a Line of Credit or loan, for
12 projects as provided in Section 104, between MPLT and the municipalities
13 of the Rota, Tinian, or an autonomous agency in the CNMI.

14 §102. Line of Credit.

15 (a) The MPLT-CNMI Revolving Line of Credit shall cover CIP
16 advances from the United States Economic Development Administration
17 (EDA) projects.

18 (b) The term of the Revolving Line of Credit shall not exceed seven
19 years (84 months) starting from the date of execution of the Revolving Line
20 of Credit between MPLT and the Governor and the Secretary of Finance.

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1 (c) For EDA CIP advances, the Office of the Governor and
2 Department of Finance shall repay the Line of Credit as to any drawdowns
3 no later than thirty (30) calendar days from the date of each drawdown.

4 (d) For EDA CIP advances, no further drawdowns shall be made
5 unless and until the prior drawdown is satisfied or MPLT agrees to
6 additional drawdowns.

7 (e) For any EDA CIP advances, any reimbursements received by the
8 CNMI Department of Finance/Office of the Governor from the United
9 States Economic Development Administration paid or remitted to the
10 CNMI Government for CIP project advances that are covered in the MPLT-
11 CNMI Revolving Line of Credit including future EDA CIP projects for
12 Rota and Tinian during the seven-year term of the LOC shall be paid
13 directly to MPLT as settlement for the line of credit herein.

14 (f) The interest rate shall be 5.5% per annum.

15 (g) Because the Revolving Line of Credit is a public debt this
16 legislation must be passed by two-thirds (2/3) of the members of the House
17 of Representatives and the Senate before being signed into law. Further, the
18 obligation for such a public debt shall not exceed ten percent (10%) of the
19 total appraised value of the properties of the Commonwealth so that the
20 Secretary of Finance shall not execute the Revolving Line of Credit until

1 the Secretary of Finance certifies, with the concurrence of the Attorney
2 General, that this constitutional requirement is satisfied.

3 (h) The Attorney General shall review the Revolving Line of Credit
4 Agreement for legal sufficiency for the Governor and Secretary of Finance
5 to enter into this transaction in order for the Revolving Line of Credit to be
6 effective against the Commonwealth.

7 (i) Transactional Documents. The Marianas Public Land Trust and
8 the Commonwealth, acting through the Governor and the Secretary of
9 Finance, shall execute the transactional financial documents for the
10 Revolving Line of Credit through a line of credit agreement, assignment of
11 income, and a Promissory Note. After such documents have been duly
12 executed, MPLT shall authorize and commence any initial drawdown,
13 subject to its terms and conditions, to the Department of Finance which shall
14 be used for the CIP-approved or designated project bridge financing or
15 advances, only.

16 (j) The Secretary of Finance and the Office of the Governor shall
17 issue a quarterly summary "MPLT Loan Report" which shall be a financial
18 statement detailing the activities of the CNMI Government as to the CIP
19 project advances and status. This MPLT Loan Report shall be submitted to
20 all the members of the Legislature, the Office of the Public Auditor, the
21 Office of the Attorney General, and a copy to MPLT.

1 (k) Authorization to Defend, Hold Harmless, and Indemnify MPLT.

2 The Legislature hereby authorizes, as a condition precedent to the loan
3 agreement being authorized herein, the Commonwealth Government,
4 through the Executive Branch including the Secretary of Finance and Office
5 of the Attorney General, to defend, hold harmless, and indemnify the
6 Trustees of the Marianas Public Land Trust, individually and collectively,
7 along with MPLT's staff, counsel and consultants for any suits, causes of
8 action, litigation, and claims as well as any loss, liability, and expense
9 whatsoever of any kind or nature including but not limited to attorneys' fees
10 which may arise from or that are in any way related to the loan agreement
11 which is the subject of this Act or the events arising therefrom as to MPLT's
12 actions in extending the line of credit. The Commonwealth shall pay for the
13 cost of representation being authorized herein through the Department of
14 Finance without cost to MPLT or provide representation by the CNMI
15 Office of the Attorney General. In the event MPLT is compelled to engage
16 its own counsel or representation of the Commonwealth, the Department of
17 Finance shall reimburse MPLT for such costs and expenses. In the event the
18 CNMI Government fails to reimburse or pay for such costs and expenses,
19 MPLT may withhold further distributions of income until its expenses and
20 costs are fully reimbursed.

21 §103. Interest Income Withholding.

1 The Commonwealth hereby pledges and appropriates the sum not to
2 exceed \$15,000,000.00 from future interest income distributions into the
3 CNMI General Fund by the Marianas Public Land Trust (MPLT) starting
4 Fiscal Year 2024 and authorizes the withholding of such distributions for
5 future fiscal years for payment and/or as security, in the event of any default
6 and to satisfy any delinquent or default amount owed by the CNMI
7 Government, for MPLT to withhold such distributions until such time as
8 fully reimbursed and/or the Revolving Line of Credit with the
9 Commonwealth Department of Finance is fully satisfied and retired. Any
10 withholding of interest income distributions shall be separate from the prior
11 authorized withholding for the Yutu Loan for which MPLT is currently
12 withholding distributions until fully repaid. Thereafter, MPLT shall remit
13 any net distributable interest income to the General Fund for the subsequent
14 fiscal year.

15 §104. Additional EDA-Funded and 702 CIP Projects.

16 (a) If there are any autonomous CNMI Government agencies funded
17 by the EDA-funded CIP or 702 CIP projects participating or benefitting
18 from a Line of Credit Agreement bridge financing with MPLT, or any duly-
19 approved non-profit organizations, those entities shall, as a condition of
20 such participation, agree to be bound by the MPLT terms and conditions in
21 writing such as through a Memorandum of Understanding, Contract and/or

1 Promissory Note including, but not limited to, the interest rate charged by
2 MPLT.

3 (b) For 702 CIP annual projects, any reimbursements received by
4 the CNMI Department of Finance/Office of the Governor from the United
5 States Office of Insular Affairs paid or remitted to the CNMI Government
6 for 702 CIP project advances that are covered in the MPLT-CNMI
7 Revolving Line of Credit including any future 702 CIP annual projects
8 during the seven-year term of the LOC shall be paid directly to MPLT as
9 settlement for the line of credit herein.”

10 **Section 3. Severability.** If any provisions of this Act or the application of
11 any such provision to any person or circumstance should be held invalid by a court
12 of competent jurisdiction, the remainder of this Act or the application of its
13 provisions to persons or circumstances other than those to which it is held invalid
14 shall not be affected thereby.

15 **Section 4. Savings Clause.** This Act and any repealer contained herein
16 shall not be construed as affecting any existing right acquired under contract or
17 acquired under statutes repealed or under any rule, regulation, or order adopted
18 under the statutes. Repealers contained in this Act shall not affect any proceeding
19 instituted under or pursuant to prior law. The enactment of the Act shall not have
20 the effect of terminating, or in any way modifying, any liability, civil or criminal,
21 which shall already be in existence on the date this Act becomes effective.

HOUSE BILL 23-95, HS1, SS1

1 **Section 5. Effective Date.** This Act shall take effect upon its approval by
2 the Governor, or it becoming law without such approval.

Profile: 1/8/2024

Date: _____ Introduced by: /s/ Rep. Edmund S. Villagomez
/s/ Rep. Blas Jonathan "BJ" T. Attao
/s/ Rep. Roman C. Benavente
/s/ Rep. Marissa R. Flores
/s/ Rep. Ralph N. Yumul

Reviewed for legal sufficiency by:

/s/ Joseph L.G. Taijeron, Jr.
House Legal Counsel