

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 10: COMMONWEALTH DEVELOPMENT AUTHORITY**

**§ 10102. Purpose.**

The purpose of the authority is to stimulate the economic development of the Northern Mariana Islands.

(a) The purposes of the Development Banking Division of the authority shall be:

(1) To receive and hold economic United States assistance for economic development loan provided by Covenant § 702(c).

(2) To aid in the financing of the capital improvement projects and other projects undertaken by the Commonwealth and its autonomous public agencies;

(3) To achieve the greatest possible return, in terms of economic development on the funds made available to the Commonwealth by the United States in accordance with the Covenant; and on such other funds as may be made available to the authority as capital contributions;

(4) To disseminate modern practices and techniques of financing, management, and business administration in order to raise the levels of efficiency and productivity in all sectors;

(5) To serve as the Northern Marianas development bank identified in N.M.I. Const. art. XI, § 6(c).

(b) The purposes of the Development Corporation Division of the authority shall be:

(1) To identify, formulate, initiate, stimulate and facilitate business and commercial enterprises, with special emphasis on agricultural and marine resources, manufacturing and processing activities, import substitution, export development, and responsible use of indigenous raw materials;

(2) To identify, formulate, initiate, stimulate, and facilitate business and commercial enterprises where a service necessary and vital to economic development is required, or where profit incentives are not sufficient to attract private sector investor; and

(3) To serve as the economic development loan fund agency for qualified private sector enterprises.

(c) Findings of legislature:

(1) In furtherance of the legislative mandate of the Commonwealth Development Authority to underwrite, purchase, own, sell, mortgage, or otherwise dispose of stocks, bonds, debentures, securities or other evidences of indebtedness in furtherance of the purposes of this division, including to stimulate the economic development of the Commonwealth, the authority is to be authorized and empowered to make and issue bonds, notes or other obligations in furtherance of the purposes of this division and to reinvest prudently all or any portion of the proceeds of such bonds, notes or other obligations, in certain investment securities (as defined in this division) or in one or more insurance or endowment policies or annuity contracts or optional annuity contracts, including without limitation certain funding agreements or guaranteed investment contracts, and to secure such bonds, notes or other obligations by such

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proceeds, such reinvestment or such other guarantees and collateral as may be required by the authority.

(2) In connection with the making and issuance by the authority of such bonds, notes or other obligations, the authority is to be authorized and empowered to waive expressly, at or before the time of the issuance of such bonds, notes or other obligations, any right of the authority to issue such bonds, notes or other obligations exempt as to principal and interest, from taxation by the United States or by any state, territory or possession of the United States, or any political subdivision of any of them.

(3) The authority is to be authorized and empowered to use all or any portion of the proceeds of such bonds, notes or other obligations, the reinvestment of such proceeds of such bonds, notes or other obligations and earnings derived from such reinvestment to provide for the timely repayment of such bonds, notes or other obligations in accordance with their respective terms and the payment of costs and expenses incidental to such bonds, notes and other obligations, and to use any excess earnings or other moneys derived therefrom in furtherance of the purposes of this division, and to secure such bonds, notes or other obligations by such proceeds, such reinvestments or such other guarantees and collateral as may be determined or pledged by the authority.

(4) The authority, pursuant to 4 CMC § 10203(a)(27), is financial advisor and coordinator with respect to any public borrowing by the Commonwealth, its departments, autonomous public agencies, municipalities and public corporations, and as such, the authority has special expertise, management capability and understanding and experience of the economy and its investment potential and climate, its corporate and capital market structure, to evaluate the propriety and prudence of the making and issuing such bonds, notes or other obligations in furtherance of the purposes of this division and to reinvest prudently all or any portions of the proceeds of such bonds, notes or other obligations, and to secure such bonds as aforesaid, subject to the continuing authority of the authority to defer the exercise of such power pursuant to 4 CMC § 10402(m).

(5) The authority is to be authorized and empowered to enter into interest rate exchange transactions and other similar financial accommodations with public or private individuals, corporations, agencies or cooperatives and to purchase letters of credit, insurance policies, surety bonds or other similar financial guarantees from foreign or domestic banking corporations or associations, insurance companies, sureties or other private individuals, corporations, agencies or cooperatives.

(6) After due consideration, the making and issuance by the authority of such bonds, notes or other obligations, the reinvestment of the proceeds thereof and the use of all or any portion of the proceeds and earnings and any excess earnings or other moneys derived therefrom in such furtherance of the purposes of the act and the entering into interest rate exchange transactions and other similar financial accommodations and the purchasing by the authority of letters of credit, insurance policies, surety bonds and other similar financial guarantees or collateral are defined to be, for the purposes of this division,

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public purposes in accordance with N.M.I. Const. art. X, § 1 and laws of the Commonwealth and found to be consistent with the public purposes of the authority and to satisfy the general management guidelines and financial prudence requirements set forth in 4 CMC §§ 10402 and 10403.

**Source:** PL 4-49, § 3; amended by PL 5-27, § 1.

**Commission Comment:** PL 5-27 took effect February 20, 1987.

The Commission corrected an erroneous reference to article X of the CNMI Constitution in subsection (a)(5) above pursuant to its authority 1 CMC § 3806(g).