

TITLE 4: ECONOMIC RESOURCES
DIVISION 10: COMMONWEALTH DEVELOPMENT AUTHORITY

§ 10402. General Management Guidelines.

(a) The board shall formulate operational plans, policies, and procedures to implement the provisions of this division. Plans, policies or procedures, other statements required by this section, the bylaws, the operating manual, and any similar determinations of the board shall be subject to 1 CMC §§ 9102 and 9105.

(b) Subject to the approval of the Governor, and the legislature the board shall adopt and update as necessary, a statement of development objectives and priorities.

(c) The board shall adopt and publish, and update as necessary, a statement of strategic plans to achieve the objectives stated pursuant to subsection (b) of this section which shall be designed in consideration of the long-term contribution of the authority to such objectives rather than the immediate or maximum financial return to the authority.

(d) Notwithstanding any other provision of law, the authority and its divisions shall use the accrual method of accounting and the Generally Accepted Accounting Principles (GAAP). Separate accounting systems shall be used and maintained for the functions of the Development Corporation Division including Economic Development Loan Fund activities and the Development Banking Division.

(e) The board shall establish and maintain effective communications with all appropriate governmental agencies in its aim to further the purposes of the authority and to ensure that the effort of the authority do not duplicate the efforts of other entities of the Commonwealth government.

(f) The authority shall pay its administrative expenses out of the funds available to the authority pursuant to 4 CMC § 10401(b)(1) and (3) and in conformity with a budget, prepared and submitted to the Governor and the legislature as provided in title 1, division 7 [1 CMC § 7101 et seq.], for informational purposes. The budget for administration shall not exceed two percent of the authority's assets including accounts receivable.

(g) The authority shall fund technical assistance authorized pursuant to 4 CMC § 10203(a)(21), and economic studies, project evaluations and feasibility studies authorized pursuant to 4 CMC § 10305(b)(7), out of funds available to the authority pursuant to 4 CMC § 10401(b)(1) and (3) and in conformity with a budget prepared and submitted to the Governor and the legislature for informational purposes as provided in title 1, division 7 [1 CMC § 7101 et seq.]. The budget to fund this part shall not exceed one percent of the authority's assets including accounts receivable.

(h) The authority shall pay its nonadministrative obligations out of the funds available to the authority and shall report all such expenses in the annual report.

(i) The authority shall not accept deposits, but may hold evidence of deposits, or otherwise accept control of deposits, in other financial institutions.

(j) The authority shall not provide short-term financing, except as necessary in connection with medium or long-term assistance by the authority.

(k) The authority shall not otherwise compete with the private financial institutions of the Commonwealth, except that the authority may provide ancillary

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services to a client, in connection with a loan or other financing activities by the authority, when it would not be practical for such services to be provided by another financial institution.

(l) The authority shall make, guarantee, or participate in private sector loans or other financing only if the board is satisfied that under prevailing market conditions the borrower being financed would be unable to obtain such financing from a commercial bank or other financial institutions under conditions which in the determination of the authority are reasonable for the borrower.

(m) The authority may defer the exercise of any general power included in 4 CMC § 10203 until such time as it is satisfied it has the management capability, and understanding and experience of the economy and its investment potential and climate, its corporate and capital market structure, and other aspects, of implementing this division to effectively and prudently execute such powers.

(n) The fiscal year of the authority shall be identical with the fiscal year of the Commonwealth.

(o) The authority shall establish a revolving fund into which repayments of principal and interest from revenue-producing projects funded from amounts identified in 4 CMC § 10401(a)(6) shall be deposited for financing of additional revenue-producing capital development projects. Interest earned on capital development funds before such funds are expended shall be treated as capital development funds; interest earned on moneys in the revolving fund shall become part of the revolving fund.

Source: PL 4-49, § 10; amended by PL 4-63, § 5.