

TITLE 4: ECONOMIC RESOURCES  
DIVISION 10: COMMONWEALTH DEVELOPMENT AUTHORITY

**§ 10403. Financial Prudence.**

(a) The authority shall engage in prudent financial management of all its assets.

(b) The authority shall maintain such reserves of cash or other assets as are necessary and prudent to assure that the authority will be able to meet its obligations in a timely manner, including consideration of loan or other guarantees issued by the authority which would eventually result in an obligation of the authority.

(c) The authority shall maintain sufficient liquid assets to be able to meet normal operating expenses and discharge its short-term liabilities and current maturities of any long-term indebtedness of the authority.

(d) Reserves and other funds of the authority not currently needed for development activities or liquidity shall be reinvested by the authority to the extent permitted by law, in investment securities which mature not later than the date on which the money on deposit in such funds will be needed for the purposes of such funds. Investment securities are defined to mean the following:

(1) Direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America);

(2) Obligations on which the payment of the principal and interest is unconditionally guaranteed by the United States of America;

(3) Direct and general obligations of any state within the United States of America or any political subdivision thereof; provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;

(4) Bonds, debentures, participation certificates, notes or other evidence of indebtedness payable in cash and issued by anyone or a combination of any of the Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Export-Import Bank of the United States, Farmers Home Administration, or Government National Mortgage Association, or any other Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof;

(5) Deposits which are fully insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Share Insurance Fund or any other federal deposit insurance program;

(6) Negotiable or non-negotiable certificates of deposits or other similar banking arrangements issued by any bank or trust company whose negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements are rated at the time of their issuance in either of the two highest rating categories by a nationally recognized rating agency; and

(7) Repurchase agreements with any institution whose debt securities are rated at least "A" (or equivalent rating of short term obligations if the investment is for a period not exceeding one year) by Standard and Poor's Corpora-

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tion or secured as to principal at 103 percent of market value of the debt securities listed in subsection (d)(1) of this section.

(e) Reinvestment by the authority pursuant to 4 CMC § 10415 of all or any portions of the proceeds of bonds, notes or other obligations made and issued pursuant to such section is expressly authorized.

**Source:** PL 4-49, § 11; amended by PL 5-27, § 3.