

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

**§ 10453. Application of Proceeds.**

(a) The proceeds of bonds so issued shall be devoted to the costs of issuance of the bonds, debt service reserves (if any), and any one or more of the following purposes (and any other purpose or purposes expressed in the acts of the legislature authorizing the issuance of bonds): public school and college facilities; streets, highways, roads, parking, wastewater, storm drainage, and sewage removal or treatment facilities; solid waste disposal (including landfill or incineration), remediation, recycling or resource recovery facilities; water supply, treatment (including desalination) or distribution facilities; judicial or criminal justice facilities; power generation or distribution facilities (including refinancing of generators purchased under contract with Japan Export-Import Bank); public health facilities; fire suppression facilities; tourism related public facilities; seaport facilities; public buildings, facilities, improvements, equipment or furnishings; public parks; or as matching funds in connection with capital improvement project grants or loans from the United States government or any agency or instrumentality thereof. Except as otherwise specifically provided by this article, no proceeds shall be available for obligation or disbursement for any purpose other than debt service and payment of costs of issuance except pursuant to legislative appropriation. Debt service includes capitalization of interest, and costs of issuance includes costs of credit enhancement.

(b) The proceeds shall be devoted to such purposes in such order as the legislature may determine by act or resolution or, to the extent not specified by the legislature, as may be determined by the Authority. The proceeds of any issue of bonds may be allotted to various purposes irrespective of whether or not the purposes have all been provided for by the same legislative act and an allotment may be made of only a portion of the proceeds authorized for a particular purpose; provided, that allotments to projects or purposes on or for the islands of Rota and Tinian, respectively, shall not be in lesser proportion than such projects or purposes bear to all projects and purposes authorized and outstanding under all bond authorization acts. The Authority may amend the Authority's allotments from time to time; provided, that, except as otherwise specifically provided by law (including bond authorization acts) and except for good cause shown, projects and improvements shall proceed in such a manner that each senatorial district attains, at approximately the same time, a comparable level of infrastructure and services in a given area (e.g. water, power, sewers, drainage, public parks, roads, schools), as determined by reference to master plans for each senatorial district approved by the respective legislative delegations; provided, further, that this provision shall not affect the authorization, sale, issuance, security or repayment of any bonds but may be the basis for injunctive relief after the bonds are issued with respect to the application of the proceeds thereof.

(c) The purpose or purposes of issuance need not be stated in any bond. Whenever the issuance of bonds has been authorized by an act of the legislature, the bonds may be issued, sold, and delivered prior to or after any allotments have been made by the Authority for the purposes to be financed by the issuance of the bonds. The legislature may change any of the projects for the financing of which

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bonds have been issued, or allotments of bond proceeds made by the Authority; provided, that such change will not cause loss of any exemption from federal income tax of interest on the bonds or breach of any covenant with the holders of any bonds, or result in the inability to complete any project on which proceeds had been expended.

**Source:** PL 11-3, § 3, modified.