

TITLE 4: ECONOMIC RESOURCES
DIVISION 10: COMMONWEALTH DEVELOPMENT AUTHORITY

§ 10459. Credit and Liquidity Facility; Swaps and Hedges; Investments.

Subject to the provisions of this article or the bond authorization act but notwithstanding any other provision of law, all of the following apply:

(a) In connection with, or incidental to, the issuance or carrying of bonds, but only for the purpose of reducing the amount or duration of payment, currency, rate, spread or similar risk or to result in a lower cost of borrowing, and not for purposes of investment or speculation or where it would expose the assets, resources, or revenues of the Authority or the Commonwealth to unreasonable risk, the Authority, for and in the name and on behalf of the Commonwealth, may enter into any contracts which the Authority determines to be necessary or appropriate to place the obligation of the Commonwealth, as represented by the bonds in whole or in part, on the interest rate, cash-flow, or other basis desired by the Commonwealth government, including, without limitation, contracts commonly known as interest rate swap agreements, forward payment conversion agreements, futures, or contracts providing for payments based on levels of, or changes in, interest rates, stock or other indices, or contracts to exchange cash flows or a series of payments, or contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread, or similar exposure. These contracts and arrangements shall be entered into with the parties, selected by the means, and contain the payment, security, default, remedy, and other terms and conditions, determined by the Authority, after giving due consideration for the credit worthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate.

(b) In connection with, or incidental to, the issuance or carrying of bonds, or entering into any of the contracts or arrangements referred to in subsection (a) of this section, the Authority, for and in the name and on behalf of the Commonwealth, may enter into credit enhancement or liquidity agreements, with payment, interest rate, security, default, remedy, and other terms and conditions as the Authority determines.

(c) Without limitation by subsection (a) of this section, proceeds of bonds and any moneys set aside and pledged to secure payment of the bonds or any of the contracts entered into pursuant to this section may be invested in securities or obligations described in the certificate, resolution, indenture, agreement or other instrument providing for the issuance of the bonds or the contract and may be pledged to and used to service any of the contracts or agreements entered into pursuant to this section.

Source: PL 11-3, § 9, modified.