

**§ 8131. Board of Directors: Established.**

(a) The Corporation shall be governed by a board of directors. The Board shall be composed of eight members. The Governor shall appoint the members with the advice and consent of the Senate; provided, however, that no employee or official of the Commonwealth government (including any agency, instrumentality, or political subdivision thereof) shall be appointed except as explicitly authorized by this section; provided, further, that no person shall be appointed who does not have at least an Associate of Arts degree from an accredited postsecondary educational institution. Except as explicitly provided by this section, Title 1, Division 2, Part 2 ([1 CMC §§ 2901 et seq.](#)), is applicable to the Board. The Board shall be composed as follows:

(1) One member shall be the Chairman of the Board of Directors of the Commonwealth Development Authority;

(2) At least one member shall be from Tinian and at least one member shall be from Rota;

(3) At least two members shall be women;

(4) At least one member shall be from off-island with utility management experience; and

(5) At least five members shall possess a minimum of three years private sector business or professional background.

(b) The appointed members shall serve a term of four years. Vacancies shall be filled in the same manner as the original appointment. Any person appointed to fill a vacancy created prior to the expiration of the term of a member shall serve the remainder of the unexpired term. Any member may be reappointed to serve successive terms. No person may act as a member of the Board until confirmed by the Senate, except that reappointment to another term shall not affect the ability of an incumbent member to serve until the expiration of his or her term.

(c) The appointed members shall receive such compensation as is provided by law.

(d) The Board shall elect its officers from among its members and establish its rules of procedure.

(e) Appointed members shall be reimbursed for reasonable and necessary expenses at established Commonwealth government rates for meetings actually attended. Rules on travel and per diem rates shall be the same as those established for the Executive branch.

(f) The Governor may remove an appointed member for gross neglect or dereliction of duty, breach of fiduciary duty, conviction of a felony, or mental or physical incapacity. The Board may remove any member for missing three consecutive meetings or other frequent absences without the prior written approval of the chairman. Upon resignation, removal or expiration of the term of appointment, the member shall cease to sit on the Board and shall not be included in a quorum count.

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 8: UTILITIES**

**Source:** PL 4-47, § 1 (§ 8131); amended by PL 5-47, § 2; PL 7-54, § 3; PL 10-8, §§ 4, 5; subsection (a) amended by PL 13-9, § 2 (a); amended by EO No. 2006-04, § 4(8131); repealed and reenacted by PL 16-17 § 10(8131).

**Commission Comment:** See the comment to [4 CMC § 8111](#), concerning the effect of Executive Order 94-3 on the Commonwealth Utilities Corporation.

PL 10-8, the “Commonwealth Utilities Corporation Operations and Maintenance Improvement Amendment of 1996,” reduced board membership from nine to eight members and mandated a staggered-term scheme for board members and appointees. According to PL 10-8, §§ 5(c) and 6:

Section 5. Staggered Board; Acting Directors Prohibited.

... .

(c) Transition.

(1) Notwithstanding any other provision of law, the terms of members of the Board of Directors of the Commonwealth Utilities Corporation shall serve the terms provided by this section.

(2) To achieve staggered terms on the Board, the terms of current members are hereby adjusted as provided in this subsection. In addition, the Governor will appoint one new member with the advice and consent of the Senate. That member and the members appointed to fill the vacancy on the Board existing as of January 16, 1996 shall serve terms expiring April 10, 2000. Thus, the terms of two members will expire in 1997, two members in 1998, two members in 1999, and two members in 2000.

(3) The term of that member who is presently serving as an employee or official of the Commonwealth shall expire April 10, 1997, almost two years later than the term of his predecessor would have expired. The term of that person appointed to the seat previously held by Joseph T. Torres shall expire on May 24, 1997, the date of expiration of the unexpired term. The terms of the member representing Tinian and the member appointed to the seat previously held by J.S. Muna shall expire April 10, 1998—more than three years and more than a year, respectively, after the unexpired terms of their predecessors would have ended. The terms of the member representing Rota and the member representing Saipan and Carolinians are hereby extended one year to April 10, 1999.

Section 6. Executive Order 96-1. Section 9 of Executive Order No. 96-1 is vacated to the extent that it would create a revised Section 304(b)(1) of Executive Order 94-3. The balance of Section 9 of Executive Order No. 96-1 is unaffected hereby, with the original text of Section 304 (b) of Executive Order 94-3 serving as paragraph (1) of the revised Section 304(b), unless otherwise modified or rejected by action of the legislature.

PL 13-9 contained findings, severability, and savings clauses and became effective June 17, 2002. According to PL 13-9:

**TITLE 4: ECONOMIC RESOURCES**  
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Section 1. Findings. The Legislature finds that the qualification requirements for [sic] to become a member of the board of directors of the Commonwealth Utilities Corporation (CUC) or other public boards or commissions is unduly restrictive with respect to the members appointed from the islands of Tinian and Rota. Because the population of these two islands is quite small compared to Saipan and a large majority of residents on Tinian and Rota work for the government, the pool from which to appoint prospective board members is severely limited. Therefore, the purpose of this act is to give the Governor the discretion to appoint members to represent Tinian and Rota on the CUC board, respectively, who are otherwise qualified but for their employment with the government.

Public Law 17-62 (effective Dec. 3, 2011) authorized the Executive Director to act in the absence of the Board regarding a loan to CUC. PL 17-62, in pertinent part, provides:

Section 3. CUC Executive Director Power to Loan.

Notwithstanding any law or regulation to the contrary, in the absence of a Board of Directors, the Executive Director of CUC shall serve in the place of the Board of Directors with all powers necessary to approve and execute a loan with Independence Bank of East Greenwich, Rhode Island.

**Case Annotation:** *Torres, et al. v. Commonwealth Utilities Corp.*, 2009 MP 14 (2009).