



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos
Governor

Jude U. Hofschneider
Lieutenant Governor

Honorable Joseph P. Deleon Guerrero
Speaker, House of Representatives
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

The Honorable Ralph DLG. Torres
Senate President
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

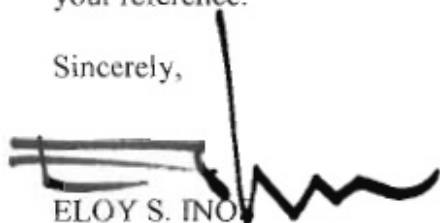
Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law, House Bill 18-50, HD1, entitled, "To authorize the Commonwealth Development Authority to issue pension obligation bonds on behalf of the Commonwealth in an amount up to three hundred million U.S. Dollars to pay the Commonwealth Government's obligation to the Northern Mariana Islands Retirement Fund," which was passed by the Eighteenth Northern Marianas Commonwealth Legislature.

This measure will assist the Commonwealth in addressing the liabilities of the Northern Mariana Islands Retirement Fund ("Fund") to its retirees by extending the life of the Fund. However, considering the amount of the unfunded liability and most especially the livelihood of the retirees, the legislature must continue to explore options to provide more funding to the Fund so as to sustain it until the last retiree is compensated.

This bill becomes **Public Law No. 18-12**. Copies bearing my signature are forwarded for your reference.

Sincerely,



ELOY S. INO

CC: Lt. Governor

Caller Box 10007 Saipan, MP 96950 Telephone: (670) 664-2200 /2300 Facsimile: (670) 664-2211/2311

Commonwealth Development Authority
Press Secretary, Office of the Governor
Special Assistant for Programs & Legislative Review



*Eighteenth Legislature
of the
Commonwealth of the Northern Mariana Islands*

IN THE HOUSE OF REPRESENTATIVES

First Special Session

April 18, 2013

Representative John Paul P. Sablan, of Saipan, Precinct 2 (*for himself*, Representatives Roman C. Benavente, George N. Camacho, Trenton B. Conner, Joseph P. Deleon Guerrero, Christopher D. Leon Guerrero, Ramon A. Tebuteb, and Ralph N. Yumul) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. No. 18-50, HD1

AN ACT

**TO AUTHORIZE THE COMMONWEALTH DEVELOPMENT
AUTHORITY TO ISSUE PENSION OBLIGATION BONDS ON
BEHALF OF THE COMMONWEALTH IN AN AMOUNT UP TO
THREE HUNDRED MILLION U.S. DOLLARS TO PAY THE
COMMONWEALTH GOVERNMENT'S OBLIGATION TO
NORTHERN MARIANAS ISLANDS RETIREMENT FUND.**

The Bill was referred to the House Special Committee on Retirement, which submitted Special Standing Committee Report 18-21, adopted on May 21, 2013.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING ON, MAY 21, 2013;**
with amendments in the form of H. B. 18-50, HD1 and transmitted to the
THE SENATE.

The Bill was referred to the Senate Committee on Fiscal Affairs.
THE BILL WAS PASSED BY THE SENATE ON FIRST AND READING ON, JUNE 19, 2013;
without amendments.

**H. B. 18-50, HD1, PASSED THE HOUSE OF REPRESENTATIVES AND THE SENATE, BY THE
AFFIRMATIVE VOTE OF TWO-THIRDS OF THE MEMBERS IN EACH HOUSE.**

A handwritten signature in blue ink, appearing to read "L. B. Muña".

Linda B. Muña, House Clerk



*Eighteenth Legislature
of the
Commonwealth of the Northern Mariana Islands*
IN THE HOUSE OF REPRESENTATIVES
THIRD SPECIAL SESSION, 2013

H. B. 18-50, HD1

AN ACT

**TO AUTHORIZE THE COMMONWEALTH DEVELOPMENT AUTHORITY TO
ISSUE PENSION OBLIGATION BONDS ON BEHALF OF THE
COMMONWEALTH IN AN AMOUNT UP TO THREE HUNDRED
MILLION U.S. DOLLARS TO PAY THE COMMONWEALTH
GOVERNMENT'S OBLIGATION TO NORTHERN MARIANAS
ISLANDS RETIREMENT FUND.**

Be it enacted by the Eighteenth Northern Marianas Commonwealth
Legislature:

1 Section 1. Short Title. This Act may be cited as the Pension Obligation Bond
2 Authorization Act of 2013.

3 Section 2. Findings and Purpose. The Commonwealth Government owes over
4 \$300,000,000 in unpaid employer contributions to the Northern Mariana Islands Retirement
5 Fund. This liability is in respect to Commonwealth Government departments, agencies and
6 governmental units whose personnel costs are funded by annual appropriation acts. In
7 addition to this amount, some autonomous agencies and governmental corporations also have
8 unpaid employer obligations to the Northern Mariana Islands Retirement Fund.

HOUSE BILL 18-50, HD1

1 In the November 2012 election, the voters approved House Legislative Initiative No.
2 17-5 amending Article X of the N.M.I. Constitution to allow the issuance of pension
3 obligation bonds in an amount which does not exceed the Commonwealth's actuarially
4 determined unfunded liability to the Northern Mariana Islands Retirement Fund. An
5 actuarial determination of the Commonwealth government's unfunded liability to the
6 Northern Mariana Islands Retirement fund will be necessary to determine that the proposed
7 bond authorization is within the limits established by H. L. I. No. 17-5.

8 The bond authorization proposed by this act serves a public purpose and does not
9 create an additional liability on the part of the Commonwealth. The proposed authorization
10 would only substitute a bond obligation for a judgment obligation.

11 **Section 3. Public Debt Authorization.**

12 (a) This Act is a bond authorization act within the meaning of Commonwealth Code,
13 Title 4, Division 10, Chapter 4, Article 2.

14 (b) The Commonwealth Development Authority (CDA) on behalf of the
15 Commonwealth of the Northern Mariana Islands, is hereby authorized to issue, in one or
16 more series, at one time or from time to time up to three hundred million dollars
17 (\$300,000,000.00) worth of general obligation bonds of the Commonwealth to fund the
18 liability of the Commonwealth Government to the Northern Marianas Islands Retirement
19 Fund.

20 (c) This authorization is subject to the terms and conditions of Commonwealth Code,
21 Title 4, Division 10, Chapter 4, Article 2 provided that Section 10452 shall not apply insofar
22 as it limits the amount of bonds or their purpose in a manner inconsistent with the intent of

HOUSE BILL 18-50, HD1

1 Article X, Section 10 of the Constitution of the Commonwealth and provided further that the
2 bonds shall be exempt from the portion of Section 10466 that provides for publication of
3 notice and an action or proceeding to contest the validity of the bonds or other matters set
4 forth therein, and the validity of the bonds and those other matters shall nonetheless be
5 conclusively presumed after issuance of the bonds and no court shall have authority to
6 inquire into such matters as provided in Section 10466.

7 (d) The CDA is further authorized to pledge as additional security for the bonds, gross
8 receipts tax as authorized by Commonwealth Code, Title 4, Division 10, Chapter 4, Article 2,
9 and on such priority and terms as the Secretary of Finance shall determine to be in the best
10 interests of the Commonwealth. The transfer to and deposit of the gross receipts tax [or any
11 other revenues determined by the Secretary of Finance] in a special trust account established
12 pursuant to Section 10460 shall be until the balance in said special trust account is at least
13 equal to debt services due or to become due on the bonds during the next succeeding twelve
14 months.

15 **Section 4. Severability.** If any provisions of this Act or the application of any such
16 provision to any person or circumstance should be held invalid by a court of competent
17 jurisdiction, the remainder of this Act or the application of its provisions to persons or
18 circumstances other than those to which it is held invalid shall not be affected thereby.

19 **Section 5. Savings Clause.** This Act and any repealer contained herein shall not be
20 construed as affecting any existing right acquired under contract or acquired under statutes
21 repealed or under any rule, regulation, or order adopted under the statutes. Repealers
22 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.

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1 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
2 any liability, civil or criminal, which shall already be in existence on the date this Act
3 becomes effective.


4 **Section 6. Article X, Section 3 Certification.** Upon passage of this bill by both
5 houses of the Legislature, by a vote of at least two-thirds of the members in each house, the
6 Speaker of the House of Representatives and the President of the Senate shall certify and the
7 House Clerk and the Senate Legislative Secretary shall attest to the passage of this bill by
8 such two-thirds vote, in accordance with Article X, Section 3 of the Commonwealth
9 Constitution. Such certification and attestation shall form a part of the engrossed bill for
10 transmission to the Governor, and shall serve as affirmation of the full faith and credit of the
11 Commonwealth Government with respect to this bond issuance.

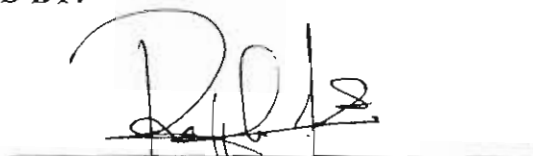
HOUSE BILL 18-50, HD1

1 Section 7. Effective Date. This Act shall take effect upon its approval by the
2 Governor, or its becoming law without such approval.

PASSED BY THE HOUSE OF REPRESENTATIVES ON MAY 21, 2013 AND BY THE SENATE ON
JUNE 19, 2013, BY THE AFFIRMATIVE VOTE OF TWO-THIRDS OF THE MEMBERS IN EACH
HOUSE.

CERTIFIED BY:


FRANCISCO S. DELA CRUZ
ACTING SPEAKER OF THE HOUSE



RALPH DLG. TORRES
PRESIDENT OF THE SENATE

ATTESTED TO BY:


LINDA B. MUÑA
HOUSE CLERK


JOVITA M. TAIMANAO
SENATE LEGISLATIVE SECRETARY

Approved this 2nd day of July, 2013


ELOY S. INOS
Governor
Commonwealth of the Northern Mariana Islands