

Arnold I. Palacios
Governor



David M. Apatang
Lieutenant Governor

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

November 20, 2023

GOV 2024-083

The Honorable Edmund S. Villagomez
Speaker, House of Representatives
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

The Honorable Edith E. Deleon Guerrero
President of the Senate
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Madame President:

This is to inform you that I have signed into law **House Bill No. 23-77, SD1**, entitled, "To authorize a revolving line of credit between the CNMI Government and the Marianas Public Land Trust in the amount of \$15,000,000 with repayment terms until Line of Credit is satisfied or retired not exceed seven (7) years; and for other purposes", which was passed by the House of Representatives and the Senate of the Twenty-Third Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 23-12**. Copies bearing my signature are forwarded for your reference.

Sincerely,


ARNOLD I. PALACIOS
Governor

cc: Lieutenant Governor; Attorney General; Commonwealth Law Revision;
Public Auditor; Marianas Public Land Trust; Department of Finance
Special Assistant for Administration; Programs and Legislative Review Office



HOUSE OF REPRESENTATIVES

P.O. BOX 500586

SAIPAN, MP 96950

cnmileg.net

November 7, 2023

The Honorable Arnold I. Palacios
Governor
Commonwealth of the Northern
Mariana Islands
Capitol Hill
Saipan, MP 96950

Dear Governor Palacios:

I have the honor of transmitting herewith for your action **H. B. No. 23-77, SD1**, entitled: "To authorize a revolving line of credit between the CNMI Government and the Marianas Public Land Trust in the amount of \$15,000,000 with repayment terms until Line of Credit is satisfied or retired not to exceed seven (7) years; and for other purposes.", which was passed by the House of Representatives and the Senate of the Twenty-Third Northern Marianas Commonwealth Legislature.

Sincerely yours,


Linda B. Muña
House Clerk

Attachment



TWENTY-THIRD NORTHERN MARIANA COMMONWEALTH LEGISLATURE IN THE HOUSE OF REPRESENTATIVES

SECOND REGULAR SESSION

SEPTEMBER 15, 2023

REPRESENTATIVE EDMUND S. VILLAGOMEZ OF SAIPAN, PRECINCT 3 (*for himself*, Representatives Vincent R.S. Aldan, Blas Jonathan "BJ" T. Attao, Roman C. Benavente, Angelo A. Camacho, Diego V. F. Camacho, Vicente C. Camacho, Marissa R. Flores, Julie M. A. Ogo, Edwin K. Propst, John Paul P. Sablan, 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. 23-77, SD1

AN ACT

TO AUTHORIZE A REVOLVING LINE OF CREDIT BETWEEN THE CNMI GOVERNMENT AND THE MARIANAS PUBLIC LAND TRUST IN THE AMOUNT OF \$15,000,000 WITH REPAYMENT TERMS UNTIL LINE OF CREDIT IS SATISFIED OR RETIRED NOT TO EXCEED SEVEN (7) YEARS; AND FOR OTHER PURPOSES.

IN THE HOUSE OF REPRESENTATIVES

The Bill was not referred to a House Committee.

THE BILL WAS PASSED UNANIMOUSLY BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, OCTOBER 5, 2023;
without amendments and transmitted to THE SENATE.


IN THE SENATE

The Bill was referred to the Senate Committee on Fiscal Affairs.

THE BILL WAS PASSED BY TWO-THIRDS VOTE OF THE MEMBERS OF THE SENATE ON FIRST AND FINAL
READING, OCTOBER 30, 2023;
with amendments in the form of H. B. NO. 23-77, SD1 and returned to THE HOUSE OF REPRESENTATIVES.

The House of Representatives accepted the Senate amendments and passed H. B. No. 23-77, SD1 during its Eighth Day, Second Regular Session on November 6, 2023 by two-thirds vote of the members.

H. B. NO. 23-77, SD1 IS DULY PASSED BY THE TWENTY-THIRD NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE.


Linda B. Muña, House Clerk



**TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
IN THE HOUSE OF REPRESENTATIVES**

EIGHTH DAY, SECOND REGULAR SESSION

NOVEMBER 6, 2023

H. B. No. 23-77, SD1

AN ACT

**TO AUTHORIZE A REVOLVING LINE OF CREDIT BETWEEN THE
CNMI GOVERNMENT AND THE MARIANAS PUBLIC
LAND TRUST IN THE AMOUNT OF \$15,000,000 WITH
REPAYMENT TERMS UNTIL LINE OF CREDIT IS
SATISFIED OR RETIRED NOT TO EXCEED
SEVEN (7) YEARS; AND FOR OTHER PURPOSES.**

**BE IT ENACTED BY THE TWENTY-THIRD NORTHERN
MARIANAS COMMONWEALTH LEGISLATURE:**

SECTION 1. FINDINGS AND PURPOSES.

On July 17, 2023, Governor Arnold I. Palacios in a letter signed by the CNMI Senate President and House Speaker, submitted a written request, to the Marinas Public Land Trust. Governor Palacios requested a Line of Credit in the amount of \$20 million dollars for “bridge financing or advances” for costs related to federally-funded Capital Improvement Projects (“CIP”) from the United States Economic Development Administration whereby the CNMI would be reimbursed for such advances within thirty (30) days of advancing such costs for grant projects. Further, Governor Palacios requested that the line of credit (“LOC”) facility be available for a period of 5-7 years while infrastructure and other CIP projects are under construction. The Marianas Public Land Trust has reviewed initial planned drawdown requests

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1 by the Governor and has determined that a \$15 million Line of Credit is suitable for the
2 amounts needed, in any given 30-day period, during the next few years of forecasted
3 drawdowns offered by the Governor.

4 In addition to the \$20 million LOC request, Governor Palacios also requested that
5 MPLT reduce the interest rate on the CNMI's existing debt obligation to MPLT for the
6 Typhoon Yutu loan, currently at 7.5% per annum. That debt currently stands at approximately
7 \$10.7 million dollars as of June 2023 and is being repaid by MPLT's withholding of the annual
8 interest-income distributions to the CNMI General Fund.

9 MPLT has noted that previously in June 2019 the Trust received the Typhoon Yutu
10 request from the CNMI for \$15 million dollars through a line of credit and later converted it to
11 a loan, to pay for "extraordinary expenses made under extraordinary circumstances" for
12 disaster recovery expenses which the former CNMI Secretary of Finance asserted were not
13 normal operating expenses of the government. While the CNMI expected reimbursement from
14 the Federal Emergency Management Agency for disaster-related advances or expenses, the
15 CNMI ultimately could not repay the MPLT Yutu Loan for which MPLT is now servicing as
16 repayment through the withholding of distributions for the next several years.

17 The legislature acknowledges that the Trustees of MPLT continue to recognize that the
18 \$15 million LOC request addressed in this legislation, as with the Yutu Loan, constitutes a
19 public debt obligation for government operations or infrastructure, which have particular
20 requirements under the CNMI Constitution. As such, the legislature is informed that the Trust
21 has set forth certain requirements from the CNMI Government through the Office of the
22 Governor, Secretary of Finance, and the Office of the Attorney General, to ensure the propriety
23 of the requested transaction and ensure capacity for payment.

24 As one of the requirements by MPLT, the purpose of this proposed legislation is to
25 authorize this public debt by the Commonwealth Government to MPLT for a period not to
26 exceed seven years (84 months) on a Revolving Line of Credit and to ensure that there are
27 adequate funds at the disposal of the CNMI Department of Finance for purposes of paying that
28 Line of Credit timely and without default. The amount authorized for the LOC from MPLT
29 shall not exceed \$15,000,000.

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1 The legislature agrees that, unlike the Yutu Loan, the \$15 million LOC is to be repaid
2 by the CNMI Government through the Secretary of Finance on a regular 30-day period
3 following each advance, with reimbursed funds from the Federal government, and with other
4 restrictions on drawdowns imposed by MPLT, such as drawdown limits and drawdown pre-
5 conditions. The LOC and this legislative authorization expire automatically at the end of the
6 84-month period and shall not be renewed or extended.

7 For the foregoing reasons, the legislature finds that the \$15 million LOC with MPLT is
8 in the best interest of our people and our Commonwealth and authorizes the Executive Branch
9 to enter into such an agreement as required on terms and conditions by MPLT.

10 **SECTION 2. ENACTMENT.**

11 Subject to codification by the CNMI Law Revision Commission, the following
12 provision is hereby enacted and authorized:

13 “§101. Pursuant to N.M.I. CONST. ART. X Section 3, the CNMI Legislature
14 authorizes a public debt and obligation to the Marianas Public Land Trust for Governor
15 Arnold I. Palacios, through the Secretary of Finance and the Department of Finance, to
16 enter into a Revolving Line of Credit with the Marianas Public Land Trust in an amount
17 not to exceed \$15,000,0000 on the following terms and conditions:

18 (a) The term of the Revolving Line of Credit shall not exceed seven years
19 (84 months) starting from the date of execution of the Revolving Line of Credit
20 between MPLT and the Governor and the Secretary of Finance.

21 (b) The Office of the Governor and Department of Finance shall repay the Line
22 of Credit as to any drawdowns no later than thirty (30) calendar days from the date of
23 each drawdown.

24 (c) No further drawdowns shall be made unless and until the prior drawdown is
25 satisfied or MPLT agrees to additional drawdowns.

26 (d) Any reimbursements received by the CNMI Department of Finance/Office
27 of the Governor from the United States Economic Development Administration paid
28 or remitted to the CNMI Government for CIP project advances that are covered in the
29 MPLT-CNMI Revolving Line of Credit shall be paid directly to MPLT as settlement
30 for the line of credit herein.

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1 (e) The interest rate shall be 5.5% per annum.

2 (f) Because the Revolving Line of Credit is a public debt this legislation must
3 be passed by two-thirds (2/3) of the members of the House of Representatives and the
4 Senate before being signed into law. Further, the obligation for such a public debt shall
5 not exceed ten percent (10%) of the total appraised value of the properties of the
6 Commonwealth so that the Secretary of Finance shall not execute the Revolving Line
7 of Credit until the Secretary of Finance certifies, with the concurrence of the Attorney
8 General, that this constitutional requirement is satisfied.

9 (g) The Attorney General shall review the Revolving Line of Credit Agreement
10 for legal sufficiency for the Governor and Secretary of Finance to enter into this
11 transaction in order for the Revolving Line of Credit to be effective against the
12 Commonwealth.

13 (h) Transactional Documents. The Marianas Public Land Trust and the
14 Commonwealth, acting through the Governor and the Secretary of Finance, shall
15 execute the transactional financial documents for the Revolving Line of Credit through
16 a line of credit agreement, assignment of income, and a Promissory Note. After such
17 documents have been duly executed, MPLT shall authorize and commence any initial
18 drawdown, subject to its terms and conditions, to the Department of Finance which
19 shall be used for the CIP-approved or designated project bridge financing or advances,
20 only.

21 (i) The Secretary of Finance and the Office of the Governor shall issue a
22 quarterly summary "MPLT Loan Report" which shall be a financial statement detailing
23 the activities of the CNMI Government as to the CIP project advances and status. This
24 MPLT Loan Report shall be submitted to all the members of the Legislature, the Office
25 of the Public Auditor, the Office of the Attorney General, and a copy to MPLT.

26 (j) Authorization to Defend, Hold Harmless, and Indemnify MPLT. The
27 legislature hereby authorizes, as a condition precedent to the loan agreement being
28 authorized herein, the Commonwealth Government, through the Executive Branch
29 including the Secretary of Finance and Office of the Attorney General, to defend, hold
30 harmless, and indemnify the Trustees of the Marianas Public Land Trust, individually

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1 and collectively, along with MPLT's staff, counsel and consultants for any suits, causes
2 of action, litigation, and claims as well as any loss, liability, and expense whatsoever
3 of any kind or nature including but not limited to attorneys' fees which may arise from
4 or that are in any way related to the loan agreement which is the subject of this Act or
5 the events arising therefrom as to MPLT's actions in extending the line of credit. The
6 Commonwealth shall pay for the cost of representation being authorized herein through
7 the Department of Finance without cost to MPLT or provide representation by the
8 CNMI Office of the Attorney General. In the event MPLT is compelled to engage its
9 own counsel or representation of the Commonwealth, the Department of Finance shall
10 reimburse MPLT for such costs and expenses. In the event the CNMI Government fails
11 to reimburse or pay for such costs and expenses, MPLT may withhold further
12 distributions of income until its expenses and costs are fully reimbursed."

13 **SECTION 3. SEVERABILITY.**

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

18 **SECTION 4. SAVINGS CLAUSE.**

19 This Act and any repealer contained herein shall not be construed as affecting any
20 existing right acquired under contract or acquired under statutes repealed or under any rule,
21 regulation, or order adopted under the statutes. Repealers contained in this Act shall not affect
22 any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not
23 have the effect of terminating, or in any way modifying, any liability, civil or criminal, which
24 shall already be in existence on the date this Act becomes effective.

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SECTION 5. EFFECTIVE DATE.

This Act shall take effect upon its approval by the Governor, or it becoming law without such approval.


Attested to by:


Linda B. Muña, House Clerk

Certified by:


SPEAKER EDMUND S. VILLAGOMEZ
House of Representatives
23rd Northern Marianas Commonwealth Legislature

Approved this 20th day of November, 2023


ARNOLD I. PALACIOS
Governor
Commonwealth of the Northern Mariana Islands