

MPLT RESOLUTION NO. 10-08

A RESOLUTION TO RECOGNIZE THE PREVIOUS LOAN TO THE COMMONWEALTH UTILITIES CORPORATION & TO AUTHORIZE AN ADVANCEMENT OF FUTURE INTEREST DISTRIBUTIONS TO THE COMMONWEALTH GENERAL FUND PER CNMI CONSTITUTION ARTICLE XI, SECTION 6(d)

WHEREAS, on August 4, 2008 MPLT executed a Promissory Note with the Commonwealth Utilities Corporation pursuant to MPLT's local investment under its Economically Targeted Investment program; and

WHEREAS, under the terms of MPLT's investment CUC would pay the monthly interest at 7% per annum and the principal was paid from the annual interest income distribution pursuant to Article XI Section 6 of the Constitution; and

WHEREAS, as a result of the Declaration of a State of Emergency on June 8, 2010 CUC continues to require an additional investment of funds; and

WHEREAS, as a result of the Immediate Reprogramming of Funds on June 17, 2010 directing \$4 million of MPLT funds be sent to the CNMI Bank Account, the Trustees responded by letter to the Acting Governor that they would be unable to comply with the directive on grounds that Article XI of Section 6(b) of the Constitution compels MPLT to invest the principal from public land leases; and

WHEREAS, the Trustees responded as an alternative to suggest (1) amending the existing Promissory Note between MPLT and CUC to invest an additional \$4 million to CUC on the same terms and conditions with appropriate legislation to earmark future interest distribution for debt service back to MPLT, or (2) entering into a factoring arrangement with CUC to buy its receivables from the central government backed by appropriate legislation to earmark future interest income distributions for debt service; and

WHEREAS, on June 21, 2010, the Acting Governor responded by recognizing the offer to loan additional funds to CUC and requesting an expeditious transfer of funds to the Administration; and

WHEREAS, a receipt of H.B. No. 17-78 HD1 was received to amend P.L. 16-7 to modify the previous earmark of the \$3.4 million loan made to CUC on August 4, 2008 to include the additional \$4 million of investment to the Commonwealth and to allow MPLT to apply against the future revenues distributable to the CNMI General Fund such annual amounts until both the CUC loan and the investment to the Commonwealth are fully paid; and

WHEREAS, the Trustees subsequently received House and Senate drafts of H.B. 17-78 indicating a new request of \$5.25 million, of which \$4 million was identified as investment to the Commonwealth and \$1.25 million for CHC needs, both of which state the earmarks relating to repayment of the advance of future interest distributions to the Commonwealth General Fund; and

WHEREAS, in recognition of the severe financial condition of the Commonwealth, the Trustees submitted language in the bill, that is acceptable to MPLT, on June 24, 2010 to revise the amendments to P.L. 16-7; and

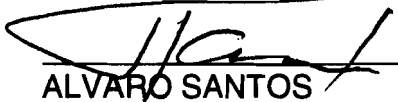
WHEREAS, MPLT, upon approval of the amendments to P.L. 16-7, will direct and instruct Morgan-Stanley/Smith-Barney to liquidate the sum of \$5.25 million from its MPLT General Fund – Atlanta/Sosnoff Large Cap Core (A/C #189-90558) portfolio in order to pursue this investment to the Commonwealth; and

WHEREAS, BE IT RESOLVED, THEREFORE, that the MPLT Trustees hereby requires the adoption by the Legislature of the suggested language as submitted to amend P.L. 16-7 and upon it becoming law, and the execution of the Memorandum of Agreement (MOA), the Trustees hereby approve the \$5.25 million investment, as previously described, to the Commonwealth through the advancement of future MPLT interest distributions, in accordance with NMI Constitution Article XI, Section 6(d).

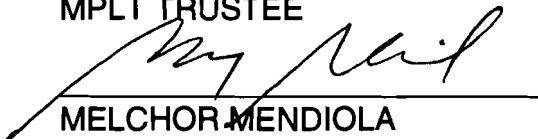
SO ADOPTED this 25th day of June, 2010 by the MPLT Board of Trustees at an Emergency Special Meeting on Saipan, CNMI.



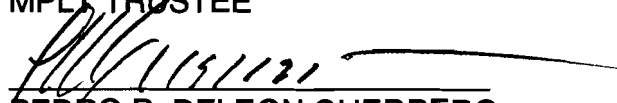
PHILLIP M. LONG
CHAIRMAN, MPLT BOARD OF TRUSTEES




ALVARO SANTOS
MPLT TRUSTEE



MELCHOR MENDIOLA
MPLT TRUSTEE



PEDRO R. DELEON GUERRERO
MPLT TRUSTEE



GREGORIA FITIAL-OMAR
MPLT TRUSTEE