

MARIANAS PUBLIC LAND TRUST
MPLT RESOLUTION 16-001

**A Resolution Authorizing an Investment in the form of a Loan in the
amount of \$1,349,367.96 to the
Second Senatorial District of Tinian and Aguiguan,
Municipality of Tinian and Aguiguan.**

RECITALS

WHEREAS, in 2005, the U.S. District Court in *US v. Borja*, Case No. CV-02-0016, ordered the Municipality of Tinian & Aguiguan to pay \$1,349,367.96 for exploratory drilling services performed by the United States Geological Survey ("USGS"); and

WHEREAS, to prevent future levy from the Municipality, the Tinian Mayor's Office negotiated an Installment Payment Agreement ("IPA") that would waive \$566,099.77 of accrued interest if the principal of \$1,349,367.96 was paid in full within 12 months of the execution of the IPA; and

WHEREAS, the Second Senatorial District of Tinian and Aguguan, on behalf of the Municipality of Tinian and Aguiguan, with the full support of the Tinian Leadership, is proposing to borrow from the Marianas Public Lands Trust the amount of \$1,349,367.96 at five percent (5%) interest for a term of three (3) years, to be paid in three installments from appropriations by the Second Senatorial District; and

WHEREAS, the borrowed funds will be used to 1) pay in full the total principal due to the United States to take advantage of the interest waiver of \$555,009.77; 2) to amortize the payment over three years to reduce the cash flow burden on the Municipality; and 3) to reimburse the \$150,000.00 that the Municipality has already paid to the US Government; and

WHEREAS, the Tinian Legislative Delegation is authorized by law to appropriate the amount of Two Million Dollars (\$2,000,000.00) of the funds allotted to the Second Senatorial District under Public law No. 18-56 ("PL 18-56"); and

WHEREAS, the Tinian Legislative Delegation is currently entertaining House Legislative Bill Number 19-45 ("HLB No. 19-45") which appropriates \$450,000.00 of PL 18-56 funds for the first annual payment of the MPLT loan. The Nineteenth Tinian Legislative Delegation, that the Delegation has pledged to commit and appropriate the funds due to the Second Senatorial District from PL 18-56 to fund the repayment of the Marianas Public Lands Trust loan to the Tinian Municipality with such pledge and commitment including the continuous appropriation of funds for Fiscal Years 2017 and 2018 in the amount of \$485,000.00 each fiscal year until fully satisfied.

WHEREAS, the MPLT Trustees have reviewed the submission of a Loan Proposal for the Municipality of Tinian and Aguiguan, attached to this Resolution as Exhibit "A" including preliminary financial records and information; and

WHEREAS, the Tinian Municipality, through Tinian Mayor Joey San Nicolas and the Tinian Legislative Delegation have requested an investment in the form of a loan from the Marianas Public Land Trust in the amount of \$1,349,367.96 to satisfy the judgment and Installment Payment Agreement; and

WHEREAS, the Trustees of the Marianas Public Land Trust fully recognize the benefits of an investment in the Tinian Municipality to satisfy a judgment but with the required adequate security for debt service pursuant to terms herein. The Trustees find it to be a prudent investment for the total sum of \$1,349,367.96 at a rate of 5% interest per annum. Further, the MPLT Investment Policy Statement recognizes the importance of local investments which provide maximum direct benefits to the community with reasonable rates of return and reasonable risks on such returns and, in this case, to assist the Tinian Municipality satisfy a judgment immediately but with interest due to MPLT for such an investment.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING RECITALS, THE MPLT TRUSTEES RESOLVE AS FOLLOWS:

BE IT RESOLVED, that the Trustees of the Marianas Public Land Trust, in order to support the satisfaction of the judgment in *U.S. v. Borja* through the Installment Payment Agreement, attached as Exhibit "B" do hereby authorize an investment in the Tinian Municipality through the Tinian Legislative Delegation, Chairman Jude U. Hofschneider and Mayor Joey P. San Nicolas.


BE IT FURTHER RESOLVED, that the Trustees do hereby authorize the following investment of \$1,349,367.96 on the following terms and conditions:

- (a) The loan of \$1,349,367.96 shall accrue interest at a rate of 5% rate per annum, to be drawn upon as needed with at least three (3) days' notice to MPLT for each drawdown of funds.
- (b) Following the execution of a Consolidated Loan Agreement with MPLT and other required agreements such as a Promissory Note, MPLT shall remit the pay-off balance due to the United States and the remaining sum to the Tinian Municipality through the Municipal Treasurer, following receipt of written instructions from the Tinian Municipality. Interest shall accrue only on the amount drawn down by the Tinian Municipality at the agreed-upon 5% interest rate.
- (c) The loan to the Tinian Municipality matures within thirty-six (36) months of execution of a Consolidated Loan agreement.

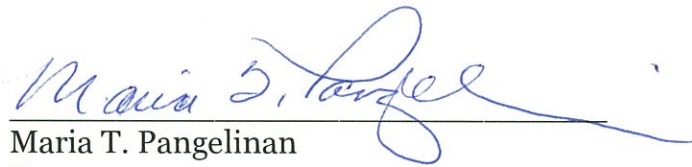
- (d) The Consolidated Agreement shall contain the commitment and pledge by the Tinian Municipality of the full faith and credit of the Municipality's resources and assets to secure the investment and loan agreement.
- (e) Appropriation by the Tinian Legislative Delegation of the investment amount \$1,349,367.96 with interest at 5% per annum and repayment terms, enacted as local law and a Local Legislative Resolution.
- (f) The Chairman of the Tinian Legislative Delegation for the Tinian Municipality and Mayor of Tinian shall enter into the agreement with MPLT for the loan.

THEREFORE, IT IS RESOLVED that the Trustees of the Marianas Public approve this investment Resolution 16-001 on such terms and conditions and subject to execution of the operative transactional agreements between MPLT and the Tinian Municipality.

SO ADOPTED this 17th day of February, 2016 by majority vote of the MPLT Board of Trustees on Saipan, CNMI.



Martin B. Ada
Acting Chairman



Maria T. Pangelinan
Trustee



Peter Q. Cruz
Trustee