MARIANAS PUBLIC LAND TRUST
MPLT RESOLUTION 25-001

A Resolution Approving a Loan Agreement with the CNMI Government, through the Office of the Governor, in accordance with PL 24-13, for the CNMI Government Obligation to the NMI Settlement Fund for FY 2026 in the Principal Amount of $29,000,000.00 including the terms of the proposed Loan Agreement between MPLT and the CNMI Government, and such Additional Necessary Transactional Documents, With Terms and Conditions

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RECITALS

WHEREAS, on or about April 22, 2025, CNMI through Governor Arnold I. Palacios, submitted an investment proposal to MPLT for a proposed Pension Obligation Bond Anticipation Note to fund the minimum annual payment due to the NMI Settlement Fund for Fiscal Year 2026; and

WHEREAS, through the course of discussions with Governor Arnold I. Palacios, consultations with its Investment Consultant Raymond James & Associates and consideration of the needs of the CNMI versus the impact of the funding request the Trustees informed Governor Palacios of the need to include in proposed legislative authorization a margin account provision. The draft legislation from Governor Palacios included a margin account provision which the Trustees found to be necessary as to any possible consideration of the funding request; and

WHEREAS, on or about June 18, 2025, the CNMI Government, through the Secretary of Finance, supplemented that proposal with follow up submissions, which are attached as Attachment "A" (referred to collectively as the "Loan Proposal"); and

WHEREAS, at its June 2025 meeting the Trustees approved to consider the Loan Proposal for a $29 Million Dollar Loan with an interest rate of 7.5% with authorization for a margin account provision and defend/indemnify and hold harmless provisions in the form of legislative authorization/public law for 100% withholding of annual interest income distributions until satisfied; and

WHEREAS, on September 23, 2025, Governor David M. Apatang signed into law House Bill 24-50, as Public Law 24-13, approving legislative authorization for a public debt pursuant to Article X of the CNMI Constitution and authorizing the CNMI to

enter into an agreement with MPLT pursuant to the law and terms agreed between MPLT and CNMI, which is attached as Attachment "B." Public Law 24-13, however, did not include the margin account provision that MPLT had required but it did have the provision for the defense and indemnification of MPLT's Trustees. Prior to its approval by the Legislature, on September 15, 2025 the Trustees met with Governor Apatang to inform of the importance and necessity of the margin account provision in the legislation. MPLT followed up the meeting with a letter to Governor Apatang and members of the Legislature. As such, Public Law 24-13 does not have any margin account authorization and this requirement remains pending, which MPLT discusses as part of the conditions of the contemplated loan agreement with the CNMI Government; and

WHEREAS, following consideration of the Loan Proposal and Public Law 24-13, the MPLT Trustees have engaged in their due diligence with CNMI representatives and, as a result, have introduced this MPLT Resolution 25-001 approving a loan agreement with the CNMI Government with specific conditions, through the Office of the Governor, as represented by Governor David M. Apatang and Secretary of Finance Tracy B. Norita; and

WHEREAS, pursuant to the MPLT Resolution and the parties' discussions, MPLT and CNMI formalize the terms of their agreement through this Resolution 25-001 and Loan Agreement;

WHEREEAS, in consideration of the foregoing recitals and pursuant to this MPLT Resolution 25- 001, the Trustees hereby authorize and approve the Loan Agreement pursuant to the Diversified Local Investment asset class on the following terms and conditions.

WHEREAS, in so passing this Resolution 25-001, the MPLT Trustees have determined that the CNMI Government's proposal for a Loan Agreement inclusive of Public Law 24-13 has not met all of the requirements imposed by MPLT; and

WHEREAS the MPLT Trustees set forth the following justification in their determination that such an investment through the Loan Agreement is a reasonable and prudent transaction and investment as being in the best interests of MPLT and its beneficiaries the CNMI Government through the Office of the Governor and CNMI Legislature:

- The 7.5% rate of interest is competitive in that the current $51 Million Dollar Loan with the Bank of Guam is set at 8% per annum; and

- The loan is secured by the withholding of annual interest income distribution of 100% withholding; and

WHEREAS, the Trustees of MPLT, in approving the CNMI Government's proposal for a Loan Agreement, do so with specific and appropriate conditions as part of the 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 invest the Trust funds through a loan agreement with a substantial rate of return with interest, support the efforts for government stabilization in the CNMI through this Loan Agreement while the CNMI Government secures a bond to satisfy its annual obligations to the NMI Settlement Fund, hereby approve the CNMI Government's proposal for a $29 Million Dollar Loan for the NMI Settlement Obligation for Fiscal Year 2026 with terms and conditions for such a Loan Agreement set forth herein.

BE IT FURTHER RESOLVED, however, that the Loan Agreement shall require the CNMI Government to meet the additional and specific obligations and commitments by MPLT as set forth herein:

A. Amendment or subsequent legislation as to Public Law 24-13 which provides authorization by public law of the margin account transaction/ investment secured by the fund corpus.
B. Such legislation and/or Executive Order shall direct the immediate remittance of all reserve funds held by the CNMI Department of Public Lands (excluding security deposits) reported in the amount of $7,000,000 for investment by MPLT pursuant to the CNMI Constitution.
C. At all times the Loan Agreement obligation remains in effect the Department of Public Lands shall be prohibited, as a matter of law and pursuant to the CNMI Planning and Budgeting Act, from withholding any funds for reserves at any time so that all net income due for remittance shall be remitted within 60 calendar days after the end of each fiscal year. This is a "no further reserves" provision for the Department of Public Lands to ensure that MPLT receives funds to invest and earn income to retire the $29 Million Dollar obligation as soon as possible.
D. Legislation or Reprogramming by the CNMI Government so that Minimum Annual remittances from the CNMI Department of Public Lands shall be at least $1 Million Dollars per year from that department's annual budget or

any amounts in excess thereof. The reduction of operations expenses for the Department of Public Lands and minimum annual remittances in this amount or greater will enable MPLT to have a reduction of the loan payments through the increased withheld interest income distribution.

BE IT FURTHER RESOLVED, that MPLT provides as justification the following information and investment standards to inform the CNMI Government and the beneficiaries as to why it is in the best interest of the beneficiaries to proceed with a margin account provision rather than liquidation (drawdown) of $29 Million Dollars:

A. With a margin account authorization, MPLT will be able to finance the $29 Million Dollar Loan Agreement with a loan securing the General Fund corpus without compromising the total earning opportunities of the invested funds.
B. The source of security for the margin account will be the bond asset class in the "Hold to Maturity" provision in MPLT's investment group. Given the current market conditions the Margin Account Loan Agreement is low risk given the repayment by withholding of interest income through the margin account:
C. "Hold to Maturity" funds are bond accounts. When interest rates are being cut as is happening now, the bond performance profile improves.
D. Bond investments are secure and stable fund repayment sources.
E. If MPLT were to proceed with liquidation of $29 Million Dollars from the fund corpus without margin account, there will be a more detrimental effect. With rate cuts now and the drawdown of funds, MPLT will suffer losses due to the liquidation (sell-off) before rate cuts.
F. See analysis by Fiscal Officer/ Administrator attached herein.
G. If MPLT were to sell the bonds by liquidating we would lose approximately $1,600,000 per year in interest income over 12-15 years. Compounded over that period, that would result in a loss of approximately $23,000,000 of income the General Fund would incur by proceeding without a margin account approach.

BE IT FURTHER RESOLVED, that in light of the foregoing specific terms of this Loan Agreement the Trustees approve the following Loan Agreement terms and conditions:

A. LOAN AGREEMENT TERMS AND CONDITIONS

1. TERM OF AGREEMENT. This Loan Agreement ("Agreement") shall be effective as of the date of the execution of this Agreement September 29, 2025

and shall continue in full force and effect until such time as all of CNMI's obligations to MPLT have been paid in full – including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

2. GENERAL DESCRIPTION OF AGREEMENT REPAYMENT OBLIGATION. MPLT agrees to loan to CNMI a principal amount of up to $29,000,000.00 (Twenty-Nine Million Dollars). CNMI agrees to pay MPLT interest on amounts of principal drawn by CNMI upon this Agreement in addition to repayment of the principal drawn.

3. SPECIFIC TERMS. The following are specific terms and conditions of this Agreement:

A. MPLT hereby authorizes a loan to CNMI in the amount of up to $29,000,000.00 (Twenty-Nine Million Dollars).

B. Interest on each sum disbursed shall accrue as follows: at the rate of 7.5 percent (7.5%) per annum, starting from the date such funds are disbursed.

C. The CNMI shall submit disbursement requests quarterly, in amounts up to the equivalent of one-fourth of $29,000,000.00 (Twenty-Nine Million Dollars). As needed by the CNMI, MPLT shall disburse at least $7,000,000.00 per quarter to the NMI Settlement Fund Administrator for payment on behalf of the CNMI obligation under the Settlement Agreement for FY 2026.

D. All quarterly disbursement requests shall be reviewed and the corresponding funds shall be released by MPLT on a date which shall be no later than 30 calendar days following receipt of written request from CNMI for such disbursement.

E. Pursuant to Public Law 24-13, CNMI shall use the funds received through this Agreement for the minimum annual payment to the NMI Settlement Fund for Fiscal Year 2026. At no time may CNMI use the Agreement funds for any other project, obligation, debt or payment whatsoever.

F. MPLT shall withhold the entire annual distributable net income to the CNMI General Fund each fiscal year, starting Fiscal Year 2026, pursuant

to Article XI, Section 6 and as authorized by Public Law 24-13, until the total sum of funds disbursed under this Agreement, inclusive of interest, is fully satisfied.

G. CNMI shall execute a Promissory Note signed by the authorized representatives for the CNMI Government through Governor David M. Apatang and Tracy B. Norita, Secretary of Finance, assuming liability to MPLT for the amount of the $29,000,000.00 Loan.

H. Reporting by CNMI: The Secretary of Finance and the Office of the Governor shall issue a quarterly report summary to the CNMI Legislature entitled "MPLT Loan for $29 Million Dollars to NMI Settlement Fund for FY 2026 Report" ("Report"). The Report would inform the Legislature of the payment of the MPLT loan funds to the NMI Settlement Fund. Each Report shall be submitted to all members of the Legislature, the Office of the Public Auditor, the Office of the Attorney General, and MPLT.

J. As set forth in Public Law 24-13, CNMI through the Office of the Governor and Office of the Attorney General shall defend, hold harmless and indemnify the MPLT Trustees, individually and collectively, along with MPLT staff, counsel and consultants for any suits, causes of action, litigation, and claims as well as any loss, liability, and expense whatsoever of any kind or nature including but not limited to attorney's fees which may arise from or that are in any way related to this Agreement as to MPLT's actions in approving and granting this Loan Agreement. To be clear, the obligation to defend, hold harmless and indemnify MPLT and its Trustees is for any suits for declaratory judgment or taxpayer suits claiming that Public Law 24-__13__ is unconstitutional or legally defective or that this Agreement violates any provision of the CNMI Constitution or CNMI law. The obligation to defend, indemnify and hold harmless does not include any suits against MPLT or its Trustees for breach of their fiduciary duty for prudent investments as set forth in Article XI, Section 6 of the CNMI Constitution, which MPLT shall defend and be responsible for at all times. CNMI shall pay for the cost of representation of such defense it is obliged and/or has agreed to provide under this Agreement and Public Law 24-13. In the event that MPLT is compelled to or must engage its own counsel or representation for failure by CNMI through the Office of the Governor or Office of the Attorney General to undertake such defense, CNMI through the Department of Finance shall reimburse MPLT for such costs and expenses. In the event CNMI fails to reimburse MPLT for such costs and

expenses, MPLT may withhold further disbursements or advances until its expenses and costs are fully reimbursed.

K. CNMI shall furnish to MPLT with reasonable promptness such data and information, financial and otherwise, concerning the CNMI, including DPL, as from time to time may reasonably be requested by MPLT for purposes of administering compliance with this Agreement.

B. PROMISSORY NOTE

Further, the CNMI Government through Governor David M. Apatang and Secretary of Finance Tracy B. Norita shall sign a Promissory Note for the sum of $29,000,000.00 to pay this sum as an obligation pursuant to the Loan Agreement, to MPLT. The conditions and terms set forth in the proposed Promissory Note, including the following specified terms and conditions:

1. All payments of principal and interest on this Note shall be payable to MPLT as set forth in the Loan Agreement.

2. In the event of a default by CNMI of the Agreement, the entire unpaid balance of principal of, and all accrued unpaid interest owing on, this Note shall, at the option of MPLT, if not cured within THIRTY (30) CALENDAR DAYS, become forthwith due and payable without notice.

3. No delay or omission by MPLT in exercising or enforcing any of its powers, rights, privileges, remedies or discretions hereunder shall operate as a waiver thereof on that or any other occasion, and no single or partial exercise of any right hereunder shall preclude other or future exercise thereof. No waiver of any right or remedy hereunder on any occasion shall be construed as a bar or waiver of any such right or remedy on any future occasion, nor as a continuing waiver. CNMI agrees that no variance, extension or renewal of this Note shall affect the absolute and unconditional liability of the CNMI hereunder.

4. CNMI hereby waives presentment, demand, notice of protest, suretyship defenses, and all other demands and notices in connection with the delivery, acceptance, performance, default and/or enforcement of this Note or of any rights hereunder.

5. In the event of a default or any action undertaken by MPLT to collect and/or enforce this Note, CNMI will pay to MPLT on demand all reasonable costs and

expenses, including attorneys' fees, relating to the collection and/or enforcement of this Note or of any rights hereunder.

6. This Note shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of the Northern Mariana Islands. If any provision of this Note is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Note shall remain in full force and effect.

7. The provisions of the Loan Agreement executed herewith are made an integral part of the Note.

8. All written information other than projected financial information heretofore furnished by CNMI to MPLT for purposes of, or in connection with, this Note, or any transaction contemplated hereby is, and all such written information hereafter furnished by it to MPLT is, and at all times shall be true, complete and accurate in every material respect, on the date such written information is stated or certified. No such item contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. All information consisting of projected financial information has been or will be prepared in good faith based on assumptions that CNMI believed to be reasonable at the time such information was prepared.

1.12 No bond is required.

BE IT FURTHER RESOLVED, the Trustees' authorization of this investment is subject to the following terms and conditions:

1) The CNMI Government shall execute the proposed Loan Agreement on terms and conditions required by MPLT, signed by the authorized representative of the CNMI Government;

2) The CNMI Government shall execute the proposed Promissory Note through its authorized representatives;

3) In accordance with the terms of the proposed Loan Agreement, the CNMI Government shall execute such further documents as MPLT may reasonably

request as additional assurances to evidence and secure the Loan Agreement.

BE IT FURTHER RESOLVED, that the Trustees do hereby authorize the following investment: 1) MPLT agrees to make available to the CNMI Government a Loan Agreement with a principal amount of $29,000,000.00 (Twenty-Nine Million Dollars) for the purpose of paying to the NMI Settlement Fund the CNMI's obligation for FY 2026 under the Settlement Agreement. CNMI agrees to pay MPLT interest on amounts of principal drawn by CNMI upon this Loan Agreement in addition to repayment of the principal drawn.

BE IT FURTHER RESOLVED, as to the priority for collection upon any debts drawn by the CNMI Government upon this Loan Agreement, the Trustees agree and concede to subordinate MPLT's priority to any obligations of the CNMI Government to the NMI Settlement Fund or to pre-existing bond obligations.

THEREFORE, IT IS RESOLVED that the Trustees of the Marianas Public Land Trust approve this investment Resolution 25-001 on such terms and conditions as set forth herein.

SO ADOPTED this 29th of September 2025 by majority vote of the MPLT Trustees on Saipan, CNMI.

/S/
PHILLIP MENDIOLA-LONG
MPLT Chairman

/RECUSED/
RITA A. SABLAN
MPLT Vice Chairperson

ALVARO A. SANTOS
MPLT Treasurer

CARLA N. CAMACHO
Trustee

PEDRO DELA CRUZ
Trustee

Schedule of Attachments:

- Attachment 1 – Loan Agreement
- Attachment 2 – Public Law 24-13
- Attachment 3 – MPLT Fiscal Analysis

Gov. Msg. No. 24-122

David M. Apatang
Governor

Dennis James "DJ" C. Mendiola
Lieutenant Governor

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

September 23, 2025

GOV 2025-268

OFFICE OF THE SENATE
RECEIVED
DATE: 09/23/25
TIME: 3:06 pm
PRESIDENT

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

The Honorable Karl R. King-Nabors
President
The Senate; Twenty-Fourth 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 No. 24-50, HS1** entitled, "To authorize a loan between the Commonwealth Government and the Marianas Public Land Trust in the amount of $29,000,000 and authorize the Marianas Public Land Trust to withhold and retain net annual distributable income starting Fiscal Year 2026 for repayment and security of the loan.", which was passed by the House of Representatives and the Senate of the Twenty-Fourth Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 24-13.** Copies bearing my signature are forwarded for your reference.

Sincerely,

DAVID M. APATANG
Governor

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

OFFICE OF THE SENATE CLERK
Signed By:
Date: 9/23 Time: 3:15 PM

Juan A. Sablan Memorial Building • 12296 Pagan Loop. • Capitol Hill, Saipan
Caller Box 10007 • Saipan, MP 96950 • (670) 237-2200 • governor.cnmi.gov

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

THIRD DAY, SECOND REGULAR SESSION

SEPTEMBER 9, 2025

H. B. NO. 24-50, HS1

AN ACT

TO AUTHORIZE A LOAN BETWEEN THE COMMONWEALTH GOVERNMENT AND THE MARIANAS PUBLIC LAND TRUST IN THE AMOUNT OF $29,000,000 AND AUTHORIZE THE MARIANAS PUBLIC LAND TRUST TO WITHHOLD AND RETAIN NET ANNUAL DISTRIBUTABLE INCOME STARTING FISCAL YEAR 2026 FOR REPAYMENT AND SECURITY OF THE LOAN.

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

SECTION 1. FINDINGS AND PURPOSE.

The Legislature finds that a loan from the Marianas Public Land Trust ("MPLT") is required to meet the Minimum Annual Payment to the Settlement Fund in light of the strain on the Commonwealth's fiscal resources imposed by the exhaustion of federal assistance and ongoing slow recovery of tourism in the wake of the COVID-19 pandemic.

The Final Amended Agreement and Stipulation of Settlement in Johnson v. Inos et al., 1:09-cv-00023 (D. N. Mar. I. Aug. 6, 2013), ECF No. 468-1 at 11,

Fiscal Year 2026, and for each fiscal year thereafter until such time as the loan described in the foregoing section of this chapter is fully satisfied and retired, shall be appropriated to service debt on the said loan.

§ 103. The Secretary of Finance shall issue a quarterly summary "MPLT Loan Report" which shall be a financial statement detailing the loan balance, the interest accrued, list of expenses, drawdown breakdown, and any reductions due to Marianas Public Land Trust withholding the interest distribution. This MPLT Loan Report shall be submitted to the Governor, Lt. Governor, the presiding officers of both houses of the Legislature, and the trustees of the Marianas Public Land Trust. The Secretary of Finance shall further provide a drawdown payment list to each of the above-enumerated entities prior to expending the funds.

§ 104. Authorization to Defend, Hold Harmless, and Indemnify MPLT. The Legislature hereby authorizes, as a condition precedent to the loan agreement being authorized herein, the Commonwealth Government, through the Executive Branch including the Secretary of Finance and Office of the Attorney General, to defend, hold harmless, and indemnify the Trustees of the Marianas Public Land Trust, individually and collectively, along with MPLT's staff, counsel and consultants for any suits, causes of action, litigation, and claims as well as any loss, liability, and expense whatsoever of any kind or nature including but not limited to attorney's fees which may arise or that are in any way related to the loan agreement which is the subject of this Act or the events arising therefrom as to MPLT's actions in extending this loan. The Commonwealth shall pay for the cost of representation being authorized herein through the Department of Finance without cost to MPLT or provide representation by the CNM Office of the Attorney

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
24th Northern Marianas Commonwealth Legislature

Approved this 23rd day of September, 2025

_____
DAVID M. APATANG
Governor
Commonwealth of the Northern Mariana Islands

$29 MILLION INVESTMENT

Marianas Public Land Trust

CURRENT INCOME VS. $29M LIQUIDATION FROM FIXED INCOME

CURRENT ALLOCATION

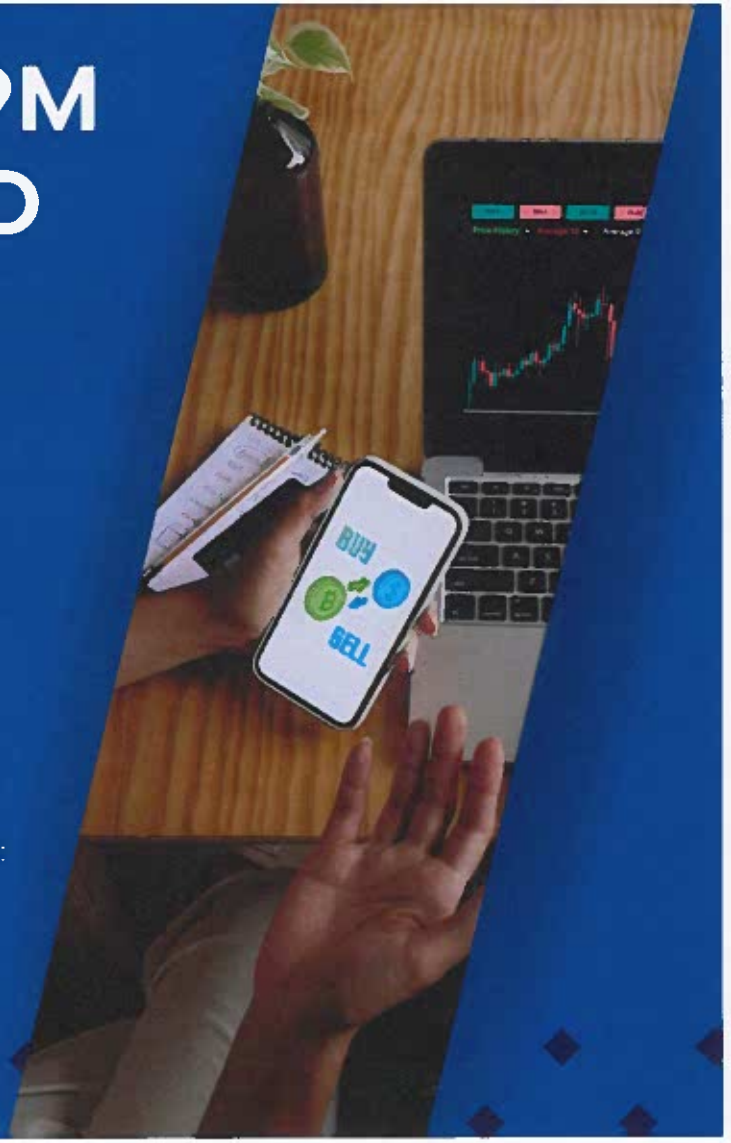
Expected Current Yield:
5.14%

Expected Current Yield Return:
$6,242,815

$29M FROM FIXED INCOME

Expected Current Yield:
3.84%

Expected Current Yield Return:
$4,667,800



PORTFOLIO LIQUIDATION

Annual Yield Variance:

-1.30%

Minimum Reduction in Annual Expected Current Yield:

($1,575,015)

Compounded Loss Over 12 Years:

Approximately $23 million

PORTFOLIO LIQUIDATION

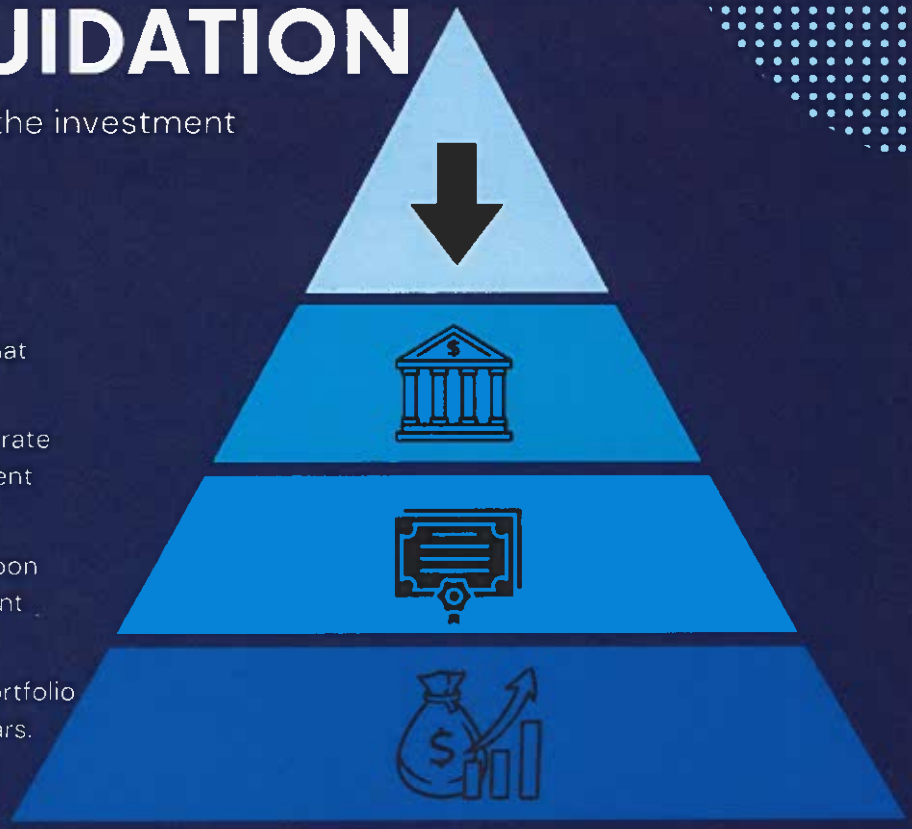
Effects of selling $29 million bonds to fund the investment proposal

01 Reduction in bond interest revenue of $1.5 million annually (Distributable Income) - Selling assets that produce a significant income.

02 Federal Reserve is projected to continue interest rate cuts this year. Selling high yield bonds in the current environment results in realized losses.

03 After liquidation, bonds may be closer to 3% coupon rates. This is significantly lower than MPLT's current bond portfolio.

04 With the liquidation of $29 million, building the portfolio to its current level could take an estimated 15 years.



$29M Liquidation Analysis

- The reduction in portfolio income of $1,575,015 annually, results in less annual distributable income to pay off the proposed loan.
- A 7 year timeline is not feasible, as the portfolio income is not sufficient to cover the interest and principal due annually.
- With a liquidation, the anticipated loan payoff timeline is 10-12 years, depending on market conditions.

	7 Year Term	10 Year Term	12 Year Term
Assets Under Management (AUM) - Revenue	$4,667,800	$4,667,800	$4,667,800
CNMI $29M Loan Interest	$2,063,984	$2,106,348	$2,122,447
Income Before Expenses	$6,731,784	$6,774,148	$6,790,247
Less: Operating Expenses	($1,545,544)	($1,545,544)	($1,545,544)
Less: Withholding of Interest (12 Months)	($2,063,984)	($2,106,348)	($2,122,447)
Less: Prinicpal Payment	($3,273,736)	($2,024,473)	($1,549,741)
Annual Distributable Income	($151,480)	$1,097,783	$1,572,515

MARGIN

Security

MPLT will pledge one account as security for a margin transaction, the General Fund Held to Maturity Account.

Risk

The risk is lower than a traditional margin transaction, as MPLT's leverage is bond paper that is held to maturity and not traded.

HELD TO MATURITY ACCOUNT

Current Valuation

Valuation as of August 31, 2025

$34,929,213

Account

The General Fund, Held to Maturity account contains corporate bonds, agency bonds and government bonds that MPLT intends to hold until maturity.

Coupon Rates

Coupon rates for the Held to Maturity account range from 3% to 6.5%, with the average at 4.85%.

HTM (BOND) VALUATION ANALYSIS

GF - HTM Account	Valuation as of Aug 31, 2025	Decrease in Valuation			
		-5%	-10%	-15%	-20%
Market Value	$34,929,213	$33,182,753	$29,689,831	$27,943,371	$26,196,910

The highest bond portfolio decline in the last 10 years, was 10%-12% in 2022. This was due to rising inflation and aggressive interest rate hikes.

MARGIN

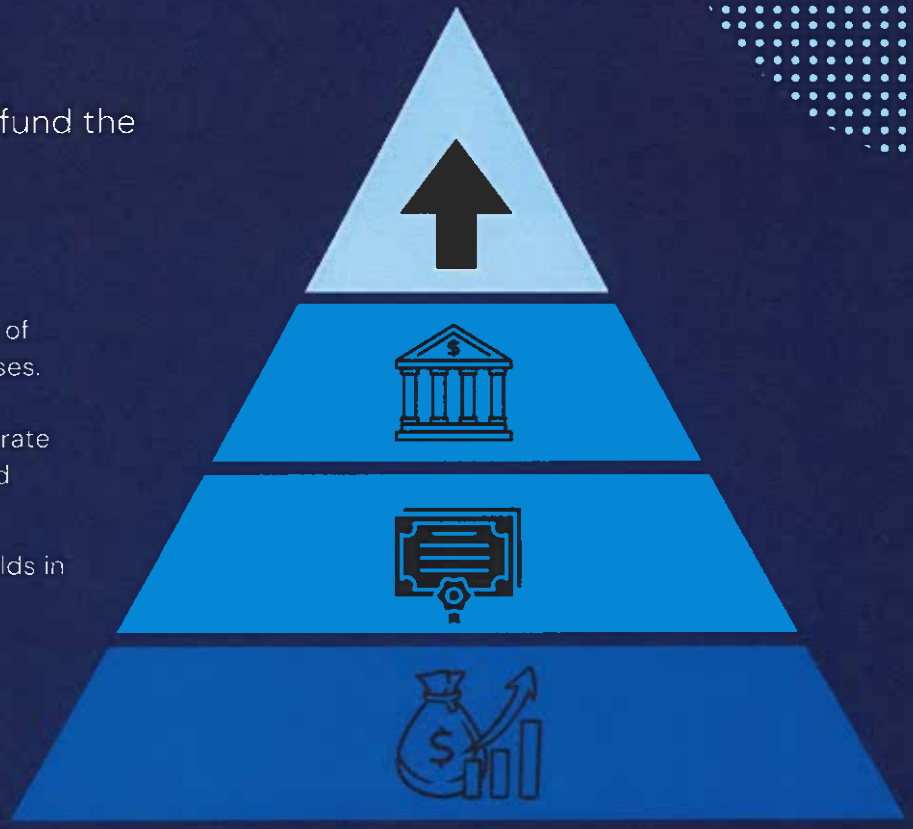
Effects of $29 million margin transaction to fund the investment proposal

01 Portfolio will continue to produce the same levels of annual distributable income with potential increases.

02 Federal Reserve is projected to continue interest rate cuts this year. As interest rates go down, the bond valuations increase.

03 Maintaining the bond portfolio to provide high yields in a low interest rate environment.

04 Portfolio can continue to grow.



Margin Analysis

- With a 7 year term, it is estimated that after annual interest and principal payments, annual distributable income of $1.4 million will be remaining.
- The remaining $1.4 million in annual distributable income can be used to accelerate the loan payoff.
- With a margin transaction, the anticipated loan payoff timeline is 7-8 years, depending on market conditions.

	7 Year Term	10 Year Term	12 Year Term
Assets Under Management (AUM) - Revenue	$6,242,815	$6,242,815	$6,242,815
CNMI $29M Loan Interest	$2,063,984	$2,106,348	$2,122,447
Income Before Expenses	$8,306,799	$8,349,163	$8,365,262
Less: Operating Expenses	($1,545,544)	($1,545,544)	($1,545,544)
Less: Withholding of Interest (12 Months)	($2,063,984)	($2,106,348)	($2,122,447)
Less: Prinicpal Payment	($3,273,736)	($2,024,473)	($1,549,741)
Annual Distributable Income	$1,423,535	$2,672,798	$3,147,530

marianas public land trust
mplt
commonwealth of the northern

OVERVIEW

Porfolio Liquidation vs. Margin

Portfolio Liquidation

Portfolio Income
Reduction of **$1.5 million** per year, from $6.2 million to $4.6 million - compounded over 12 years is approximately **$23 million.**

Loan Term
Estimated 10-12 years

Portfolio Losses
Realized losses from the sale of high yielding bonds in a low interest rate environment.

Growth
With liquidation, it will take an estimated 15 years for the portfolio to get to current levels.

Margin

Portfolio Income
Projected to remain the same with current estimated annual income at $6.2 million, with potential to increase.

Loan Term
Estimated 7-8 years

Portfolio Valuation
Bonds will continue to increase in value as interest rates decrease.

Growth
Portfolio will continue to grow.