



COMMONWEALTH DEVELOPMENT AUTHORITY

P.O. BOX 502149, SAIPAN, MP 96950

Tel.: (670) 234-6245/6293/7145/7146 • Fax: (670) 234-7144 or 235-7147

Email: administration@cda.gov.mp • Website: www.cda.gov.mp



September 24, 2007

United States Environmental Protection Agency
C/O: Environmental Management Support, Inc.
8601 Georgia Avenue, Suite 500
Silver Spring, MD 20910

Dear Members of the Brownfields Grants Committee:

Re: CDA and CNMI Coalition 2007 Brownfields Revolving Loan Fund Proposal ("RLF")

The Coalition proposal of the Commonwealth Development Authority ("CDA") and the Commonwealth of the Northern Mariana Islands ("CNMI") for a RLF Grant totaling \$2,000,000.00 is attached. This community-wide proposal advances Brownfield cleanup and redevelopment work in the CNMI, providing for the first time ever the required financial infrastructure and capability for new Brownfields projects to be implemented and addressed.

The Coalition's mission is simply to spur critically needed economic development by restoration and/or redevelopment of impacted communities throughout the CNMI, which was aptly articulated by USEPA Region IX Pacific Islands Office's John McCarroll at the December 5, 2006 Brownfields press conference in Saipan when he said, "A healthy environment is a healthy economy." This proposal seeks to tap additional resources to build upon the existing assessment grant that the CNMI, through the Department of Public Lands, has been granted, and for which vital partnerships with stakeholders interested in redeveloping idled and impacted sites would be forged.

This proposal targets impacted CNMI communities in Rota, Tinian, and Saipan, the Capital of the CNMI, which have many sites inundated with contaminants from UXO's to petroleum largely attributed to WWII when the United States used the Northern Mariana Islands as a strategic battlefield that incidentally ended the war. The CNMI is home to almost 70,000 people where unemployment is approximately four times higher than the rest of the U.S. The per capita income is less than half the United States' and almost half of the

employable individuals are below the poverty line. As the CNMI continues to face a distressed economy with the eventual demise and total pullout of the apparel textile manufacturing industry, which once provided a quarter of revenues to the CNMI Government, fueled by the shift in US trade policy, the CNMI is faced with competing priorities to provide essential public services in the face of continuing decline in its resources. These include longstanding problems of establishing sound infrastructure such as drinkable water and efficient power on a 24 hour basis. All of these were largely impacted by the sudden economic development beginning in the 1980's.

It is during challenging times where opportunities for renewal and needed shifts in policies from the lessons of the past can be realized and put to action. This proposal is a small but essential step in that direction of transforming challenges to opportunities and we endeavor to do so by forging the needed partnerships initially amongst the coalition, but more importantly, between community based non-profit organizations and private commercial entities and private community based non-profit organizations and private commercial entities and private individuals that have the desire of redeveloping impacted communities for commercial developments and greenspace park areas for the enjoyment of families and visitors.

Clearly, Brownfields loans and grants will help small and distressed communities like the CNMI to address the human, health, environmental, and economic threats that are impediments to redevelopment, especially in a fragile economy and ecosystem as the CNMI's. The Brownfields RLF program will undoubtedly provide the seed capital to facilitate significant transformations in the lives of many residents, guest workers, and tourists who call the CNMI home and/or destination.

Sincerely,



Carline B. Sablan
Acting Chief Executive Officer

Cc: CNMI Coalition Members
Oscar C. Camacho
Members of the CDA Board of Directors

Applicant Information	
1. Applicant Identification	Commonwealth Development Authority P.O. Box 502149, Saipan, MP 96950
2. Funding Requested	a. Grant type: Brownfields RLF Grant b. Amount: \$2,000,000 c. Contamination: both Hazardous Substances & Petroleum
3. Location	Commonwealth of the Northern Mariana Islands (CNMI)
CNMI Governor	Honorable Benigno R. Fitial Juan S. Atalig Memorial Building Isa Drive, Capitol Hill Caller Box 10007, Saipan, MP 96950 Phone: (670) 664-2200 Fax: (670) 664-2211
Saipan Mayor	Honorable Juan B. Tudela P.O. Box 501457, Saipan, MP 96950 Phone: (670) 234-6208 Fax: (670) 234-1190
4. Contacts	
Project Contact	Mr. Greg Calvo, Project Manager Commonwealth Development Authority P.O. Box 502149, Saipan, MP 96950 Phone: (670) 234-6245 Fax: (670) 234-7144 E-mail: administration@cda.gov.mp
Secretary	Mr. Oscar C. Camacho, Acting Chief Executive Officer Commonwealth Development Authority P.O. Box 502149, Saipan, MP 96950 Phone: (670) 234-6245 Fax: (670) 234-7144 E-mail: administration@cda.gov.mp
5. Date Submitted	October 11, 2007 - submitted via USPS "Priority Mail"
6. Project Period	Five Years for RLF Grant
7. Population	a. 69,221 (2000 Census) b. Target Population 69,221: CNMI wide
8. Other	None
9. Cooperative Partners	Department of Environmental Quality (DEQ) Frank Rabauliman, DEQ Director P.O. Box 501304 C.K. , Saipan, MP 96950 Phone: (670) 664-8500 Fax: (670) 664-8540 Mr. Franz Reksid, Project Manager Department of Public Lands Authority P.O. Box 500380, Saipan, MP 96950 Phone: (670) 234-3751 Fax: (670) 234-3755 E-mail: franz@dpl.gov.mp

CNMI Coalition FY 2008 Brownfields Revolving Loan Fund Grant Proposal

THRESHOLD CRITERIA

A. Applicants Eligibility

The Commonwealth Development Authority ("CDA"), as the primary applicant, with the Department of Public Lands ("DPL") and the Division of Environmental Quality ("DEQ") as coalition members, hereby submits this CNMI Brownfields RLF Coalition ("Coalition") proposal. CDA meets the EPA definition of "Government Entity Created by State Legislature." Statutorily established in 1985, CDA is an independent, autonomous agency of the Government of the Commonwealth of the Northern Mariana Islands ("CNMI"). CNMI Public Law 4-49 established CDA to serve those functions provided for in the CNMI Constitution, Article XII, § (C). CERCLA 101 (20) specially names the CNMI in the list of territories considered States for the purposes of this Act.

B. Description of Jurisdiction

The RLF grant will be made openly available to the entire CNMI to serve commercial entities and private individuals. CDA is the autonomous agency statutorily mandated with the powers to borrow and/or receive funds or money from the United States Government or from any other private or public source within the CNMI or the U.S and for which such funds, as with RLF, are to be utilized for economic development throughout the CNMI. DEQ is the state environmental authority charged with ensuring that the fragile environment of the CNMI is preserved and protected, not the least of which is developing and monitoring Brownfields assessment and cleanup within USEPA and local environmental requirements (see Exh. "A"). Similarly, DPL is constitutionally and statutorily empowered with explicit authority to manage public lands for and on behalf of the Northern Marianas descent owners, in addition to providing public lands for essential public facilities and infrastructure throughout the CNMI (see Exh. "B"). Clearly, the Coalition collectively exercises both community-wide and jurisdiction-wide authority over the respective areas of concern.

C. Letter from Government Environmental Authority

Exhibit "C" is a letter from the CNMI Division of Environmental Quality ("DEQ"), acknowledging CDA and the coalition's intent to file the Brownsfields RLF Grant with the U.S. EPA.

D. Cleanup Authority and Oversight Structure

1. To ensure appropriate and sustainable cleanups of Brownfields, CDA will require successful loan or subgrant recipients to enroll in the DEQ VCP upon program approval and implementation. DEQ is the "State Environmental Authority" for the CNMI. One of the agency's mandated responsibilities is to provide oversight and enforcement to ensure that cleanups of contaminated sites in the CNMI are conducted in accordance with the appropriate federal and local rules and regulations, including the requirements for cleanup under the Brownfields Program. The DEQ has the regulatory authority and framework to require cleanups of contaminated sites by the responsible party. It [DEQ] is currently working closely with EPA Region 9 on the development of its State Response Program under CERCLA Section 128(a), which would include a Volunteer Cleanup Program ("VCP"). To this end, CDA will execute an MOA with DEQ, which will provide oversight and technical support for cleanups under the RLF grant program, including reviewing, commenting, and approving cleanup workplans, sampling and analysis plan, etc., before the plans are executed. The DEQ will also provide confirmation of cleanup project completion to CDA before the site can be put to reuse.

2. The legal opinion from CDA counsel indicating legal authority to access and secure sites in the event of an emergency or default of a loan agreement or non-performance under a sub-grant is attached as Exhibit "D".

E. Cost Share

CDA is applying for a waiver of the 20 percent cost share in light of the sustained economic hardship that the agency and the CNMI Government is currently experiencing. Thus, the full amount of \$2 million is

necessary at this time to meaningfully impact affected Brownfield sites initially in a timely manner and within the allowed costs. In the event that the waiver is arbitrarily not granted, CDA would allocate the threshold \$400,000 from its resources as its cost share, although dedicating such amount would admittedly place further undue hardship on its declining resources, forcibly compelling it to perform further fiscal cuts. Please refer to *Hardship Waiver Request* attached as Exhibit "E".

F. Legal Authority to Manage a Revolving Loan Fund

Exhibit "D" attests to CDA as an autonomous agency with legal authority to manage a revolving loan fund.

Ranking Criteria for RLF Grants

A. RLF Grant Proposal Budget

The Coalition will issue loans for both hazardous substances and petroleum contaminated sites in the CNMI. The Coalition is requesting a total of \$2,000,000 with half for cleanup at sites that are contaminated with petroleum and half for site contaminated with hazardous substances. The Coalition is requesting a hardship waiver of the cost share due to the economic crisis in the CNMI. However, in the event that the waiver request is not approved, this budget reflects the cost of the full proposal including the twenty percent cost share or \$2,400,000.

Proposed Budget – Hazardous Substances Projects

Budget Categories	Project Tasks for Loans – HAZARDOUS SUBSTANCES				
	Task 1 Managing the RLF	Task 2 Establishing and Marketing the RLF	Task 3 Community Involvement	Task 4 Overseeing Site Cleanup	Total
(Programmatic costs only)					
Personnel	30,000	60,000	15,000	25,000	130,000
Travel	7,500	3,500	1,500	5,000	17,500
Supplies	500	4,000	1,500		6,000
Contractual	-	4,000	6,000	65,000	75,000
Loans	-	-	-	600,000	600,000
Subtotal:	38,000	71,500	24,000	705,000	828,500
Cost Share	30,000	60,000	15,000	50,000	155,000

Budget Categories	Project Tasks for Subgrant – HAZARDOUS SUBSTANCES				
	Task 1 Managing the RLF	Task 2 Establishing and Marketing the RLF	Task 3 Community Involvement	Task 4 Overseeing Site Cleanup	Total
(Programmatic costs only)					
Personnel	15,000	10,000	5,000	5,000	35,000
Travel	2,500	1,500	1,000	2,500	7,500
Supplies	500	1,000	1,000		2,500
Contractual	-	2,500	4,000	20,000	26,500
Subgrants	-	-	-	300,000	300,000
Subtotal:	18,000	15,000	11,000	327,500	371,500
Cost Share	15,000	10,000	5,000	15,000	45,000

Proposed Budget – Petroleum Projects

Budget Categories	Project Tasks for Loans – PETROLEUM				
	Task 1 Managing the RLF	Task 2 Establishing and Marketing the RLF	Task 3 Community Involvement	Task 4 Overseeing Site Cleanup	Total
(Programmatic costs only)					
Personnel	30,000	60,000	15,000	25,000	130,000
Travel	7,500	3,500	1,500	5,000	17,500
Supplies	500	4,000	1,500		6,000
Contractual	-	4,000	6,000	65,000	75,000
Loans	-	-	-	600,000	600,000
Subtotal:	38,000	71,500	24,000	705,000	828,500
Cost Share	30,000	60,000	15,000	50,000	155,000

Budget Categories	Project Tasks for Subgrant – PETROLEUM				
	Task 1 Managing the RLF	Task 2 Establishing and Marketing the RLF	Task 3 Community Involvement	Task 4 Overseeing Site Cleanup	Total
(Programmatic costs only)					
Personnel	15,000	10,000	5,000	5,000	35,000
Travel	2,500	1,500	1,000	2,500	7,500
Supplies	500	1,000	1,000		2,500
Contractual	-	2,500	4,000	20,000	26,500
Subgrants	-	-	-	300,000	300,000
Subtotal:	18,000	15,000	11,000	327,500	371,500
Cost Share	15,000	10,000	5,000	15,000	45,000

Task 1: Managing the RLF – CDA will manage the fund with the assistance of the Finance Officers of the Coalition. CDA will provide input and oversight functions on the programmatic and loan servicing activities associated with administering the fund, and will work with the Coalition to attract and evaluate applications, process loan paperwork, distribute and collect payments, and complete all required financial reporting activities. These cost also include travel expenses for training and conferences (e.g. National Brownfields Conference, Western Regions’ Brownfields Conference and other EPA approved training and/or conferences related to the RLF). Keep in mind, travel expenses are higher than other regions due to the geographical location and distance from the US Mainland (The average cost for a one person, one week trip to the US Mainland is \$5,000 just for travel expenses).

Task 2: Establishing and Marketing the RLF – CDA will establish a formal marketing program to promote the CNMI’s RLF program. Significant effort and resources will be used during the first two years. At least 50% of a dedicated FTE will be used to establish and market the program during this time. CDA will issue press releases to the local media to inform property owners and developers of this program and solicit their input after funding is announced. Due to the diverse population, marketing materials will be made available in multiple languages through use of in-house staff and contractors

Task 3: Community Involvement – A portion of the funds will be used to educate and inform the community and to gain involvement and input in the project. CDA will use this funding for research, technical assistance and training necessary to inform the community of the progress of the cleanups and their impact on the redevelopment plans of these sites. CDA will use public meetings and the CDA website to provide updates on the project and posting of all reports pertaining to the project.

Because our community is very ethnically diverse, we will use this funding to reach these community members in their respective languages. The US Census for the CNMI identified 89.2% of the population

speaks another language other than English with 46.9% speaking a language more frequently than English (2000 US Census). The CNMI has three (3) official languages; English, Chamorro, and Carolinian. CDA will make sure our community outreach includes informative brochures and materials translated into these languages.

Task 4: Overseeing Site Cleanup – The majority of the federal funds (90%) requested in this proposal will be dedicated to this task to capitalize the CNMI's RLF program. Loans and subgrants will be issued to eligible applicants based on predetermined criteria following a thorough review and approval process. All loan and subgrant recipients will be required as a term and condition of the loan or subgrant to enroll into the DEQ Voluntary Remediation Program (VRP). Enrollment in the DEQ VRP will make certain that the clean up is protective of human health and the environment. DEQ, a coalition partner, has committed resources to oversee all phases of the clean up. These resources, not included in the budget above, are estimated at an annual value of \$50,000. In addition, the budget includes contract funds for CDA to hire a qualified environmental contractor to provide additional day-to-day oversight of clean up activities. The contractor will be hired through a competitive process compliant with Federal procurement regulations.

B. Community Need

1. The CNMI is a self-governing Commonwealth of the United States. The CNMI includes Saipan, Tinian, Rota, and several other islands. The CNMI's main and largest island is Saipan, located about 100 miles northeast of Guam, about 1,200 miles southeast of Tokyo, and 3,300 miles west of Honolulu. The smallest of the U.S. insular areas, the CNMI consists of 14 islands with a total land area of 183.5 square miles. The target community for this grant will be the population of the CNMI, which will benefit tremendously with this project.

Since becoming a Commonwealth of the United States in 1976, CNMI experienced a population boom in the 1980's and early 1990's due to its own control of labor and immigration. The tourism industry grew and a garment industry was started. With the new garment industry, the demand for guest labor increased drastically as the local workforce was insufficient to meet the new industry's demands. The 1980 population was 16,780 persons. In 1990, the CNMI Census reported the population grew to 43,345 persons. The 1995 mid-decade census results showed a total population of 59,913 persons. With this, non-United States citizens made up 54 percent of the population, with local residents who are United States citizens comprising the remaining 46 percent. The 2000 Census reported the population at 69,221, with non-United States citizens make up of 56.5 percent of the population and local residents comprising the remaining 43.5 percent. Because of this population growth rate, there is a tremendous need and demand for new housing programs.

A large percentage of low-income residents exist on the island of Saipan. According to the 2000 Census, the per capita income is \$9,151 and approximately 7 percent of the households receive public assistance or other supplemental assistance. The median household income was substantially below the median household income relative to Guam and the United States. The median household income was merely \$22,898, whereas in Guam it was \$39,317, in Hawaii it was \$51,546 and in the United States \$41,994. In comparison, the median household income in the CNMI ranges between 42 percent less than the Guam's rate and over 90 percent of the average U.S. rate. The housing is approximately 68 percent rental and over 31% of the housing was constructed in the 1980's.

Additionally, the poverty statistics of the CNMI relative to Guam and the rest of the insular areas are relatively high (2000 Census). For example, 46 percent of individuals residing in the CNMI were living below the poverty line. In comparison, 20 percent of Guam residents, 10.7 percent in Hawaii, and 9.2 percent of U.S residents are living below the poverty line.

Shown below is some statistics from the 2000 census data for CNMI, Guam, Hawaii and the United States. The data emphasizes the economic distress of the CNMI in comparison to the rest of the United States.

2000 Census Data	CNMI	GUAM	HAWAII	United States
Population	69,221	154,805	1,211,537	281,421,906
Median Household Income	\$22,898	\$39,317	\$51,546	\$41,994
Per capita income	\$9,151	\$12,722	\$21,525	\$21,587
Individuals below poverty line	46.0%	20.0%	10.7%	9.2 %
Unemployment rate*	15.9%	34.4%	3.9%	3.7%

Sources: Information above and figures used were obtained from the 2000 U.S. Census.

* Unemployment rate lower than Guam due to the influx of non-resident guest workers.

2. The target community would benefit tremendously by having the opportunity to access RLF funds to successfully cleanup and redevelop Brownfields impacted properties throughout the 3 main inhabited municipalities of the CNMI, which real estate otherwise would remain idle and undeveloped. CDA and DPL are working closely with DEQ to expand the inventory of Brownsfields sites throughout the CNMI. Currently, DEQ has over 50 sites on its inventory for Saipan alone, and recently expanded the inventory to include the islands of Tinian and Rota, nearly doubling the number of sites in the inventory. The loans and subgrants provided through this grant would directly benefit the community by creating and sustaining jobs in the environmental remediation field. Jobs would also be created through the new businesses starting up at the previously idled brownfields sites.

For example, DPL recently leased two properties that were assessed (Phase I only) under DPL's petroleum assessment grant. In both cases, the leasee agreed to follow through on the Phase I recommendations and clean-up the sites. In addition, both leasees are establishing businesses on the properties. In one case, the leasee is building a hardware store and recycling center on the property resulting in an initial investment of approximately \$200,000 and ten new jobs. In the second case, the leasee's initial investment in their construction business is approximately \$500,000 and twenty five new jobs. For our small community, these results are big success for our brownfields program. The RLF will provide an additional incentive through low cost cleanup loan for other businesses in the CNMI to invest in brownfields sites. The resultant revitalization of such properties throughout the CNMI would translate to residual multiplier effects of additional job creation, renewed consumer confidence, expanded revenue stream for the CNMI Government through taxes, and additional economic activity from new commercial developments that otherwise would remain insurmountable.

The goal of this proposal is to develop and adopt a strategic plan that promotes cultural and economic growth for the benefit of our present and future generations. The redevelopment plan will be consistent with the existing DPL Land Use Plan and the 5 year Capital Improvement Program master plan. The grant will provide the resources and experience to manage impacted Brownfields lands that will eventually be restored for reuse and redevelopment. The Coalition anticipates many benefits from utilizing RLF grants, including among others, the following:

- a. Environmental conditions at impacted properties will finally be addressed, thus protecting groundwater, a highly valuable and finite resource in the islands.
- b. Environmental conditions at impacted sites will be addressed earlier that will facilitate cleanup and redevelopment of properties, resulting in tangible economic benefits, including new jobs and increased tax base from new economic activities that otherwise would never be realized.

- c. As the program develops and matures, new investors will be more willing to reuse former industrial and commercial sites, reusing and improving existing infrastructure, thus saving resources and dually creating and preserving vital greenspace.
3. Without the RLF, many private and public land sites, contaminated with hazardous substances including UXOs, and petroleum contaminants will remain idle and not available for reuse. The inventory of Brownfields sites in the CNMI is growing, recently doubling with the addition of sites on the islands of Tinian and Rota. As the brownfields program in the CNMI grows, more sites will be identified and it is likely that the inventory of sites will again double in the next year or two through the discovery of additional sites. In addition, both DEQ and DPL are conducting a number of Phase I environmental site assessments on the sites on this inventory to begin to characterize the extent of contamination. Given the population of the CNMI, the impact of this number of brownfields sites has a tremendous negative impact on the community.

For example, at the peak of business, the garment industry in the CNMI operated 35 business representing approximately twenty (20) percent. With the expiration of Headnote 3(A) in 2006, the garment industry in the CNMI lost its duty free status and thus its competitive advantage over garment industries in Asia. As a direct result, the garment industries in the CNMI cannot compete with the prices of the Asian garment industry to make clothing for shipment to the US mainland and many, if not, all will be closed by the end of FY 2008. The loss of this industry is having a dramatic impact on the economy and tax revenue. During FY 2007, non essential government services were reduced by 20 percent across the board. In addition, secondary impacts, due to reduced workforce and income, have hurt many local merchants and a number of these businesses are also closing. This RLF will provide resources and an incentive to putting this properties back to productive use and helping our ailing economy.

C. Business Plan for RLF Program

1. **Business Concept:** With \$2,000,000 available to implement an RLF program, CDA and its Coalition partners plan to fund hazardous substance and petroleum-contaminated cleanup projects targeted at sites that will attract new business and create jobs for the target community. Secondarily, loans will be targeted at sites for residential or homestead development. Subgrants will be targeted for greenspace and not-for-profit uses. These projects will be determined based on a critical selection process that will look at environmental impact, public health and safety, economic development, community benefit, and neighborhood revitalization. Any public or private entity with control or access to a Brownfields site in the CNMI will be eligible for a loan or subgrant from the Coalition within the EPA eligibility requirements.

We plan disbursing the initial funds within the first 24 months of the five-year program and revolve these fund at least once during the five year period of the grant. The Coalition expects to issue \$1,200,000 in low or no-interest loans through the program, with a maximum loan amount of \$200,000 per site. Interest rates will vary between 0% and 2% depending on the length of the loan as follows: 0% interest rate for a 0-36 month loan term; 1% for a 37-60 month loan term; and 2% for loan terms greater than 61 months, up to a maximum of 10 years. The Coalition understands the significance of establishing a strong RLF program as a permanent source of financing for brownfield redevelopment projects in the community and will consider loan repayment terms as a factor in determining loan awards.

The Coalition also anticipates dedicating approximately 30% (\$600,000) of the RLF program funds to subgrant projects. Plans for subgrant applications and projects will be finalized based on the overall

number and quality of applications received, and will only be issued to non-profit organizations in compliance with CDA's and the U.S. EPA requirements.

The CDA has additional incentive programs that will complement the RLF program, including direct loans, micro-loans and guaranty loan programs for business development that can be packaged with the RLF for cleanup and redevelopment of brownfields sites. Additionally, CDA also offers an investment incentive, namely the Qualifying Certificate Program, which provides tax breaks in the form of tax rebates or abatements of up to 100% for periods of up to 25 years to foreign investors. These programs can be applied to the Brownfields applicants and will allow CDA to pre-qualify and make a final determination on a potential client of brownfields properties. All applicants will be screened under CDA regulations for eligibility, credit criteria, business plan, repayment ability, and security.

2. Market Analysis/Target Market: An analysis of the CNMI brownfields inventory indicates that brownfields sites are not concentrated in any one area, but are scattered throughout commercial, industrial and residential areas. CDA identified two primary markets for loans. The first market is brownfields sites located in industrial areas, i.e. near the ports, and includes several garment industries, heavy equipment shops and other miscellaneous idled businesses. These sites are suited for local and foreign investors interested in industrial and commercial business ventures in the CNMI.

The second market is idled garment manufacturing facilities located in primarily commercial and residential areas. The DPL Land Use Plan and the 5 year CIP plan target these industrial facilities for redevelopment as either commercial or residential reuses. Garment facilities in commercial areas will be targeted primarily for commercial reuses such as retail development and small business. Garment facilities in residential areas are targeted for redevelopment as sites for future homestead or condominium development reusing existing buildings. The targeted borrower for the condominium development is foreign investors such as Japanese businessmen to develop condos for use in housing retired Japanese citizens interested in moving to the CNMI.

Subgrants will be targeted at not-for-profit uses and greenspace redevelopment. For example, the CNMI Rotary club is interested in building a skateboard park for children. A subgrant from the RLF could be used to clean up a brownfields site that is suitable for redevelopment as the skateboard park.

3. Project Selection Process: The Coalition will evaluate providing financial assistance to public or private entities with control of or access to brownfields sites in the CNMI, provided they meet CDA's and U.S. EPA eligibility requirements. The Coalition will administer an ongoing competitive application process for property owners and developers and will engage property owners to seek RLF program assistance.

Applicants will be required to complete a pre-application form to demonstrate program eligibility and identify initial project information, including a site address and map, evidence of current and historical site ownership or control, summary of environmental investigation and cleanup plans, and a detailed project summary (estimated project cost, information necessary to determine cleanup eligibility and fiscal viability, type and size of development, preliminary site plan, and identification of available assets for the project). The application will include specific questions to verify that the project is in compliance with federal brownfields laws, including that the borrowers and subgrantees will not use an RLF loan to pay for cleanup costs at a brownfields site where a borrower is potentially liable under CERCLA §107 and for entities that are currently suspended, debarred from receiving federal funding, or are otherwise declared ineligible.

CDA and the Coalition partners will review applications and determine project eligibility. Full

applications will be requested of preliminarily-qualified projects. These full applications will require significantly more project and financial information, along with thorough financial and environmental reviews by the Coalition. Favorable loans will be presented to a Review Committee consisting of management and technical experts from Coalition members for final review and consideration of approval. Upon successful award, the CDA will enter into a contractual agreement with the applicant. Applicants will be required to provide a private contribution of at least 10% to the overall project cost. Applications will be prioritized for funding by the Coalition and its environmental consultant but not limited to, the following series of criteria:

- **Extent of public health, safety and environmental issues** – Applicants must outline how the cleanup will eliminate potential hazards to human health and the environment, and will be prioritized based on the overall level of reductions to hazards, environmental improvements, and reduction in resource consumption and pollution emissions.
 - **Availability and reuse of existing infrastructure** – Extra consideration will be given to projects that take advantage of existing public infrastructure and services without creating additional burdens, such as need for roads, sewers and water services.
 - **Pollution prevention and sustainable development practices** – Projects that utilize sustainable development practices to reduce consumption, pollution and waste will be given priority for funding. This could include funding for applicants or projects that produce or distribute sustainable goods, technologies or services. Additional consideration will be given to projects that host design charrettes as a part of the redevelopment planning process.
 - **Community input** – Projects must seek community input as part of the application process. Additional priority will be given to projects that have significant neighborhood support and include a plan for continuing community involvement during the course of the overall project, especially those projects that include community members as a part of the design charrette. Priority for subgrants will be given to not-for-profit and greenspace redevelopment projects that meet the needs of the community.
 - **Greenspace preservation or creation** – Applicants that restore, preserve or create new natural elements, contribute to existing parks or trail connections, positively impact wildlife areas, or create a buffer area, as part of the project will be given higher consideration.
 - **Potential for economic development** – the highest priority will be given to projects that stimulate economic development by creating or retaining employment, create commercial or retail business, or provide for residential housing. Brownfields sites in CNMI's industrial areas and projects that redevelop former garment manufacturing sites will be given the highest priority.
4. **RLF Management and Operational Teams:** The Commonwealth Development Authority will manage the RLF program and will be responsible for developing loan criteria, outreach and marketing plans. Working in cooperation with the Coalition's financial managers, the Coalition will ensure that the program is managed in conformance with the U.S. EPA cooperative agreement and all applicable laws and regulations including, but not limited to, servicing loan agreements and collection of payments.

CDA's management team has vast experience in financing and lending and has thorough knowledge of the CNMI's commercial development industry. CDA's management team consists of the following individuals. Our Acting CEO, Mr. Oscar C. Camacho, graduated in 1985 with a Masters and BA of Arts in International Studies with emphasis in Political and Economic Risk Assessments at the Dominican College of San Rafael, California. Furthermore, he was the CNMI's Department of Commerce banking manager. Mrs. Winnie Camacho graduated from the Northern Marianas College, Magna Cum Laude, and has 18 years experience in accounting with CDA. CDA's legal counsel, Mr.

Vicente Salas, graduated from University of San Diego School of Law in 1980 and has been practicing law in the CNMI for 27 years. He has been providing counsel for CDA for 22 years.

With respect to the day to day activities, the following individuals will serve as the operational team. Under the financing division of CDA, Mr. Greg P. Calvo, loan officer, attended Hawaii Pacific University in Oahu, Hawaii between 1989 through 1991 and majoring in Business Administration and International Business. He also comes with 14 years of banking experience in both personal and commercial lending. Mr. Calvo's position will be dedicated at least 50% of his time to the management of the Coalition RLF upon award. In addition, DEQ is committed to providing CDA with technical expertise to manage and oversee environmental clean-ups. Mr. Ray Masga from the Division of Environmental Quality and Mr. James Callier will be the primary staff overseeing the cleanup and redevelopment activities. Mr. Ray Masga is the Division of Environmental Quality's Manager for the Site Assessment Remediation Branch, has a BS Degree in Biology and a Masters Degree in Public and Environmental Health. Mr. Masga developed the CNMI Brownfields State Response Program and has experience in overseeing clean ups under both Superfund and Brownfields. Mr. James Callier is the Special Assistant to the Director of DEQ. Mr. Callier has a degree in Geological Engineering and is a Registered Professional Geologist. Mr. Callier brings to the operational team nearly 25 years of experience with EPA in site assessment, brownfields, environmental clean up and grant management activities working in EPA Region 7, EPA Region 5, EPA Region 9 and EPA Headquarters. As part of the Coalition, Mr. Callier provided guidance on the Coalition's overall brownfields redevelopment strategy, coordinated consulting activities for active projects, and serves as the Coalition's technical advisor for brownfield projects. Mr. Franz Reksid from DPL will provide support to the operational team regarding land use. Mr. Reksid has more than thirty years experience in working with Federal programs and grants.

D. Sustainable Reuse of Brownsfields.

1. The Coalition is committed to encouraging developers to build or use green building and energy efficient methods when reusing and redeveloping brownfields sites. Higher priority for loans and subgrants will be given to developers that utilize design charrettes in planning the reuse of brownfields sites. These design charrettes will include stakeholders representing sustainable redevelopment interests. Other sites that reuse infrastructure and/or incorporate pollution prevention and sustainable redevelopment practices will also be given additional consideration in the loan or subgrant review process as described in Section C.3. of this proposal.

In addition, CDA will cosponsor with the coalition partners workshops to educate small businesses, homesteaders, developers, construction workers, and non-profit community based organizations on energy conservation and resource reduction measures. Additional workshop co-sponsors include the Northern Marianas Housing Corporation ("NMHC"), Department of Public Works ("DPW") Energy Division, Department of Community and Cultural Affairs ("DCCA") Residential Energy and Assistance Challenge Program ("REACH"), and the Governor's Housing Task Force. These co-sponsors can provide resources to encourage residential and commercial entities to employ energy efficient resource consumption activities when building homes and residing after completion. The Department of Lands and Natural Resources ("DLNR") provides free native plants for re-planting on residential properties that will aid in reducing energy consumption and retain storm water runoff. Also, the Coalition will collaborate with DPW - Solid Waste Division ("SWD") to reuse the land clearance debris (trees, shrubs, etc.) by expanding their compost program with product made available to commercial and residential parties. In coordination with DPW and DEQ, pollution prevention and reduction in resource consumption will be an integral part of the Coalition's public outreach, cleanup planning, and redevelopment coordination aspects of this grant for both private and public land sites.

2. On the islands, land is very limited. Brownfields sites, previously used for commercial and industrial purposes and that are clear from environmental liability, can be attractive to investors for redevelopment. These existing sites have existing buildings, infrastructure and equipment that would be cost prohibitive on greenspace sites. New businesses on these sites would create jobs and increase the tax base.

Reuse of brownfields sites will have a direct impact on the economy of the islands. Reuse of these properties will generate revenue through rental collected from leasees on public land and income and business taxes collected by the government that can in turn be used to invest in other properties. In addition, reuse of these properties will create jobs and investment at the site. For example, DPL recently leased two properties that were assessed (Phase I only) under the first petroleum assessment grant. In both cases, the leasee agreed to follow through on the Phase I recommendations and clean-up the sites. In addition, both leasees are establishing businesses on the properties. In one case, the leasee is building a hardware store and recycling center on the property resulting in an initial investment of approximately \$200,000 and ten new jobs. In the second case, the leasee's initial investment in their construction business is approximately \$500,000 and twenty five new jobs. For our small community, these results are big success for our brownfields program. The funds provided by this proposal will enable CDA and the Coalition members to continue to the process of cleaning up and reusing properties providing greater economic benefit to the community through the redevelopment of brownfields sites.

3. The priority for loan and subgrant selection establishes criterion that will result in funding projects that will promote a vibrant, equitable and healthy community. Use of the design charrettes will provide creative ideas in achieving redevelopment with significant consideration to sustainable redevelopment, greenspace and community needs, all key component of a vibrant and healthy community. Community input will assist in the location and number of commercial developments, schools, parks, community centers, and other vital public infrastructure on public and private land sites, while greenspace friendly commercial facilities would be developed for private land sites that target children, youth, and adult segments for residents and tourists alike.

E. Creation and/or Preservation Greenspace/Open Space or Nonprofit Purpose.

The CNMI is committed to creating and preserving greenspace areas as a part of site redevelopment. This RLF grant will provide the needed initial funds to cleanup contaminated sites, some of which may be developed into public parks and greenspace areas for family recreational activities. Generally, these site may be the target of a subgrant. Additionally, the potential to redevelop other public and private Brownfield sites exist throughout the CNMI. For example, over the last year, a handful of individuals representing a cross section of our island community from villages to private and public sectors created *Beautify CNMI!*, a 'taro roots' or grassroots based informal organization driven by volunteers, whose aim is to educate the public about the importance of promoting a clean and green environment through systematic tree planting and litter cleanup. The astounding results since June 2006 are 2,000 trees have been planted, 260,000 pounds of recyclable material have been collected between October and November, and 3,400 volunteers showed up for the first ever Island-wide cleanup, exceeding the projected 1,020 volunteers, lifting to a new level the community's conscience on environmental preservation. Such a level of interest in the community for a clean and green island environment will increase the community participation in the redevelopment and cleanup planning activities at brownfields sites resulting in an increase in the amount of greenspace and the number and size of other parks to be included in these restored sites.

Once the parks and greenspace have been developed, DPL will designate (equivalent to deeding) these properties to DLNR which is responsible for all CNMI's public parks pursuant to CNMI Public Law 14-24

(1 CMC, §§ 2701 and 2702). DLNR – Division of Parks and Recreation – is responsible for the long-term management and care of all of CNMI's parks. DLNR receives funding on an annual basis through the annual appropriation of the general fund management, care, and preservation of all the parks in the CNMI.

F. Pre-Award Community Notification

1. CDA will initiate several efforts to inform the citizens and other interested parties about the scope of this Brownsfields funding proposal. These public involvement efforts will engage the community, as stakeholders, in reviewing and commenting on this funding proposal. CDA will apply several community notification and involvement measures to maximize the various stakeholders ability to participate in this grant development effort based on their individual schedules and level of interest. The pre-award community notification approaches will include:

- CDA will issue press releases to local newspapers, television and radio stations asking citizens to participate in the grant development process. The message also included information about where and how they could be involved in the project and provided opportunity for public review and comment on this proposal.
- CDA will post this proposal on the Agency's Website (www.CDA.gov.mp) soliciting comments and suggestions. This proposal will also be posted on DEQ (www.deq.gov.mp) and DPL (www.dpl.gov.mp) websites.
- CDA provided copies of this proposal and associated proposal guidelines to the Division of Environmental Quality (DEQ), the Department of Public Works ("DPW"), the Department of Public Safety ("DPS"), Department of Public Lands ("DPL"), Northern Marianas Housing Corporation ("NMHC"), Saipan Chamber of Commerce, and other partner organizations.

Comments from the public will be accepted both orally and in writing. All comments will be posted on the website with appropriate responses.

2. The CNMI has two major newspapers, the Saipan Tribune and the Marianas Variety. The majority of the community reads one of these newspapers to keep informed of things happening in the CNMI. DPL press releases to these newspapers result in printed articles in the paper that often run for multiple days. These newspapers are available for sale at any retail store in the CNMI. These newspapers also maintain their own websites (www.saipantribune.com and www.mvariety.com) where they also make information available to the general public, including archived stories.

There are several local radio stations that also make public announcements. Press releases to the radio stations can be another vehicle to reach the public as the radio stations can be heard while traveling in the car and also in several stores and restaurants.

The CNMI has only one local television station and one local news broadcast. Many people watch the live news at 6 PM. CDA press releases often result in interviews that are broadcast during the news show.

These above media provide the maximum coverage of the community. Due to the diverse population, all outreach material, both oral and written, will be available in the three official languages of the CNMI (Chamorro, Carolinian, and English).

3. CDA will provide the target community thirty (30) days to review and provide comments on the proposal. CDA will use the newspaper, radio and television to encourage the community to get involved in the project, and to review and comment on the proposal.
4. CDA will accept comments both orally and in writing. All comments will be documented with appropriate responses. Copies of comments and responses will be made available and maintained through the CDA website and available in hardcopy at the CDA offices. Individuals requesting copies of comments will be provided both a copy of the comment and the response to the comments.

G. Ongoing Community Involvement

1. Community involvement has been and will continue to be the foundation of CDA's approach to create sound public policy and build support for the project. As indicated earlier in our budget proposal, a portion of the funds will be used to educate and inform the community and to gain involvement and input in the project, at all stages of the project. CDA will be updating the Board on a regular basis, and in turn the CNMI's Governor and Cabinet on project progress. This activity will ensure that all of government is aware of the progress of the project. Also, CDA will continue to issue press releases informing the community and inviting their input on the assessment results, cleanup and/or reuse plans. Along with its press releases, updates on the project will be posted on its internet website with the opportunity for public comments. Hard copies will also be made available at the CDA offices. Again, due to our diverse community and large population speaking other languages other than English, CDA will ensure that this information is relayed to them in their native languages, as appropriate and necessary. For example, summaries of the cleanup and reuse plans and reports will be translated into Chamorro and Carolinian. If interest is expressed at the site, additional information, including the remainder of the report, will also be translated.

During FY 2007, CDA made presentations with DEQ and DPL to the Chamber of Commerce, Rotary Club and the Mariana Islands Nature Alliance on Brownfields activities conducted by the agencies. CDA will continue to outreach to community organizations and look for opportunity to involve them in the process including getting input on cleanup and reuse plans.

2. To ensure appropriate and sustainable cleanup of Brownfields, CDA will actively seek the technical support of DEQ and continue to build partnerships with agencies and organizations to ensure utmost participation and input on the project. An example would be CDA's working relationship with DPL and partnership in providing the community with information on investment opportunities in the CNMI and the available public lands for redevelopment. CDA is also partnering with the DEQ, NMHC, DPW, and the Governor's Housing Task Force, and DLNR on the sustainable cleanup and redevelopment of these Brownfields properties.

Again, with our community outreach program activities, CDA will be educating the community of the environmental hazards and how to handle these contaminated properties. These efforts will assist to sustain continuity of the cleanup and redevelopment of the site. CDA is giving a priority to loans and subgrants using design charrettes as a part of the sustainable redevelopment of brownfields sites. The community will be a key stakeholder and participant in this process.

3. As mentioned earlier and according to the 2000 U.S. Census, 89.2% of the population speaks another language other than English with 46.9% speaking a language more frequently than English. Therefore, CDA will ensure that this information is relayed to them in their native languages through television programs in their language and in printed brochures and materials. CDA staff can also speak in the

native languages, Chamorro and Carolinian, and provide information orally. CDA believes that by using a wide array of communication mechanisms, community involvement and understanding will lead to positive inputs and result. The community has been and will continue to be informed of CDA's intentions, progress, and need for community involvement through public press releases, posted notices at public facilities, published notices in the local newspapers, and on DPL's website. CDA will also conduct open public hearings to present the progress of the project, request to present our progress to the Chamber of Commerce and Rotary Club, and other community organizations.

4. The following is a list of individuals and their community-based organizations that involved in this project.

Organization	Contact Person	Phone Number	Organization's Activities
Chamber of Commerce	Juan T. Guerrero, President Christine Park, Exec. Director	(670) 233-7150	Business & Economic Planning and Development Group
Rotary Club	Patrick Calvo, President	(670) 234-6120 (670) 287-0516	Business Interest Group - Community Humanitarian Outreach and Services
Mariana Islands Nature Alliance	Frances Castro, Chairperson	(670) 664-8570	Non-profit environmental resource conservation and awareness outreach
Beautify CNMI	Angelo Villagomez	(670) 236-0894 (670) 236-0895	Community based coalition for the Environment. Focus on restoration projects, cleanups and recycling, antilitter, policy development (legislation) and community outreach

H. Reduction of Threats to Human Health and the Environment

1. The funds will be used to reduce threats to human health and the environment within the CNMI. The primary contaminants of concerns at the sites are petroleum and hazardous substances including UXO, PCBs, chlorinated solvents, heavy metals and pesticides. Our main concern is the direct threats that these contaminants may pose to human health through the potential contamination of groundwater and surface water. Many of these contaminants can cause cancer and other serious health effects, e.g. lead can cause neurological disorder and children are particularly sensitive.

UXO and compounds within the ordnance such as trinitrotoluene, tetryl and tritonal present significant safety and health hazard to humans. Sparks, fire and heat can lead to detonation which may cause severe physical injury including death.

In addition, the environment of CNMI is very sensitive. CNMI contains numerous wetlands and other land and marine sensitive ecosystems that are the habitat for many species of plant and animals (birds, fish, reptiles, etc), including endangered species. Exposure to these contaminants can be very detrimental to the plants and animals in the CNMI.

At this time, no specific sites have been selected as a candidate for an RLF. However, we have a number of potential sites, such as the garment industry site, are located in existing commercial, industrial and residential areas. The future end use of these sites is likely to be more consistent with surrounding land use with an emphasis on following DPL's land use plan. Yet, because the groundwater is very shallow in many areas, and other areas where groundwater is deep, the subsurface is karst, cleanup activities will require the removal of the majority of the contaminants. The DEQ has established environmental screening levels for over 100 chemicals commonly found at sites with contaminated soil and groundwater, which are approved by U.S. EPA Region 9, to use as a tool determining acceptable concentrations that can remain on site. The screening levels are intended to help expedite the assessment of contaminated sites for potential human health and environmental concerns. As an alternative to preparing "site-specific" screening levels or attempting to quantifying risk in a more formal risk assessment, data collected at a site can be directly compared to the DEQ screening levels and the need for additional work evaluated. It is anticipated that these screening levels will be especially beneficial for use at small to medium size sites, where the preparation of a more formal risk assessment may not be warranted or feasible due to time and cost constraints. Our goal is to cleanup the sites to below these screening levels such that monitoring and maintenance of institutional controls will not be necessary. The coalition does realize that in certain circumstances that the use of institutional and/or engineering control may be more appropriate and will consider these on a case-by-case basis.

2. DEQ is the state agency with the mission to ensure protection of the public health and the environment during the redevelopment process. DEQ is a coalition member and will be actively involved in the RLF process which includes selection of potential of RFL sites, and review, approval and oversight of cleanup activities. All RLF sites will require the DEQ VRP program. The VRP process provides DEQ the authority to approve cleanup plans, monitor cleanup activities, and verify that clean is complete. Upon successful completion of cleanup, DEQ will issue a written letter stating that the site is available for unrestricted reuse or specify any engineer controls associated with the site.

I. Leveraging of Additional Resources

1. **Identification of Available Funds:** The Coalition has committed several of their staff's time to work on the brownfields team to meet the objectives of the RLF. DEQ is committing time of at least two staff members, at an estimated annual cost to DEQ of \$50,000, to provide technical support in overseeing site clean ups. DPL is also providing staff to assist with reviewing land reuse at an estimated annual value of \$10,000. As necessary, support of other government agencies will be sought and obtain, such as support for the sustainable redevelopment of brownfields workshops described in Section D.
2. **Leverage Funds:** This project is viewed as a community project which will need to continue its relationship with the central government and other autonomous government agencies. With support from these partnerships, CDA and DPL will seek over \$3 million in Capital Improvement Project funding from the CNMI government for the infrastructure needs of the various projects. For residential sites that have been identified as a brownfields site and cleaned up, the Coalition will seek the Northern Marianas Housing Corporation (NMHC) to seek Community Development Block Grants ("CDBG") for community and recreational facilities at these sites. Also, CDA can request the assistance from the Marianas Public Land Trust through DPL to fill any remaining funding gaps for the RLF brownfield project, such as infrastructure, home loans, and greenspace development.

Depending on the specific site, resources from private investor, foundations and other sources can be obtained to fill other funding gaps. Without these resources, brownfields sites will continued to plague the community and perpetuate the environmental hazards and risks that affect the community. The awarding of an EPA Brownfields Revolving Loan Fund will allow the Coalition to move forward with its project plans and provide many residents with the dream redeveloping their properties.

J. Programmatic Capability.

1. **Ability to Manage the Grant:** CDA has previous experience managing a revolving loan fund, specifically the Small Business Administration loan program since January of 2000. Considering that CDA has experience with federal grants and has created a system in place, the Coalition is confident that CDA will be able to facilitate the Brownfields program. Furthermore, CDA will be supported by its qualified legal firms and will contract a qualified environmental firm to conduct assessment and redevelopment planning strategy activities. These services will be procured through a formal RFP process to select qualified firms for consulting services in compliance with local and federal purchasing requirements, and only appropriately licensed professionals have the authority to manage environmental projects for the Coalition. If the grant is awarded, the Coalition understands the requirements of and has the capacity to prepare a Cooperative Agreement Application Package with U.S. EPA which will include an agency-approved work plan, final budget and required quarterly reports. In addition, the coalition has developed a positive working relationship with staff from EPA.
2. **History of Managing Federal Funds:** The Department of Public Lands, a Coalition member, received a \$550,000 U.S. EPA community-wide petroleum assessment and site specific hazardous substances brownfields assessment grant in May 2006. DPL prepared a subsequent work plan and signed a cooperative agreement with U.S. EPA in June 2006. DPL has actively implemented the work plan and has committed 80% of the funding towards achieving work plan goals. Site assessment work is underway and the project is proceeding ahead of schedule.

The Coalition team has more than 30 years of combined experience managing state and federal grants and is extremely familiar with the highly detailed and specific reporting requirements of these programs. As a result, the Coalition has specific monitoring functions and staff capacity levels to adequately manage its grant-funded programs. One team member previously worked for an EPA Region as the Brownfields program manager for over 5 years and brings a wealth of grant and brownfield experience to the team.

CDA conducts an annual audit and has maintained a good record of compliance with managing its finances. It has not had any adverse findings from its audits detrimental to its finances. Also, there are no adverse audit findings from an OMB Circular A-133 Audit. CDA is not presently, nor has been subject to comply with special "high risk" terms and conditions associated with agency regulations implementing OMB Circular A-102.

3. **Previous Cooperative Agreements with U.S. EPA:** CDA has a very good history of managing federal grants through the SBA program. In addition, the Department of Public Lands, a Coalition member, received a \$550,000 U.S. EPA community-wide hazardous substances brownfield assessment grant in May 2006. DPL prepared a subsequent work plan and signed a cooperative agreement with U.S. EPA in June. DPL is exceeding expectations in achieving workplan goals. Site assessment work is underway and the project may be completed a year ahead of schedule. DPL is meeting all reporting requirements including quarterly reporting, financial reporting and brownfields reporting measures.
4. **Tracking and Measuring Progress Toward Achieving Expected Outcomes:** Because CDA already has a program in place to manage complex loan programs, including the Small Business Administration's Revolving Loan Fund, all tracking and recordkeeping mechanisms have already been established. Progress will be tracked to ensure that the Coalition RLF is marketed effectively and loans are made in a timely matter. CDA plans to use the ACRES to track and report on site specific brownfields outputs and outcomes including clean ups complete, job created and dollars leveraged. Coalition staff recently attended EPA training on this system at the Western Region's Brownfields conference on 10/03/07.

Exhibit A



Commonwealth of the Northern Mariana Islands
OFFICE OF THE GOVERNOR
Division of Environmental Quality



P.O. Box 501304 C.K., Saipan, MP 96950-1304
Tels.: (670) 664-8500 /01
Fax: (670) 664-8540

October 5, 2007

Mr. Oscar C. Camacho
Executive Director
Commonwealth Development Authority
P.O. Box 502149
Commonwealth of the Northern Mariana Islands
Saipan, MP 96950

RE: DEQ Eligibility as Coalition Member for CDA RLF Grant Application

Dear Mr. Camacho:


This letter is to confirm the eligibility of the Commonwealth of the Northern Mariana Islands (CNMI) Division of Environmental Quality (DEQ) as a coalition member of the Commonwealth Development Authority (CDA) Brownfields Revolving Loan Fund Grant Application for 2008.

The DEQ is the "State Environmental Authority" under the Executive Branch of the CNMI central government. Pursuant to Public Law 11-108, all administrative duties and authority with regards to DEQ has been placed with the Office of the Governor effective December 3, 1999. In further defining DEQ as the "State Environmental Authority," the U.S. Comprehensive Environmental Response and Liability Act (CERCLA) 101 (20) specifically names the CNMI in the list of territories considered States for the purpose of this Act. Therefore, the DEQ has expressed interest and agree to join CDA's endeavor as a coalition member to the grant application.

The DEQ acknowledges its role in providing cleanup oversight and technical support to CDA. In addition, as a coalition member, the DEQ will support the coalition and if necessary use its existing authorities to access and secure a site in the event of an emergency, default or nonperformance of a loan or subgrantee recipient.

According, the DEQ supports the effort of CDA to apply for the much needed Brownfields Revolving-Loan Funds Grant to assist the CNMI achieve better economic growth through Brownfields property redevelopment.

Sincerely,


Frank M. Rabauliman
Director

Cc: Department of Public Lands



Commonwealth of the Northern Mariana Islands
Office of the Governor
DEPARTMENT OF PUBLIC LANDS

EXHIBITⁿ B

September 25, 2007

SA07-1116

Mr. Oscar C. Camacho
Acting Chief Executive Officer
Commonwealth Development Authority
Commonwealth of the Northern
Mariana Islands
P.O. Box 502149
Saipan, MP 96950

Dear Mr. Camacho:

Re: CNMI Brownfields Revolving Loan Fund Grant Coalition – Small Business Liability Relief and Brownfields Revitalization Act, U.S. Environmental Protection Agency Grants.

This letter confirms that the Commonwealth of the Northern Mariana Islands (“CNMI”), represented by the Department of Public Lands (“DPL”) within the Executive Branch, agrees to be a member of the CNMI Brownfields RLF Coalition (“Coalition”). Aside from DPL, there are additional Coalition members comprise of the Commonwealth Development Authority (“CDA”) and the Division of Environmental Quality (“DEQ”).

The Coalition was formed for the principal purpose of applying for a Brownfields Revolving Loan Fund (RLF) Grant under the above referenced Act. The three Coalition members will collaborate in the preparation of the grant application. The Commonwealth Development Authority is the lead agency to manage the lending process once the grant is awarded.

Establishing a CNMI Brownfields RLF to finance the cleanup of Brownfields in the CNMI is an important addition to the on-going CNMI ‘s Brownfields assessments and cleanup grant activities. The Department of Public Lands will work closely with CDA and DEQ in order to facilitate the success of the Coalition.

Sincerely,

JOHN S. DELROSARIO, JR.
Secretary



Commonwealth of the Northern Mariana Islands
OFFICE OF THE GOVERNOR
Division of Environmental Quality



P.O. Box 501304 C.K., Saipan, MP 96950-1304
Tels.: (670) 664-8500 /01
Fax: (670) 664-8540

SEP 28 2007

Environmental Management Support, Inc.
Attn: Mr. Don West
8601 Georgia Avenue, Suite 500
Silver Spring, MD 20910

Re: CDA FY 2008 Brownfield Revolving Loan Fund Grant Application, Saipan CNMI
USA

Dear Mr. West:

The Commonwealth of the Northern Marianas Islands Division of Environmental Quality (DEQ) acknowledges and supports the coalition led by the Commonwealth Development Authority (CDA) in its plan to establish revolving loan fund and conduct cleanup activities and is planning to apply for Federal grant funds.

At the present time, the CNMI is experiencing challenging economic times with decreasing economic investments and declining sources of government. The DEQ sees tremendous benefit by providing the opportunity to access the RLF funds to successfully cleanup and redevelop brownfields in the CNMI that would otherwise remain idle and undeveloped.

Accordingly, DEQ endorses and recommends approval of the Brownfields Revolving Loan Fund Grant proposal of the Commonwealth Development Authority.

Sincerely,



Frank Rabauliman
Director

Exhibit D

LAW OFFICE OF VICENTE T. SALAS
UIU BUILDING, SECOND FLOOR
SAN JOSE, SAIPAN, MP 96950

VICENTE T. SALAS

JESUS C. BORJA - OF COUNSEL

P.O. Box 501309
Saipan, MP 96950-1309
Phones: (670) 234-7455
 : (670) 234-7427
Fax : (670) 234-7256
e-mail: vts@pticom.com

September 24, 2007

United States Environmental Protection Agency
901 N. 5th Street
Kansas City, Kansas 66101

Re: CNMI Coalition Brownfields Revolving Loan Fund Grant Proposal

Dear Sir/Madam:

The undersigned is the duly appointed counsel for the Commonwealth Development Authority (the "Authority") which is a public agency of the Commonwealth of the Northern Mariana Islands (the "Commonwealth"). This firm is responsible for providing legal representation for the Authority and has acted as such in the matter pertaining to the opinion rendered below. In particular, you have asked for a legal opinion that certifies that the Authority is "in fact legally authorized and in good legal standing to undertake and service loans."

In my capacity as counsel to the Authority, I have reviewed the following:

- (A) The Constitution of the Commonwealth, as amended, and in effect on the date of this opinion (the "Constitution").
- (B) The Covenant To Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (the "Covenant").
- © The provisions of Title 4, Division 10 of the Commonwealth Code (the "Commonwealth Development Act", as codified from NMI Public Law No. 4-49, as amended.)
- (D) Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (CERCLA), 42 U.S.C. 9604 (k).

For purposes of this letter, we have assumed that (I) the Authority, the CNMI Department of Public Lands ("DPL") and CNMI Division of Environmental Quality ("DEQ") as coalition members have entered into a cooperation agreement in connection with the Authority's participation in the Brownfields Program pursuant to which, among other things, DEQ will agree to be responsible to provide cleanup oversight and technical support and the access and securing of Brownfields

Program sites in the event of an emergency or default of a loan agreement or non-performance of a grant under the Brownfields Program, and (ii) the Authority will require each of the successful loan or subgrant recipients to enter into access agreements which, among other things, will permit DEQ or any of the CNMI Coalition members to enter and secure the participant's cleanup site.

Except as set forth herein, we have not undertaken any independent investigation to determine the existence or accuracy of any representation, data or other information written or oral, made or furnished to us by the CNMI Coalition.

The opinions expressed herein are based upon: (1) our review of the above documents; (2) discussion with the members, officers and employees of the CNMI Coalition who have knowledge of factual matters material to our opinion; and (3) discussion with other attorneys in the office who have knowledge of the matters contained herein. As to questions of fact material to our opinions, we have relied upon the information contained in the draft proposal of the CNMI Coalition without independent verification.

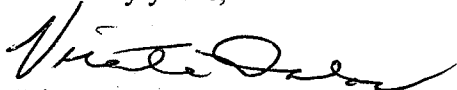
These opinions are limited solely to the laws of the CNMI and the United States of America and the matters stated herein. No opinion is to be inferred or may be implied beyond the matters expressly stated herein.

Based on the foregoing, and subject to the qualifications and assumptions stated herein, we are of the opinion that:

1. The Authority is authorized under its enabling statute, regulations and relevant laws of the CNMI to hold funds and enter into loan or subgrant agreements and collect repayments as an Eligible Entity as provided in the Brownfields Act.
2. All RLF loan and subgrant recipients are required to enter the DEQ's voluntary cleanup program. DEQ has explicit authority through law and regulations to access and secure project sites in the event of an emergency or default of a loan agreement or non-performance under a subgrant. Furthermore, the Authority will include additional terms and conditions in the loans and grants to address situations of default or non-performance by a RLF loan or subgrant recipient.

This opinion letter is for the benefit of the addressee only and no reliance or use of this letter by any other party except the designated addressee is intended or authorized. The opinions expressed herein may not be used or relied upon by any other person and may not be disclosed, quoted or otherwise referred to without our prior written consent.

Sincerely yours,



Vicente T. Salas

xc: Carline B. Sablan
Acting CEO, CDA

Hardship Waiver Request

The CNMI is a self-governing Commonwealth of the United States, encompassing 14 islands, including the 3 principal inhabited municipalities of the southernmost Rota, Tinian, and the capital, Saipan, located about 120 miles northeast of Guam, about 1,200 miles southeast of Tokyo, and 3,300 miles west of Honolulu. The smallest of the U.S. insular areas, the CNMI comprises a total land area of 183.5 square miles in the Pacific Islands region of Micronesia.

The CNMI is currently experiencing significant economic hardships. The unemployment rate in the CNMI is approximately four times higher than the rest of the U.S. The per capita income is less than half of the United States. And, almost half of the individuals are below the poverty line. These and other factors may provide this match a severe hardship for the CNMI Government. The economy is heavily dependent on tourism and the level of tourism from Japan has substantially reduced (>50 %) from the last three years due to downturn of the economy in Japan. In addition, the major industry in the CNMI for the last twenty years is garment manufacturing. However, due to changes in US trade policy, this industry will be all but gone by the next two years, resulting in substantial job loss and subsequent loss in tax revenues.

Further, as the CNMI continues to face hard economic challenges, the longstanding problems of establishing infrastructure such as drinkable water and efficient power continues. Currently, the water supply is rationed and does not meet drinking water standards. Improvements also need to be made to provide an adequate sewer treatment system, safe roads, and safe educational facilities, adding to the burden of the declining economic resources.

Much of these challenges are compounded by the lack of financial resources coupled with the high cost of bringing fuel to the islands in order to run the government operated power generation plant. In addition, the high maintenance cost of the large turbine engine generators for the power plant has siphoned much of the CNMI government's infrastructure funds so that the engines could function at optimal performance condition to provide power. Rolling blackouts have been the norm for the last several years.

While the CNMI could come up with the match to provide this much needed RLF, the data above justifies that the CNMI has other significant needs for it's limited resources. As such, we strongly encourage EPA's support of this waiver request.

Illustrated below are comparative statistics from the 2000 Census data for the CNMI, Guam, Hawai'i and the United States. The underlying implication is the data emphasizes the severe economic distress of the CNMI in comparison to the rest of the United States.

2000 Census Category	CNMI	GUAM	HAWAII	UNITED STATES
Population	69,221	154,805	1,211,537	281,421,906
Median Household Income	\$22,898	\$39,317	\$51,546	\$41,994
Per capita income	\$9,151	\$12,722	\$21,525	\$21,587
Individuals below poverty line	46.0%	20.0%	10.7%	9.2 %
Unemployment rate*	15.9%	34.4%	3.9%	3.7%

Source: 2000 U.S. Census

* Unemployment rate lower than Guam due to the influx of guest workers (non-residents).