



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Benigno R. Fitial
Governor

Timothy P. Villagomez
Lieutenant Governor



EXECUTIVE ORDER 08-07:

DECLARATION OF A STATE OF DISASTER EMERGENCY: COMMONWEALTH PORTS AUTHORITY'S APPROACH OF TECHNICAL DEFAULT ON \$20 MILLION INDENTURE

I, **BENIGNO R. FITIAL**, pursuant to the authority vested in me as Governor of the Commonwealth of the Northern Mariana Islands ("CNMI") by Article III, Section 10 of the Commonwealth Constitution and 3 CMC § 5121 of the Commonwealth Disaster Relief Act of 1979, do hereby declare a State of Disaster Emergency for the Commonwealth of the Northern Mariana Islands due to the inability of the Commonwealth Ports Authority ("CPA"), as a result of the lack of a board of directors, to continue the actions and policies set into place by this administration to avoid technical default on the March 1, 1998 indenture on the CPA Airport Revenue Bonds and due to the need to maintain the proper operation of the CPA. The extreme, immediate and imminent threats such condition poses to the Commonwealth of the Northern Mariana Islands.

The May 13, 2008 declaration of emergency, set forth in Executive Order 08-04 was a result of my finding that a technical default could result in the entire principal and interest of the bonds becoming immediately due and payable, adversely affecting CPA's ability to raise future capital. Such a default would have degraded the ability of CPA to maintain and manage the ports of the Commonwealth, to the extreme detriment of the economy and the people of the CNMI. That declaration of emergency was extended on June 12, 2008 because of my finding that it additional steps were necessary to insure that technical default does not occur and my finding that the resignation of all the members of the board of directors of the CPA and the resulting lack of appropriate leadership would cause the danger of a technical default on the March 1, 1998

indenture and would remain a significant risk to the CPA and the CNMI as a whole. However, the extension of the state of emergency lapsed on June 12, 2008.

While some appointments have been made to fill vacancies on the board of directors of the CPA, those appointments are awaiting the advice and consent of the Senate. Other necessary appointments are under consideration by the administration. Until a sufficient number of the appointments have been made and consented to by the Senate, the state of emergency still exists. The administration looks forward to working with the Senate to address this problem.

Because the state of emergency still exists, I find that this declaration is necessary to assure that a CPA technical default does occur and not result in a cumulative impact on the CNMI economy, which has been in a constant and prolonged downward trend as shown, among other examples, by the closure of several businesses, the withdrawal of Japan Airlines from CNMI service, the decline in tourism, and the persistent rise in fuel and electricity costs. Thus, ultimately, this Declaration is necessary to protect the health and safety of all CNMI residents and visitors.

Therefore, I hereby invoke my authority under Article III, § 10 of the Commonwealth Constitution and 3 CMC § 5121(f) to take all necessary measures to address the imminent threat facing the Commonwealth of the Northern Mariana Islands.

Exercise of the Constitutional and statutory authority invoked herein will be effectuated by the issuance of Executive Directives setting forth the measures to be taken to address the State of Disaster Emergency pursuant to 3 CMC § 5121(f), which states:

(f) In addition to any other powers conferred upon the Governor by law, the Governor may, during a state of disaster emergency:

(1) Suspend the provisions of any regulatory statute prescribing the procedures for conduct of the Commonwealth's business, or the orders, rules, or regulations of any Commonwealth activity or agency, if strict compliance with the provision of any such statute, order, rule or regulation would in any way prevent, hinder, or delay necessary action in coping with the emergency;

(2) Utilize all available resources of the Commonwealth as reasonably necessary to cope with the disaster emergency of the Commonwealth;

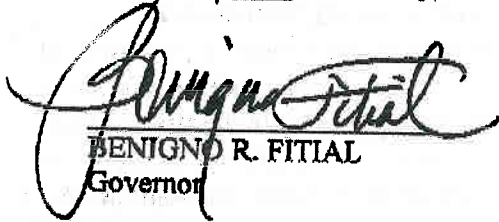
(3) Transfer the direction, personnel, or functions of the Commonwealth departments and agencies or units thereof for the purpose of performing or facilitating emergency services;

3 CMC § 5121(f)(1)-(3).

This Declaration of a State of Disaster Emergency shall take effect immediately and all memoranda, directives and other measures taken in accordance with this Declaration shall remain in effect for thirty (30) days from the date of this Executive Order unless I, prior to the end of the thirty (30) day period, notify the Presiding Officers of the Legislature that the state of emergency has been lifted or has been extended for an additional period of thirty (30) days.

A comprehensive report on the exercise of my constitutional authority shall be transmitted to the presiding officers of the Legislature as soon as practicable in accordance with 1 CMC § 7403(a).

Done this 14th day of July, 2008.


BENIGNO R. FITIAL
Governor