



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Benigno R. Fitial
Governor

Timothy P. Villagomez
Lieutenant Governor

May 13, 2008

TO: LEE CABRERA
ACTING EXECUTIVE DIRECTOR
COMMONWEALTH PORTS AUTHORITY

CC: FRANCES C. MAFNAS
ACTING COMPTROLLER
COMMONWEALTH PORTS AUTHORITY

RE: INSTRUCTIONS AS TO THE IMPLEMENTATION OF EXECUTIVE ORDER 08-04; DECLARATION OF STATE OF DISASTER EMERGENCY, and EXECUTIVE ORDER 08-05; REORGANIZATIONS PLAN NO. 2 OF 2008.

As you are aware, on May 13, 2008 I executed Executive Order No. 08-04 relating to the Commonwealth Ports Authority declaring a state of a disaster emergency to ensure the fiscal integrity of the Commonwealth Ports Authority and compliance with, among other things, its enabling statute and the Bond Indenture Agreement for the 1998 Airport Revenue Bonds. I also executed Executive Order No. 08-04 reorganizing the Commonwealth Ports Authority.

The following constitute the implementing instructions consistent with the declaration of a disaster emergency and the reorganization. Unless changed by me by further instructions, these implementing instructions shall become effective immediately and shall remain in effect during the existence of the disaster emergency. They shall also be in effect under the reorganization plan unless such plan is modified or disapproved by a majority of the members of each house of the Legislature.

1. The CPA Board of Directors is hereby suspended, from today's date, from taking any action since Executive Order No. 08-04 confers such administration of CPA to the Executive Branch Office of the Governor. This suspension of duties includes any meetings; board meetings; travel authorization; official representation; policy-setting; resolutions; expenditure approvals; and any other matters requiring board approval. Board Members are to take no official agency action or speak for CPA during this period of direct administration by the Office of the Governor.

2. I hereby appoint you as the Acting Executive Director to continue as the Acting Executive Director for the Commonwealth Ports Authority during the period of this emergency and direct that he shall report to the Office of the Governor during such period of administration.
3. You and the Acting Comptroller, as well as all present or acting managers, are hereby directed to undertake all measures consistent with your duties and responsibilities for the best interest of CPA consistent with its enabling act and applicable rules and regulations and the directions of the Acting Executive Director.
4. All contracting and signatory authority for any contracts or agreements for CPA is vested with the Acting Executive Director, with the concurrence of the Acting Comptroller and their legal counsel. However, any contract for employment renewals or new hires are subject to approval by the Governor pursuant to CPA's Personnel Rules & Regulations.
5. All approval or requests for any official travel out of the Commonwealth, whether or not such travel is fully reimbursable by any federal agencies, is vested with the Governor or his designee. Any inter-island travel within the Commonwealth for CPA purposes remains with the Acting Executive Director. All authority for such signatures required of any Board member is hereby suspended.
6. The Acting Executive Director shall have signatory and expenditure authority for any expenditures or fiscal obligations by the Commonwealth Ports Authority subject to the limits, requirements or provisions of the Bond Indenture Agreement and from its own operating funds or accounts.
7. To be clear, the Commonwealth Ports Authority shall maintain its fiscal autonomy under its enabling act to be self-sustaining as to its revenues for both aviation and non-aviation collections. At no time shall CPA receive any funds from the CNMI General Fund. Nor shall the Secretary of Finance cause to be diverted, reprogrammed, or allocated to CPA any funds from the CNMI General Fund without an express legislative appropriation. Any reprogramming authority from the Legislature conferring reprogramming authority upon the Governor shall not and does not include CPA.
8. Further, all monetary collections and funds generated by CPA and collected by CPA shall remain under CPA control by the Acting Executive Director and subject to any applicable terms of its Bond Indenture Agreement with the Bond Trustee. As required, any collections shall be used solely for CPA operations and no CPA-generated funds shall be reprogrammed; committed or obligated for any non-CPA activities of the central government at any time.
9. The Acting Executive Director and Acting Comptroller shall file Interim Bond

Indenture Compliance and Fiscal Reports ("Interim Reports") at 15, 30, 60, and 90 days from May 13th to the Administration, to the CNMI Legislature, and to the Bond Trustee. These Interim Reports shall detail CPA's administrative status; fiscal integrity; and compliance with its enabling act directing that CPA generate revenues for its operations and for the Bond Indenture.

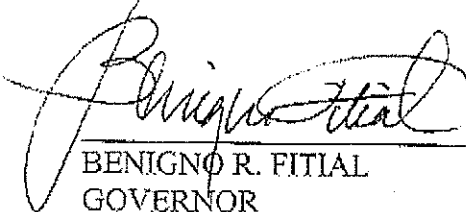
10. CPA is directed to undertake a review of its operations and fees/charges, in consultation with its Bond Consultant, pursuant to CPA's services agreement with Ricondo & Associates. That contract, executed April 25, 2008, I hereby ratify and approve for Ricondo & Associates to undertake an update of its June 2006 Rate Covenant Review as required under the CPA Bond Indenture Agreement.

To the extent that these implementing instructions are inconsistent with the provisions of the Bond Indenture Agreement, those provisions shall prevail. Otherwise, CPA shall comply with these interim measures during the period E.O. 08-04 is in effect.

It is my intention, in setting forth the above implementing instructions, to allow CPA significant autonomy as to its daily operations and management while conferring upon CPA Management the substantial responsibility of ensuring compliance with all provisions of the Bond Indenture Agreement.

At the present time, the Bond Trustee has impressed upon the Administration and the Legislature that CPA's financial situation compels such action as being necessary to protect CPA and the people of the Commonwealth. As drastic as EO 08-04 and 05 may be, such measures pale in comparison to the unavoidable and devastating consequences of a default on the revenue bond agreement upon CPA and upon the people of the Commonwealth. I have invoked my authority as the Governor of the Commonwealth and acted with all good faith and deliberate speed for the best interest of CPA and the people of the Commonwealth. Continued inaction or failure to correct the situation with the bond indenture placed the interest of the people at risk with the critical services of CPA at our ports and for our economy.

It is with these concerns in mind that I direct the foregoing implementing instructions forthwith to CPA and its Management. Ultimately I look forward to the return of governance


BENIGNO R. FITIAL
GOVERNOR

5/13/08
DATE

cc: Speaker, CNMI Legislature
Senate President
Secretary of Finance
Attorney General