

## COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

**Benigno R. Fitial**  
Governor

**Timothy P. Villagomez**  
Lieutenant Governor

DIRECTIVE NO. CPA 08-03

TO: Lee Cabrera  
Acting Executive Director  
Commonwealth Ports Authority

SUBJECT: Imposition of Austerity Measures for the Commonwealth  
Ports Authority

AUTHORITY: Executive Order No. 08-04; N.M.I. Const., art. III, § 15

**WHEREAS**, in recent years the economy of the Commonwealth of the Northern Mariana Islands (hereinafter "CNMI"), has been in a constant and prolonged downward trend as shown, among other examples, by the closure of several businesses, the pull-out of Japan Airlines from services to the CNMI, the decline in tourism to the CNMI, and the persistent rise in fuel and electricity costs; and

**WHEREAS**, in 1998 the Commonwealth Ports Authority (hereinafter "Authority" or "CPA") entered into an Airport Revenue Bond Indenture Agreement with Bank of Guam as the trustee of the Bond; and

**WHEREAS**, the Authority, due to the persistent economic decline of the CNMI and the exhaustion of aid appropriated by the CNMI government to the Authority in support of the Airline Incentive Program, has become unable to meet its obligations under the Bond; and

**WHEREAS**, the Airport Revenue Bond Trustee has impressed upon the Authority the importance of generating revenue and implementing management controls so as to be able to maintain the debt service ratio as required by the Bond Indenture Agreement given the deteriorating revenues; and

**WHEREAS**, the Authority has exhausted all other means within its reach to alleviate and correct the impending deficit in its revenues; and

**WHEREAS**, the Authority Management and Administration deeply regret the painful necessity of implementing any measure which would adversely affect any of its employees, and only does so with great reservation and empathy for its employees;

**NOW, THEREFORE**, in consideration of the foregoing recitals and the compelling need to meet its obligations under the Airport Revenue Bond Indenture Agreement and pursuant to Executive Order No. 08-04, I hereby issue the following Governor's Directive No. CPA 08-03 to the Commonwealth Ports Authority:

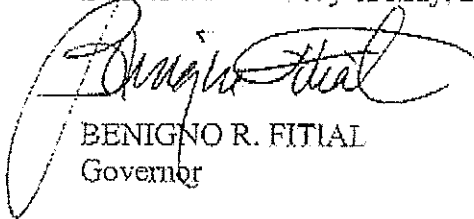
1. CPA shall implement measures of austerity within the operations CPA, which include the following in order of preference of implementation:

- a. Freeze on all travel unless fully reimbursable by FAA;
- b. Freeze on all overtime;
- c. Freeze on all hiring;
- d. Freeze on all annual salary increases;
- e. A 25% cut back on all operating expenditures for FY 2008 and FY 2009;
- f. A 10% salary reduction of CPA employees (decrease to 72 hours biweekly schedule).

These austerity measures shall be implemented immediately in the above order as deemed appropriate by the Comptroller and/or the Bond Consultant.

2. CPA shall implement austerity measures in the operation of CPA as a measure of last resort, and will lift austerity measures when it is capable of meeting the debt service ratio as required under the Airport Revenue Bond Indenture Agreement.

DONE this 13th day of May, 2008.



BENIGNO R. FITIAL  
Governor