

OFFICE OF THE GOVERNOR
GOVERNMENT OF GUAM
AGANA, GUAM

EXECUTIVE ORDER NO. 85-11

TO AUTHORIZE EMERGENCY PROCUREMENT BY THE
GUAM AIRPORT AUTHORITY FOR INSURANCE

WHEREAS, Section 6959.5 of the Government Code, as enacted in Public Law 16-124, authorizes the Governor to declare an emergency condition by Executive Order for emergency procurement for supplies, services, or construction; and

WHEREAS, the comprehensive insurance policies which presently cover the Guam Airport Authority (GAA) for property, liability, boiler and machinery, automobile, worker's compensation, crime, time element and miscellaneous insurance coverages will expire on July 31, 1985; and

WHEREAS, the Guam Airport Authority published on July 5, 1985 a Request for Proposals whereby complete insurance coverage was sought through competitive sealed proposals to be opened on July 29, 1985; and

WHEREAS, on July 8, 1985 the Legislature of Guam overrode the veto of the Governor on Bill 128, which repealed Section 6959.2 of the Government Code retroactive to April 1, 1985; and

WHEREAS, said action of the Legislature caused said Request for Proposals to become null and void; and

WHEREAS, the action of the Legislature has left the Guam Airport Authority without sufficient time to follow normal procurement methods to obtain comprehensive insurance coverage; and

WHEREAS, the comprehensive insurance coverage sought by the Guam Airport Authority is required by the Bond Indenture between the Guam Airport Authority and Seattle-First National Bank; and

WHEREAS, the Bond Indenture requires that comprehensive insurance coverage be taken out and maintained for the benefit of the Trustee of the Bonds, the Guam Airport Authority, and the holders of the Bonds; and

WHEREAS, the Bond Indenture provides that if the Guam Airport Authority does not maintain the required insurance coverage an event of default may be declared by the Trustee and, if such a default is declared, the Trustee may pursue a number of remedies against the Guam Airport Authority including, but not limited to, declaring the principal of all the Bonds then outstanding to be due and payable immediately, file suit against the Guam Airport Authority in court, file suit to obtain funds due the Guam Airport Authority from concessionaires and air lines, attempt to have a trustee appointed to operate the airport and to turn over all revenue of the airport above operating expenses to the Trustee; and

WHEREAS, the Guam Airport Authority has entered into Signatory Air Line Agreements with numerous air lines which require the Guam Airport Authority to carry comprehensive insurance coverage for the risks described above and, if the Guam Airport Authority defaults on such obligations, the air lines may elect to terminate said agreements which would result in a drastic loss of revenue to the Guam Airport Authority and possible loss of air service to the Territory of Guam; and

WHEREAS, any termination of air line agreements through the default of the Guam Airport Authority may also be seen as an event of default by the Trustee of the Bonds; and

WHEREAS, the inability of the Guam Airport Authority to procure comprehensive insurance coverage would seriously threaten the ability of the Guam Airport Authority to continue operations, jeopardize the preservation and protection of all of the property of the Guam Airport Authority, and compromise the health and safety of the public in that any disruption of operations at the airport would seriously effect members of the public who must use air transportation for emergency medical, business, travel and other legitimate reasons and the substantial, yet fragile, tourist industry upon which the Territory of Guam relies heavily may be seriously harmed; and

WHEREAS, without the required comprehensive insurance coverage the Guam Airport Authority may be declared in default of its obligations under the Bond Indenture and the Signatory Air Line Agreements and such defaults may result in the closing of the airport, a takeover of the airport by the Trustee, termination of air line agreements by the signatory air lines, and other serious consequences; and

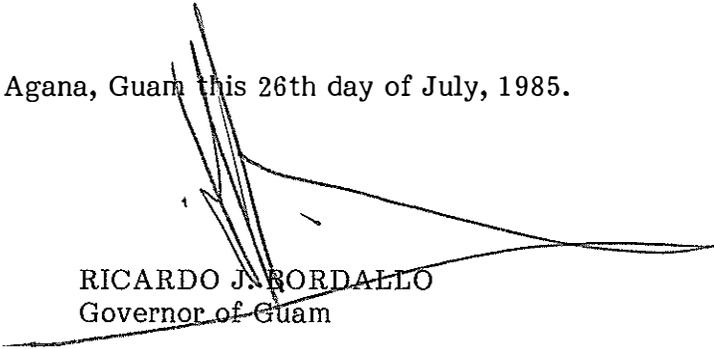
WHEREAS, any one of the conditions cited above would clearly justify a finding that emergency conditions exist which support the authorization of emergency procurement by the Guam Airport Authority for comprehensive insurance coverage;

NOW, THEREFORE, I, RICARDO J. BORDALLO, Governor of Guam, by the authority vested in me by the Organic Act of Guam, as amended, and Section 6959.5 of the Government Code, as enacted in Public Law 16-124, hereby order as follows:

(1) That emergency conditions exist which justify the emergency procurement by the Guam Airport Authority of all required comprehensive insurance coverage;

(2) That the Guam Airport Authority be, and the same hereby is, authorized to obtain the required comprehensive insurance coverage by emergency procurement.

SIGNED AND PROMULGATED at Agana, Guam this 26th day of July, 1985.



RICARDO J. BORDALLO
Governor of Guam

COUNTERSIGNED:



EDWARD D. REYES
Lieutenant Governor of Guam