



## Financial Oversight and Management Board for Puerto Rico

### PRESS RELEASE

For Immediate Release

#### **OVERSIGHT BOARD CERTIFIES REVISED, COMPLIANT FY 18 BUDGET FOR COMMONWEALTH OF PUERTO RICO AND PROPOSED BUDGETS FOR FOUR TERRITORIAL INSTRUMENTALITIES**

*Finds proposed budgets for the Government Development Bank, Puerto Rico Highways and Transportation Authority, Puerto Rico Aqueducts and Sewers Authority and Puerto Rico Electric Power Authority compliant with previously certified fiscal plans*

*Certifies Title III filing for PREPA, as voluntary negotiations for consensual agreements continue*

(San Juan, PR – June 30, 2017) – The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) created by Congress under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA” or the “Act”) today approved and certified a revised, compliant budget for fiscal year 2018 for the Commonwealth of Puerto Rico—along with the proposed budgets for four covered territorial instrumentalities—in compliance with PROMESA, during its eight Open Meeting, held in San Juan and live-streamed via webcast in both English and Spanish.

#### **APPROVED BUDGETS**

The Oversight Board unanimously adopted a resolution approving the certification of a revised, compliant budget for the Commonwealth of Puerto Rico pursuant to PROMESA sections 202(d)(2) and 202(e)(3), to be in full force and effect beginning on July 1, 2017. During the meeting, the Board approved certain revisions to the proposed budget introduced by Governor Rosselló’s representative, Elías Sánchez Sifonte, and approved by The Board. These revisions were required upon failure by the Puerto Rico Legislature to take the corrective actions the Board had outlined in its June 27 Notice of Violation and adopt a compliant budget by June 29, 2017.

“Today marks an historic milestone in our path towards fiscal responsibility and restoring credibility before the financial markets and fostering economic growth for all in Puerto Rico. The approved budget is realistic and consistent with the certified Fiscal Plan and the objectives and targets contained in it. The course has been set; and although it will be challenging, we cannot afford to veer off. We must work together to stay steadfast in our path towards building a stronger Puerto Rico and providing better opportunities for its people as soon as possible,” said José Carrión, Chairman of the Oversight Board.

The Oversight Board also unanimously adopted resolutions approving the budgets of the Government Development Bank (GDB), the Puerto Rico Highways and Transportation Authority (PRHTA), the Puerto Rico Aqueduct and Sewer Authority (PRASA) and the Puerto Rico Electric Power Authority (PREPA). In the resolutions the Board noted its determination, pursuant to PROMESA § 202 (c)(1)(A) and 202(e)(2), to certify these proposed budgets in compliance with the fiscal plans previously submitted and certified by the Oversight Board.

The resolutions also stated that the previously certified fiscal plans will likely be revised in the future, in which case the certified budgets would have to be revised to comply with any such revisions. In the case of the PRASA, HTA and PREPA, the Board specifically requested the Governor submit within 45 days, revised fiscal plans incorporating the amendments adopted by the Board on April 28, 2017. In the case of PRSA, it also requested modifying the plan to reflect line items consistent with the budget certified today.

The individual budgets of the territorial instrumentalities were presented by their respective agency heads followed by a period of public comment. The Board’s Executive Director, Natalie Jaresko, proposed the resolutions to approve and certify each of the proposed budgets and issue a certification for each to the Governor and the Legislature pursuant to PROMESA.

The Board is yet to consider the fiscal plans and budgets of the Public Corporation for the Supervision and Deposit Insurance of Puerto Rico Cooperatives (COSSEC) and of the University of Puerto Rico, as those plans and budgets have not yet been finalized.

### **PREPA TITLE III**

During the meeting and upon request from Governor Rosselló, the Oversight Board also deliberated on and determined it necessary and appropriate to approve the possible filing for a voluntary petition under Title III of PROMESA on behalf of PREPA to protect the entity, the residents of Puerto Rico, and the interests of the utility’s creditors. Chairman Carrión confirmed that dialogue with creditors is ongoing and emphasized that “notwithstanding the authorization of this filing, the Board will continue to work towards a prompt, negotiated settlement with PREPA’s creditors—an approach that we believe is in the best interest of all of PREPA’s stakeholders. To this end, our dialogue with creditors is ongoing,” he said.

Before considering the resolution, Chairman Carrión offered a review of the Oversight Board's actions with respect to PREPA, including the reasons it had for not approving the proposed Restructuring Support Agreement after in depth review and analysis by Board members.

“The RSA created a significant risk it would push electric prices materially higher and endanger the entire PROMESA mission of eliminating the fiscal emergency. By making it more expensive to live and do business in Puerto Rico, the RSA made it even harder to turn around the Commonwealth's negative economic growth over the last decade. If that cannot be changed to sufficient positive growth, no restructuring can be successful,” cited Chairman Carrión as one of the reason for the non-certification.

### **FINANCIAL DISCLOSURES**

It was also announced during the meeting that updated financial interest disclosure forms, including quarterly financial disclosures for the three-months ended on March 31, 2017 for members of the Board and its staff have been publicly released and posted on the Board's website. Chairman Carrión confirmed that this information was reviewed by the Board's Ethics Advisor and stressed that the Oversight Board's governance documents, including PROMESA itself, the Oversight Boards Bylaws and its Code of Conduct, require disclosure of conflict of interests, an obligation the Board is resolved to adhere to faithfully.

The recorded proceedings, as well as all material of public interest considered during the meeting, will be posted on the Oversight Board's website as soon as possible after the meeting.

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