



**RESOLUTION #4 ADOPTED AT THE SEVENTH PUBLIC MEETING OF THE  
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO HELD  
ON APRIL 28, 2107 IN NEW YORK, NEW YORK**

WHEREAS, on June 30, 2016, the federal Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) was enacted; and

WHEREAS section 101 of PROMESA created the Financial Oversight and Management Board for Puerto Rico (“the Board”); and

WHEREAS section 201 of PROMESA establishes a multi-step procedure for the development, review, and approval of fiscal plans for covered territorial instrumentalities, requiring that (i) the proposed fiscal plans be submitted to the Board; (ii) the Board must review the proposed plans and determine either that it satisfies PROMESA’s requirements or that it does not, in which case, the Board must issue a notice of violation and recommended revisions giving an opportunity to correct the violations; (iii) revised proposed plans be then submitted to the Board; and (iv) if there is a failure to submit timely a proposed plan the Board determines in its sole discretion satisfies PROMESA’s requirements, the Board shall develop and submit to the Governor and the Legislature its own compliant fiscal plan; and

WHEREAS, on March 13, 2017, the Board announced that it had received a proposed fiscal plan for Puerto Rico Aqueduct and Sewer Authority (PRASA); and

WHEREAS, after reviewing the proposed plan with the Governor’s representatives and analyzing and deliberating over it with the Board’s members, economist, consultants, and attorneys, the Board recommended revisions to the same and gave the Governor’s representatives the opportunity to revise the proposed fiscal plan; and

WHEREAS representatives of the Governor and the Board’s experts, consultants, and attorneys engaged in extensive discussions about the proposed fiscal plan and the Board’s concerns about the plan, resulting in further changes incorporated into the proposed plan; and

WHEREAS, on April 28, 2017, the Board held an open meeting at which the Governor’s representatives presented the final proposed fiscal plan to the Board and the public; and

WHEREAS the Board has had the opportunity to consider the latest proposed plan and discuss it with its experts, consultants, and attorneys, and believes that, with certain amendments, the plan complies with PROMESA; and

WHEREAS the Board provided an opportunity for public comment on the proposed fiscal plan and on the Board’s recommended modifications to such fiscal plan; and

WHEREAS, after substantial deliberations, the Board has determined to approve and certify the latest proposed fiscal plan, as modified by the following amendments:

**PRASA Amendment No. 1:**

- The fiscal plan must require implementation of a multi-year, permanent rate increase, that is broadly distributed across all customer types (including residential) and that takes into consideration income of customers. This increase must be a pre-approved measure effective from January 2018 through at least the following five years and be supported by a commitment from PRASA to a detailed implementation plan and schedule to be developed, including PRASA Board-led annual review of the rate increase, and provide authority for revisions as deemed necessary by such a review. The plan and the rate increase it achieves must confirm that the rate increase is directed to achieving structural balance and funding CAPEX needs, pre-debt service.

**PRASA Amendment No. 2:**

- The existing analysis addressing the impact on customer type and categories of consumption level must be updated to reflect the above refreshed rate proposal.

**PRASA Amendment No. 3:**

- The fiscal plan must include updated electricity savings in line with the Fiscal Plan submitted by PREPA and confirm the status of PREPA's involvement in and collaboration with the hydroelectric initiative.

**Implementation Plan and Revised Fiscal Plan:**

The Government shall present to the Board a plan to implement the above amendments by no later than 30 days from the date of adoption of said amendments and a revised fiscal plan that complies with the measures described in said amendments no later than 15 days thereafter, which revised fiscal plan shall be subject to the Board's approval; and

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT the Board approves and certifies the latest proposed fiscal plan for PRASA pursuant to PROMESA § 201(e), as modified by the amendments described above; and it is

FURTHER RESOLVED that the Board shall issue a compliance certification for such fiscal plan, as amended, to the Governor and the Legislature pursuant to PROMESA § 201(e).