



**RESOLUTION #3 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 Highways and Transportation Authority (HTA); 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:

**HTA Amendment No. 1:**

- The fiscal plan must address the sustainability of HTA by asset: The current plan does not portray the sustainability of HTA's assets separately. The financials and measures of the highway and transportation assets should be set out separately in the fiscal plan to adequately address the profitability of each before and after the implementation of fiscal measures.

**HTA Amendment No. 2:**

- The fiscal plan must adopt more aggressive measures for the transit system that will address its current losses: The Tren Urbano chapter of the fiscal plan must include material demand inducement and cost efficiency measures that allow the train to target a fare box recovery ratio in line with heavy rail systems on the mainland (35-60%). The plan must also propose revenue enhancement measures for the train system. If the aforementioned measures by themselves are not sufficient to achieve sustainability, the plan should also address the separation of Tren Urbano from HTA as a way to enhance profitability and turn around the train system.

**HTA Amendment No. 3:**

- The fiscal plan must include a proposal to conduct further analysis on the cost-benefit of different options for corporatization, including, for example, Project-specific P3s; Corporatization of specific parts of the system (i.e. assigning responsibility for management and operation to a separate body, to run an asset in a more businesslike way); Privatization of the transit system or Tren Urbano and maintenance of the Highway Authority as a government agency; Corporatization of HTA and transit as separate entities; Full privatization.

**HTA Amendment No 4:**

- The fiscal plan must address how the terms and Board selection process for the HTA Board will be revised to ensure that the terms are independent of political cycles and that board member selection is independent.

**HTA Amendment No. 5:**

- The fiscal plan must clearly outline how proposed overhead savings intersect with the Commonwealth's Right Sizing targets and identify differences in revenue projections between the HTA plan and the Commonwealth Plan.

**HTA Amendment No. 6:**

- The fiscal plan must require the exploration and quantification of the impact of additional revenue enhancement measures on the highway system (e.g. toll credit monetization).

**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 HTA 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).