



GOBIERNO DE PUERTO RICO

Autoridad de Asesoría Financiera y
Agencia Fiscal de Puerto Rico

May 1st, 2017

Government of Puerto Rico on track with implementation of certified fiscal plans

Multiple mayor milestones achieved over the last few days

San Juan, PR - Last night the Government of Puerto Rico, acting through the Fiscal Agency and Financial Advisory Authority (“FAFAA”), submitted a package of information to the Financial Oversight and Management Board (the “Oversight Board”) including the proposed budget for fiscal year 2018, a series of implementation plans for the various measures contained in the fiscal plan, and a liquidity plan. The package complies with the guidelines that were established by the Oversight Board when it certified the fiscal plan for the Central Government on March 13th. “We continue to provide the information requested by the Oversight Board in a complete and timely fashion in order to ensure the successful implementation of the fiscal plan,” emphasized Gerardo Portela Franco, Executive Director of FAFAA.

Elías Sánchez, the Governor’s representative to the Oversight Board, also explained that the process of elaborating the budget for fiscal year 2018 is a joint effort between the Government of Puerto Rico and the Oversight Board, thus, the proposed budget submitted by FAFAA to the Oversight Board is a working document and not a final submission. Sánchez further clarified that once the recommended budget for fiscal year 2018 is approved by the Oversight Board and submitted to the Legislative Assembly, it will be made public and it will be subject to the customary and comprehensive process of public hearings.

Also over the weekend, Governor Ricardo Rosselló signed into law House Bill 938, known as the *Fiscal Plan Compliance Act*, which enables a number of the fiscal reforms that are part of the certified fiscal plan and reflected in the proposed 2018 budget. The most notable of these measures are an increase in the tax on cigarettes and tobacco products, and a leveling of fringe benefits across the Government and its public corporations in line with the private sector in Puerto Rico, and a number of financial management powers to transfer resources across the various entities of the Government. “The law, which is effective immediately, is intended to achieve the revenues and savings necessary to avoid the mass furloughs that were included by the Oversight Board in the certification of the fiscal plan. Its approval demonstrates the Government’s commitment to the implementation of the fiscal plan in a way that balances the interests of all stakeholders, all of which are necessary for the successful turnaround of Puerto Rico’s economy,” added Portela.





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On April 28th, the Government presented and the Oversight Board certified, subject to certain amendments, four more fiscal plans for various covered instrumentalities, including the Government Development Bank, the Puerto Rico Highways and Transportation Authority, the Puerto Rico Aqueduct and Sewer Authority, and the Puerto Rico Electric Power Authority. The certification of the fiscal plans marks an important advancement in the transformation of these instrumentalities.

Today marks the expiration of the PROMESA stay. On April 13th, the Government, the Oversight Board, and most of the creditor groups engaged in a formal mediation process which concluded on Friday, April 28th. The Government is still engaged in meaningful conversations with certain bondholders and creditor groups and is hopeful that it will achieve constructive results from these talks even after the conclusion of the mediation and the expiration of the PROMESA stay. “We have negotiated in good faith with all creditors and have put forward responsible proposals aligned with the fiscal plan certified by the Oversight Board, which establishes clear guidelines for the amount of money available for essential services, economic development, and debt service. While we have not yet achieved an agreement in this instance, our lines of communication remain open, and we welcome the opportunity for further discussions” added Gerardo Portela. The consensual agreement reached with PREPA creditors serves as an example of this Administration’s determination to resolve Puerto Rico’s fiscal crisis, while at the same time addressing creditors’ needs. The Government remains committed and continues to genuinely work towards consensual agreements with other creditor groups in the future, however, all courses of action remain on the table.

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