

The Financial Oversight and Management Board Meeting Summary

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PRACTICE AREAS

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An McV Government Affairs Alert

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The Financial Oversight and Management Board for Puerto Rico (the “Board”) held its first meeting post-Hurricanes Irma and Maria on October 31, 2017. In its tenth public meeting, the Board announced its intent to revise the Fiscal Plan for the Government of Puerto Rico approved on March 13, 2017 (the “Fiscal Plan”), and to certify it by February 2nd, 2018.

The Board acknowledged that the social, economic and fiscal premises on which the Fiscal Plan was based have changed fundamentally in the aftermath of the hurricanes. The components of the Fiscal Plan revision will include: (i) revision of macroeconomic driver effects on revenue and expenses, (ii) adaptation of fiscal and structural reform measures and schedule based on feasibility and recovery timeline, and (iii) integration of recovery funds and reimbursement timing with capital plan. The Board schedule for certification of the revised Fiscal Plan will include listening sessions regarding these components and will be allowing the participation of all stakeholders. Revised fiscal plans were also required from PREPA, PRASA, HTA, UPR and COSSEC.

In addition, pursuant to Section 204(b) of PROMESA, which gives the Board the authority to review certain contracts, it adopted a new government contract approval policy to ensure that contracts promote market competition and are not inconsistent with the Fiscal Plan. This new policy requires all contracts to be entered into by Puerto Rico “covered instrumentalities” with an aggregate expected value of \$10 Million or more, inclusive of any amendments or modifications, to be submitted to the Oversight Board for approval before execution. The Board, however, retains the authority to review a random sampling of contracts below the \$10 Million threshold.

During the meeting, among other deponents, Noel Zamot, recently appointed Chief Transformation Officer for PREPA by the Board, gave brief remarks on his view as to the scope of his role to transform PREPA based on three objectives: (i) efficiency, (ii) modernization, and (iii) reliability.

An urgent motion filed by the Board before Judge Taylor Swain requesting an order confirming the appointment of Noel Zamot as Chief Transformation Officer is pending in the United States District Court for the District of Puerto

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Rico. It is expected that the Government of Puerto Rico will file an opposition to this appointment before the November 3rd deadline ordered by the Judge. A hearing on this matter is scheduled for November 13th.

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