

Financial Oversight and Management Board for Puerto Rico Files Joint Plan of Adjustment

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PRACTICE AREAS

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An McV PROMESA Task Force Alert

September 30, 2019

On Friday, September 27, 2019, the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) created by virtue of the *Puerto Rico Oversight Management and Economic Stability Act* (“PROMESA”) filed a joint plan of adjustment (the “Plan”) for the Commonwealth of Puerto Rico, the Employee Retirement System for the Commonwealth of Puerto Rico, and the Puerto Rico Public Buildings Authority (jointly, the “Debtors”).

Shortly after, the Oversight Board held a public meeting in which it stated that:

- The Plan’s was the first step towards restructuring Puerto Rico’s debt burden;
- The Plan reduces a significant portion of Puerto Rico’s debt to sustainable levels during the next 30 years; and
- Confirmation of the Plan will allow Puerto Rico to emerge quickly from PROMESA’s bankruptcy-like proceedings.

The Plan classifies the Debtors’ creditors into several classes and provides different repayment treatment to each depending on their circumstances. The Plan’s highlights as per the Oversight Board are as follows:

Together with the Plan, the Oversight Board filed a Disclosure Statement with information that must be analyzed by creditors. The rights of creditors may be affected by the Plan. Creditors will have the right to cast ballots in favor or against confirmation of the Plan.

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