

Hearing Date: TBD  
Objection Deadline: TBD

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

<div>In re:</div> <div>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</div> <div>as representative of</div> <div>THE COMMONWEALTH OF PUERTO RICO, <i>et al.</i></div> <div>Debtors.<sup>1</sup></div>	<div>PROMESA Title III</div> <div>Case No. 17 BK 3283-LTS  (Jointly Administered)</div>
<div>In re:</div> <div>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</div> <div>as representative of</div> <div>PUERTO RICO ELECTRIC POWER AUTHORITY,</div> <div>Debtor.</div>	<div>PROMESA Title III</div> <div>Case No. 17 BK 4780-LTS</div> <div><b>Court Filing Relates Only to PREPA and Shall Only be Filed in Case No. 17 BK 4780-LTS</b></div>

**URGENT MOTION OF FINANCIAL OVERSIGHT  
AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR ENTRY OF ORDER CONFIRMING APPOINTMENT  
AND AUTHORITY OF CHIEF TRANSFORMATION OFFICER**

<sup>1</sup> The Debtors in the jointly-administered Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (iv) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

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To the Honorable United States District Court Judge Laura Taylor Swain:

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the representative of the Puerto Rico Electric Power Authority (“PREPA”) in this Title III case pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>1</sup> respectfully submits this urgent motion (the “Urgent Motion”), pursuant to PROMESA sections 104, 201, 202, 203, 204, 301(c)(7), 305, 312, and 315, and section 105 of title 11 of the United States Code (the “Bankruptcy Code”), made applicable to this Title III case pursuant to PROMESA section 301(a), for entry of an order, substantially in the form annexed hereto as **Exhibit A** (the “Proposed Order”) confirming Noel Zamot as PREPA’s Chief Transformation Officer (the “CTO”) with all powers of a chief executive officer reporting to the Oversight Board.

### **Preliminary Statement**

1. Even prior to Hurricane Maria, the reliability and cost of power was the dominant determinant of the Commonwealth’s ability to halt its negative economic growth and to attain a sustainable economy. The cost of power is a major cost of doing business and of living in the Commonwealth. To carry out its statutory missions of returning the Commonwealth to fiscal responsibility and access to the capital markets, the Oversight Board is determined to do everything within its power to solve the current, prolonged power outage, and to establish a modern, economically effective power generation and transmission facility for the good of the Commonwealth and all its stakeholders.

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<sup>1</sup> PROMESA is codified at 48 U.S.C. §§ 2101-2241.

2. One month has passed since Hurricane Maria made landfall, yet approximately 80% of PREPA's customers lack access to the electric power grid.<sup>2</sup> Without electricity to power businesses on the island, economic activity in numerous sectors has ground to a halt. Similarly, many schools have yet to reopen. The situation is dire, and a concerted and coordinated effort is needed on all fronts to make the right investments and to prevent missteps at this critical juncture.

3. Ensuring that recovery efforts at PREPA are conducted efficiently, with all requisite expertise, and in accordance with best practices, will lay the groundwork for the island's post-hurricane economic recovery and revitalization under any fiscal plan. Existing PREPA management has taken certain independent steps in response to the destruction and devastation of PREPA's power grid, particularly its transmission and distribution systems. Unfortunately, despite PREPA management's efforts, restoring electricity efficiently and quickly to the island has not been achieved. Moreover, an emergency infusion of substantial capital is required to fund these recovery efforts. At least initially, a significant portion of those funds will be provided by the federal government, which makes active and effective coordination with the appropriate federal agencies all the more important. The appointment of a CTO will enable a coordinated strategy for contracting recovery projects and streamlining funding under the direction of a seasoned professional with expertise in disaster response and recovery.

4. By this Urgent Motion, the Oversight Board, as the sole representative and trustee of PREPA, seeks to have the Court confirm its appointment of Noel Zamot as PREPA's CTO, having the powers of a chief executive officer and reporting to the Oversight Board. Among

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<sup>2</sup> According to the Department of Energy reports, as of October 20, 2017, 81.5% of electricity customers are without power. See *U.S. Department of Energy, HURRICANES NATE, MARIA, IRMA & HARVEY OCTOBER 20 EVENT SUMMARY (REPORT # 69)*, available at <https://energy.gov/sites/prod/files/2017/10/f38/Hurricanes%20Maria%20and%20Irma%20Event%20Summary%20October%2020%2C%202017.pdf> (last visited Oct 20, 2017) (hereinafter "DOE October 20 Event Summary").

other things, the CTO will be charged by the Oversight Board with developing a comprehensive and properly sequenced power restoration plan, and will direct disaster recovery and rebuilding efforts in conjunction with federal government agencies (including FEMA, the Department of Homeland Security, the Department of Housing and Urban Development, and the Army Corps of Engineers) and place PREPA on the path towards transformation. The CTO will also ensure PREPA is run in a manner compatible with the overall recovery for Puerto Rico and will communicate to the Oversight Board and the Government on behalf of management. The CTO will be ultimately responsible for implementing PREPA's long and short term plans in a manner consistent with the PREPA's certified fiscal plan (as will be amended when the Oversight Board has better visibility into PREPA's future).<sup>3</sup> A protocol requiring the CTO to report directly to the Oversight Board will further enhance access to funds by alleviating concerns within the federal government regarding the direction of PREPA's recovery and use of federal money.

5. To be clear, the Oversight Board is not taking this step because of PREPA's management of its ordinary course operations, which the Oversight Board previously defended in the context of efforts by PREPA creditors to replace management with a receiver.<sup>4</sup> But, such ordinary course operational matters are now only part of the problem, in light of the acute damage brought by Hurricanes Irma and Maria. This situation demands a coordinated disaster response that aligns short term recovery efforts with long term rebuilding plans. The federal

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<sup>3</sup> See May 3, 2017 Puerto Rico Electric Power Authority Fiscal Plan, <https://juntasupervision.pr.gov/wp-content/uploads/wpfd/50/590a2c5d7d41d.pdf> (the "PREPA Fiscal Plan").

<sup>4</sup> *Opposition of Financial Oversight and Management Board for Puerto Rico to Motion of Ad Hoc Group of PREPA Bondholders, National Public Finance Guaranty Municipal Corp., Assured Guaranty Corp., Assured Guaranty Municipal Corp., and Syncora Guarantee Inc. for Relief from Automatic Stay* at 9–10, 23–26 [Case No. 17-4780, ECF No. 149].

In 2014, PREPA hired a Chief Restructuring Officer ("CRO") who began implementing a series of reforms that improved the efficiency of PREPA's operations and imposed operational control. The CRO served PREPA through February 2017. The current management team has continued and enhanced the operational improvements that were undertaken under the previous administration. *Id.* at 9.



government is instrumental for both the short term and the long term, and therefore effective integration of federal response efforts and funding is essential. If PREPA's recovery efforts are anything less than optimal, its restructuring efforts will suffer substantially and possibly irreversibly. Given PREPA's indispensable role in the overall Commonwealth restructuring effort, the Oversight Board, the entity put in charge of this restructuring effort, believes the appointment of the CTO is essential to achieving the dual goals of PROMESA—fiscal responsibility and regaining access to the capital markets. *See* PROMESA § 101(a). Without this relief, the Oversight Board believes the island's successful recovery and restructuring would be in jeopardy.

6. Accordingly, the Oversight Board seeks entry of the Proposed Order for the purpose of removing any obstacles to the smooth and immediate appointment of the CTO at this critical juncture, to confirm the scope of his powers and responsibilities, and to clearly demarcate the authority between the CTO and PREPA.<sup>5</sup>

### **Jurisdiction and Venue**

7. The United States District Court for the District of Puerto Rico (the "Court") has subject matter jurisdiction over this Urgent Motion pursuant to PROMESA section 306(a).

8. Venue is proper in this district pursuant to PROMESA section 307(a).

9. The statutory predicates for the relief sought herein are PROMESA sections 104, 201, 202, 203, 204, 301(c)(7), 305, 312, and 315, and Bankruptcy Code section 105.

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<sup>5</sup> Remarks made by senior Government officials in response to the Oversight Board's appointment of a CTO underscore the necessity of a Court order confirming the appointment of a CTO with designated Powers and Authority. For example, Christian Sobrino, the Governor's representative to the Oversight Board, stated to PREPA employees that "to be completely clear to the entire world, Noel Zamot has no managerial or administrative authority over PREPA. He has no mandate in law to determine public policy issues regarding PREPA. No one is obligated nor should feel the need to abide by any order of Noel Zamot at PREPA." *See Sobrino asks to disobey the orders of PREPA's designated administrator*, *El Nuevo Día* (Oct. 26, 2017), <https://www.elnuevodia.com/noticias/locales/nota/sobrinopidedesacatarlasordenesdeldesignadoadministradordelaaee-2369255/>.

### **Relief Requested**

10. By this Urgent Motion, pursuant to PROMESA sections 104, 201, 202, 203, 204, 301(c)(7), 305, 312, and 315, and Bankruptcy Code section 105, the Oversight Board seeks entry of an order, substantially in the form of the Proposed Order, confirming the appointment and scope of authority of CTO for PREPA with designated Powers and Authority (as defined below).

11. The Oversight Board requests a hearing on this Urgent Motion be set as soon as the Court's calendar will permit, with responses permitted to be filed up to an objection deadline set by the Court.

### **Relevant Background**

#### **I. Procedural Background**

12. On June 30, 2016, the Oversight Board was established under PROMESA section 101(b). On August 31, 2016, President Obama appointed the Oversight Board's seven voting members.

13. Pursuant to PROMESA section 315, "[t]he Oversight Board in a case under this title is the representative of the debtor" and "may take any action necessary on behalf of the debtor to prosecute the case of the debtor, including filing a petition under section 304 of [PROMESA] . . . or otherwise generally submitting filings in relation to the case with the court."

14. On September 30, 2016, the Oversight Board designated PREPA as a "covered territorial instrumentality" under PROMESA section 101(d).

15. On June 29, 2017, the Oversight Board issued a restructuring certification for PREPA pursuant to PROMESA sections 104(j) and 206.

16. On July 2, 2017, the Oversight Board filed a voluntary petition for relief for PREPA pursuant to section 304(a) of PROMESA, commencing a case under title III thereof (the "Title III Case").

17. Background information regarding PREPA and the commencement of this Title III Case is contained in the *Notice of Statement of Oversight Board Regarding PREPA's Title III Case* [ECF No. 2].

**II. PREPA is Key to the Recovery and Revitalization of the Commonwealth and its Instrumentalities.**

18. The Commonwealth is in the midst of an unprecedented economic and humanitarian crisis<sup>6</sup> exacerbated by the passage of Hurricanes Irma and Maria. It was (and remains) hopelessly insolvent, with current net revenues insufficient to satisfy pre-disaster indebtedness of over \$74 billion and unfunded pension obligations of approximately \$50 billion.

19. Complicating the Commonwealth's ability to service its debt is the reality that, prior to the passage of Hurricanes Irma and Maria, the Commonwealth was already on the verge of being unable to provide its citizens with the most basic services, such as police and fire protection, education, sewer and water services, medical care, and critically, electricity.<sup>7</sup> Indeed, the Commonwealth had declared a state of fiscal emergency and that it lacks sufficient resources to protect the health, safety, and welfare of the people of Puerto Rico.<sup>8</sup>

20. The Commonwealth's key infrastructure systems have suffered critical damage from Hurricanes Irma and Maria. Due to the destruction of their homes, thousands of families have been displaced and are now either living with family members being indefinitely relocated to shelters, or leaving the island. In addition to wind damage, floodwaters displaced residents from their homes, damaged dams, impaired sanitary services, endangered the potable water

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<sup>6</sup> Before Congress enacted PROMESA, the Obama Administration and a dozen U.S. Senators concluded Puerto Rico faced a humanitarian crisis. See Jeffrey Zients, *Puerto Rico's Fiscal Crisis: What You Need to Know*, THE WHITE HOUSE (June 7, 2016, 1:40 PM), <https://obamawhitehouse.archives.gov/blog/2016/06/07/puerto-ricos-fiscalcrisis-what-you-need-know>; Letter from Richard Blumenthal et al. to Charles Grassley, Chair, S. Judiciary Comm. (Sept. 30, 2015), <http://www.puertoricoreport.com/wp-content/uploads/2015/10/Letter-to-Grassley-re-Puerto-Rico-9-30-15.pdf>. See, e.g., *Puerto Rico v. Franklin Cal. Tax-Free Tr.*, 136 S. Ct. 1938, 1942 (2016).

<sup>7</sup> See PROMESA § 405(m).

<sup>8</sup> See Act No. 21-2016 and Act No. 3-2017.

supply, and increased the risks of tropical diseases (such as the dengue and Zika viruses), mudslides, and environmental contamination.

21. As was true before the passage of Hurricanes Irma and Maria, and what has become more evident following their aftermath, PREPA is the linchpin in the Commonwealth's and its instrumentalities' overall recovery and revitalization. PREPA was created in 1941 as a public corporation and governmental instrumentality of the Commonwealth by Act No. 83 of the Legislative Assembly of Puerto Rico, approved May 2, 1941 (the "Authority Act"). Pursuant to the Authority Act, PREPA is charged with the conservation, development, and utilization of the energy resources of the Commonwealth to promote the general welfare of the Commonwealth's inhabitants and to increase commerce and prosperity. Authority Act § 6. PREPA generates, transmits, and distributes substantially all the electric power used in the Commonwealth. *See* ECF No. 1, at 7. PREPA is one of the largest municipal utilities in the United States, ranking first in number of clients and revenues. *See* PREPA Fiscal Plan at 8. PREPA has issued approximately \$8.3 billion in bonds under a Master Trust Agreement dated January 1, 1974.

22. As explained more fully below, following the devastation of Hurricane Maria, PREPA is currently unable to provide electric power to the vast majority of its clients (the residents of Puerto Rico)<sup>9</sup> and, for some time after Hurricane Maria struck, the entire PREPA electric system was inoperable.<sup>10</sup> In many instances, and despite ongoing recovery efforts, the Commonwealth experienced additional power loss due to crumbling infrastructure post-

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<sup>9</sup> According to the Department of Energy reports, as of October 20, 2017, 81.5% of electricity customers are without power. *See U.S. Department of Energy, HURRICANES NATE, MARIA, IRMA & HARVEY OCTOBER 20 EVENT SUMMARY (REPORT # 69)*, available at <https://energy.gov/sites/prod/files/2017/10/f38/Hurricanes%20Maria%20and%20Irma%20Event%20Summary%20October%2020%2C%202017.pdf> (last visited Oct 20, 2017) (hereinafter "DOE October 20 Event Summary").

<sup>10</sup> According to Department of Energy reports, for eight days after the storm, the estimate was that 100% of the island was without power.

hurricane.<sup>11</sup> PREPA and the Commonwealth are collecting detailed information on the damage to electrical generation and the power grid to implement the massive restoration effort that will be required to return electrical power to the people of the Commonwealth. In the interim, the lack of a fully functional telecommunications infrastructure exacerbated by the lack of electricity has been a significant obstacle in coordinating the Commonwealth's relief efforts and has negatively impacted local businesses.

23. Moreover, because economic growth in the Commonwealth is highly sensitive to electricity prices, PREPA's reconstruction and ultimate ability to provide reliable power at reasonable rates is essential not only to PREPA's recovery, but also, the Commonwealth's and other instrumentalities' as well. *See* Declaration of Andrew Wolfe ("Wolfe Decl.") ¶¶ 48–59, ECF No. 149-2. PREPA's recovery efforts in the coming months will set the stage for providing reliable and safe electrical service to the Commonwealth at rates consistent with PREPA's and the Commonwealth's economic recovery and revitalization efforts.

### **III. PREPA's Historical Challenges**

24. Prior to the devastation of Hurricanes Irma and Maria and over the past several decades, PREPA has faced challenges that have degraded its financial and operating condition.<sup>12</sup> Those challenges include: a prolonged recession leading to a significant drop in energy sales; inadequate reinvestment leading to old, inefficient, and unreliable transmission, distribution, and generation facilities and outdated information and technology systems; a high dependence on expensive fuel oil; relatively high levels of electricity theft and non-technical losses; and a

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<sup>11</sup> *See* DOE October 20 Event Summary, at 2.

<sup>12</sup> *Puerto Rico Electric Power Authority Fiscal Plan* at 9, Apr. 28, 2017, available at <https://juntasupervision.pr.gov/wp-content/uploads/wpfd/50/590a2c5d7d41d.pdf> (hereinafter, the "PREPA Fiscal Plan").

disorganized customer service infrastructure.<sup>13</sup> Those challenges were compounded by the fact that PREPA operates in a challenging terrain and in an environment prone to natural disasters.<sup>14</sup> As a result of those challenges, the condition of PREPA's facilities has fallen significantly below industry standards.<sup>15</sup> It has been estimated that, prior to the devastation of Hurricanes Irma and Maria, it would take approximately \$6 billion in infrastructure improvements to stabilize and improve PREPA's operational efficiency, safety, reliability, environmental compliance, and conversion to clean energy.<sup>16</sup> Further, PREPA historically has suffered from above-industry-average outages, which significantly affects the energy grid, the economy, and its residents.<sup>17</sup> The environmental health cliff facing PREPA under revised federal Clean Air Act emission standards is an additional fiscal challenge.<sup>18</sup> Moreover, PREPA has historically had difficulty meeting its operating expenses and has been forced to use proceeds from bond issuances to cover operational shortfalls.<sup>19</sup> All of these factors have resulted in years of underinvestment, infrastructure that is unsafe and unreliable, and an unsustainable debt structure.

25. In 2014, PREPA's financial situation became so dire that the capital markets were no longer available.<sup>20</sup> With no access to liquidity and insufficient revenues to cover both operating costs and debt service, PREPA faced a serious potential of default.<sup>21</sup> PREPA's

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 10.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 9.

<sup>17</sup> *Id.* at 14.

<sup>18</sup> *Id.* at 19.

<sup>19</sup> *Id.* at 15.

<sup>20</sup> *Id.* at 9.

<sup>21</sup> *Id.* at 16.

liabilities currently exceed \$14 billion, which it must restructure to remain a viable business entity in addition to rebuilding its infrastructure damaged by Hurricanes Irma and Maria.<sup>22</sup>

#### **IV. PREPA's Post-Hurricane Recovery Efforts**

26. Hurricane Maria reportedly caused more than \$5 billion of damage to PREPA's infrastructure, with more than 85% of the grid destroyed by the hurricane.<sup>23</sup> For approximately eight days after Hurricane Maria devastated the Commonwealth, the island was without any electrical service.<sup>24</sup> Then, only a few utility crews from the United States reached the Commonwealth to assist with power restoration. Eventually, pursuant to a \$300 million contract, PREPA engaged Whitefish Energy Holdings ("Whitefish"), a two-year-old, two-person contractor based in Montana, to coordinate outside help and repair and rebuild electrical transmission infrastructure.<sup>25</sup> It was not until October 10 and 11 that 41 utility crew members and trucks from Jacksonville, Florida arrived in the Commonwealth as part of the mutual aid repair teams to assist in replacing poles, wires, transformers and substations—three weeks after Hurricane Maria's exit.<sup>26</sup>

#### **V. Qualifications of Noel Zamot as CTO**

27. Mr. Zamot is a retired Air Force colonel who was born and raised in Puerto Rico. He is eminently qualified to lead the transformation of PREPA to a more modern, efficient, and resilient power utility having served for 25 years in active duty with the U.S. Air Force, where,

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<sup>22</sup> *Id.* at 8, 20.

<sup>23</sup> Arian Campo-Flores, *Puerto Rico's Power Restoration Slowed by Miles of Downed Lines*, W.S.J., Oct. 6, 2017, <https://www.wsj.com/articles/puerto-ricos-power-restoration-slowed-by-miles-of-downed-lines-1507318439>.

<sup>24</sup> *Supra* note 10.

<sup>25</sup> Steven Mufson, et al., *Small Montana firm lands Puerto Rico's biggest contract to get the power back*, The Washington Post (Oct. 23, 2017), [https://www.washingtonpost.com/national/small-montana-firm-lands-puerto-ricos-biggest-contract-to-get-the-power-back-on/2017/10/23/31cccc3e-b4d6-11e7-9e58-e6288544af98\\_story.html?utm\\_term=.81134e4d94e6](https://www.washingtonpost.com/national/small-montana-firm-lands-puerto-ricos-biggest-contract-to-get-the-power-back-on/2017/10/23/31cccc3e-b4d6-11e7-9e58-e6288544af98_story.html?utm_term=.81134e4d94e6) (last visited Oct 24, 2017).

<sup>26</sup> Peter Behr, *Puerto Rico's Missing Cry for Help*, E&E News, Oct. 13, 2017. *Cf.* Whitefish Press Release ("Whitefish Energy has been working for PREPA since Sept. 26, 2017 to repair and reconstruct electrical transmission infrastructure on the island.").

among other things, he managed energy and infrastructure projects. As a private sector executive, he provided engineering expertise to the Department of Defense, and launched and managed a successful business. Most recently, the Oversight Board, in consultation with Governor Rosselló, designated Mr. Zamot to serve as the Revitalization Coordinator to the Oversight Board. He is a graduate of the University of Michigan and MIT. Mr. Zamot's curriculum vitae is annexed hereto as **Exhibit B**. The Oversight Board shall provide Mr. Zamot to serve as PREPA's CTO pursuant to a secondment, whereby the Oversight Board shall continue to compensate Mr. Zamot. He shall not receive additional compensation from PREPA.

### **Basis for Relief**

28. Congress enacted PROMESA in response to the fiscal and humanitarian crisis in the Commonwealth and its instrumentalities that rendered them unable to provide its citizens with effective services. *See* PROMESA § 405(m)–(n). In doing so, it pointed to a lack of financial transparency, excessive borrowing, management inefficiencies, and a severe economic decline as having created the crisis. *Id.* It determined that independent oversight was necessary to implement “[a] comprehensive approach to fiscal, management, and structural problems and adjustments that exempts no part of the Government of Puerto Rico.” PROMESA § 405(m)(4). Accordingly, Congress created the Oversight Board with the purpose of providing a method for the Commonwealth and its instrumentalities to achieve financial sustainability and access to the capital markets. *See* PROMESA § 101(a).

29. To fulfill its mandate, Congress vested in the Oversight Board manifest powers and responsibilities, including, but not limited to, the ability to compel Puerto Rico and its “covered territorial instrumentalities” (including PREPA) to provide all official data, *id.* § 104, balance their budgets, *id.* § 202, submit fiscal plans for the FOMB's review and approval, *id.* § 201, and to effectuate a restructuring with bondholders and other creditors, *id.* §§ 301–17.



These powers embody Congress's intent that the Oversight Board exercise "broad sovereign powers to effectively overrule decisions by Puerto Rico's legislature, governor, and other public authorities." *See* H.R. Rep. No. 114-602, at 72 (2016); *see also* PROMESA § 204.

30. In effectuating a Title III restructuring, Congress not only gave the Oversight Board veto authority, it put the Oversight Board in charge of managing the debtor and controlling every step of the process. *See* H.R. Rep. No. 114-602, at 41 (2016) ("Therefore, Titles III and VI of H.R. 5278 provide Puerto Rico's indebted entities, *with the management of the Oversight Board*, the opportunity to restructure their debts." (emphasis added)). It gave the Oversight Board two critical roles: (i) to act as the sole trustee of the Title III debtor (PROMESA § 301(c)(7)) and (ii) to serve as representative of the Title III debtor (PROMESA § 315).

31. The powers afforded to the Oversight Board by virtue of these roles makes clear that Congress authorized the Oversight Board to take the appropriate means including appointing the CTO to work with a Title III debtor's management to ensure the success of the Title III restructuring. To ensure that the Court could issue any order necessary or desirable to fulfilling the CTO's duties, Congress vested the court with exclusive jurisdiction over the property of the debtor (PROMESA § 306(b)) and permitted to the court to enter any order effecting the property or "political or governmental powers" of the debtor (even over the objections of the Commonwealth and its instrumentalities), as long as the Oversight Board consents. PROMESA § 305.

#### **I. The Oversight Board is Empowered to Appoint the CTO**

32. This Court previously noted that "Section 301(c)(7) of PROMESA specifically designates the Oversight Board as the sole 'trustee' under PROMESA."<sup>27</sup> By substituting the

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<sup>27</sup> *Opinion and Order Denying Motion of Ad Hoc Group of PREPA Bondholders, et al., for Relief from the Automatic Stay* (Docket Entry No. 74) at 13 [Case No. 17-4780, ECF No. 299] (hereinafter, "Order Denying

word “trustee” with “Oversight Board” wherever Bankruptcy Code provisions that are incorporated into PROMESA Title III refer to the “trustee,” Congress makes clear the Oversight Board serves as a Title III debtor’s trustee and exercises all of a trustee’s attendant rights, powers, and functions. *See* PROMESA § 301(c)(7). Further, by not incorporating certain provisions of the Bankruptcy Code, PROMESA makes clear that no other third party trustee can be appointed—by any party in interest in a Title III case, where the Oversight Board is the sole representative of the Debtors—and dilute or displace the powers PROMESA specifically delegated to the Oversight Board. *See* PROMESA § 301(a) (not incorporating Bankruptcy Code section 1104 into PROMESA).

33. The powers vested in the Oversight Board as trustee underscore that Congress contemplated and established the Oversight Board’s management of a Title III debtor.<sup>28</sup> Moreover, as trustee, the Oversight Board must be able to manage the debtor in order to remove impediments to the exercise of its exclusive powers including proposing a Plan pursuant to PROMESA section 312 with the goal of achieving a successful restructuring of PREPA as required by PROMESA § 101(a). In that regard, when denying a motion to lift the automatic stay to seek appointment of a receiver at PREPA, this Court acknowledged that such appointment would conflict with the Oversight Board’s power as the sole trustee. Order Denying Receiver Motion at 13 (appointment of a receiver to manage PREPA “is thus

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Receiver Motion”).

<sup>28</sup> For example, the Oversight Board has the sole power to assume or reject executory contracts pursuant to Bankruptcy Code section 365. 11 U.S.C. 365(a) (“[T]he trustee, subject to the court’s approval, may assume or reject any executory contract.”). This power is crucial for maximizing the efficiency of operations and achieving long term fiscal sustainability. Installing the CTO is consistent with exercise of this power as it provides a window for the Oversight Board into PREPA’s operations and contracts and will enable it to make optimal decisions on contracts to be assumed or rejected. In other words, because this power requires the trustee to exercise its business judgment, *See NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982) (“The usual test for rejection of an executory contract is simply whether rejection would benefit the estate, the ‘business judgment’ test.”), CTO’s first hand familiarity with the operations will assist the Oversight Board in making this judgment.

inconsistent not only with Section 305, but with the structure of PROMESA, which does not confer judicial power to appoint a receiver, trustee, another manager or other responsibility offer (see Section 1104 of the Bankruptcy Code) in place of the Oversight Board . . . .”). The Court further noted that ceding control of such a central PREPA function would impede the Oversight Board’s powers over the debt adjustment process. Order Denying Receiver Motion at 14. It follows that the Oversight Board must be able to step in and make management and operational decisions where the decisions of existing management would impede the Oversight Board’s control over, and ultimately the success of, the restructuring process.

## **II. The Oversight Board, as PREPA’s Representative, has the Power to Appoint the CTO**

34. As representative of the debtor under PROMESA section 315, the Oversight Board “may take any action necessary on behalf of the debtor to prosecute the case of the debtor.” PROMESA § 315. Such actions, which are exclusive to the Oversight Board, include, but are not limited to, issuing a restructuring certification (PROMESA § 302(2)), filing a Title III petition (PROMESA § 304(a)), representing a Title III debtor before the court (PROMESA § 315), and proposing a Plan (PROMESA § 312(a)).

35. The Oversight Board’s exclusive power to propose a Plan is only meaningful if the Oversight Board has sufficient oversight of PREPA’s operations and financial decisions while operating in Title III. Without the ability to direct a Title III debtor’s management, it would be free to make decisions that could prevent or strongly impair the Oversight Board’s ability to negotiate and implement an effective Plan under PROMESA section 312(a). Indeed, this Court recognized (albeit in a different context), that interfering with or impeding *control* of the Title III debtor and its assets would affect the formulation of a confirmable Plan. See Order Denying Receiver Motion at 15 (“Given Section 305’s limitation on judicial interference and *the*

*impediments receiver control of the Title III debtor and its assets would present to the formulation of a confirmable plan of adjustment, ceding such power to a non-Title III court would be fundamentally inconsistent with, and harmful to, the protections, structures and goals of the PROMESA debt adjustment process into which PREPA has entered.” (emphasis added)).*

36. A restructuring will only be successful if all its components are coordinated. PREPA’s restructuring needs to include the right activities and expenses (as approved by the Oversight Board in the certified budget per PROMESA § 202); the right transformation plan and fiscal measures (as approved by the Oversight Board in the certified fiscal plan per PROMESA § 201); and the right way to implement PREPA’s transformation and right size PREPA’s debt. Thus, no party in interest can take any action that in any way contradicts an approved fiscal plan or that will impede the implementation of the transformation as part of a Plan. PROMESA § 204.

37. At this fragile stage in PREPA’s recovery, the Oversight Board must take a hands-on approach to the management of the PREPA and the implementation of its recovery, transformation, and fiscal plan. The inability to date in restoring electricity in an efficient manner to the island could potentially saddle PREPA with hundreds of millions of dollars in administrative expenses that will hamstring its ability to restructure its existing debts. To be sure, Puerto Rico’s terrain and antiquated infrastructure presents unique and enormous obstacles. The Oversight Board recognizes that PREPA was presented with an inordinately daunting task with few resources to address it. Now, an emergency infusion of substantial capital is required to fund these efforts, a significant portion of which will come from the federal government. The CTO, serving at the direction of the Oversight Board, must be immediately installed to undertake

the acceleration of restoration and transformation efforts while providing transparency in contracting.

**III. The Court has Authority to Confirm Appointment of the CTO Under PROMESA Sections 305 and 306 and Bankruptcy Code Section 105(a)**

38. The Court has the authority to issue an order confirming the appointment and scope of authority of the CTO with designated powers under PROMESA sections 305 and 306 and Bankruptcy Code section 105(a).

39. PROMESA section 301 makes applicable Bankruptcy Code section 105(a) to Title III cases. Section 105(a) provides, in relevant part, “The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Under section 105(a), the court has expansive equitable powers to fashion any order or decree that carries out the statute. *See, e.g., In re Chinichian*, 784 F.2d 1440, 1443 (9th Cir. 1986) (“Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code.”); *Bird v. Crown Convenience (In re NWFEX, Inc.)*, 864 F.2d 588, 590 (8th Cir. 1988) (“The overriding consideration in bankruptcy . . . is that equitable principles govern.”); *In re Cooper Properties Liquidating Trust, Inc.*, 61 B.R. 531, 537 (Bankr. W.D. Tenn. 1986) (“[T]he Bankruptcy Court is one of equity and as such it has a duty to protect whatever equities a debtor may have in property for the benefit of its creditors as long as that protection is implemented in a manner consistent with the bankruptcy laws.”).

40. PROMESA vests the Court with exclusive jurisdiction over the property of PREPA and permits to the Court to enter any order affecting the property or political or governmental functions of PREPA so long as the Oversight Board consents.<sup>29</sup>

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<sup>29</sup> PROMESA §§ 305, 306(b).

41. Section 305 of PROMESA provides that, “notwithstanding any power of the court, unless the Oversight Board consents or [the debtor’s Title III] plan [of adjustment] so provides, the court may not by any stay, order or decree, in the case or otherwise, interfere with – (1) any of the political or governmental powers of the debtor; (2) any of the property or revenues of the debtor; or (3) the use or enjoyment by the debtor of any income-producing property.” PROMESA § 305. As this Court reasoned in its rejection of the lift stay motion, a receiver could not be appointed because “permission to require the appointment of a receiver to manage PREPA’s operations and seek the approval of rates higher than those PREPA has thus far chosen to charge – is facially inconsistent with Section 305 of PROMESA [and cannot be ordered by the court] absent the Oversight Board’s consent, which has not been given here.” Order Denying Receiver Motion at 10–11. It follows that, to the extent it is argued that the CTO would necessarily exercise or interfere with political or governmental powers in carrying out its responsibilities, the Court may order the appointment of the CTO provided the Oversight Board consents. The Oversight Board’s consent is given through this Urgent Motion, and it respectfully requests appointment of the CTO with the powers and authority described herein (the “Powers and Authority”).

#### **CTO Powers and Authority**

42. Subject to the direction of the Oversight Board, the CTO shall have the responsibility for overseeing management and the business and affairs of PREPA and shall perform all duties and have all powers that are commonly incident to the chief executive officer. He shall have the power to sign all contracts and other instruments of PREPA that are authorized and shall have general supervision and direction of all of the employees, officials and agents of PREPA. The CTO will consult with the Government, as appropriate, in the discharge of his duties.

43. The CTO's powers and duties shall include:
- a. *Lead PREPA's operations during reconstruction to align all short term actions with the longer term transformation plan:*
    - i. Lead the development and implementation of a power restoration plan (the "Power Restoration Plan"), including evaluating decisions on temporary generator installation versus immediate grid repair, sequencing and prioritizing work to be done on transmission and distribution lines, and ensuring grid restoration design choices (*e.g.*, decisions on microgrids) are compatible with long-term capital and transformation plans for PREPA.
    - ii. Lead and oversee the implementation of PREPA's long and short term plans in accordance with the Power Restoration Plan.
    - iii. Review and approve contracts, including those for repair work and including contracts finalized prior to instatement of the CTO; to ensure technical, commercial, and legal due diligence is performed, and to ensure compliance with any requirements for federal funding.
    - iv. Monitor progress on power restoration, including the assessment of risks, and ensure that these risks are being monitored and managed.
    - v. Keep abreast of all material undertakings and activities of PREPA and all material external factors affecting PREPA and ensure processes and systems are in place to ensure the Oversight Board, the Government, the Governing Board of PREPA, and management of PREPA are adequately informed.
    - vi. Escalate issues to the Oversight Board, the Government, the Governing Board of PREPA, and federal entities, and communicate progress to the public and key stakeholders.
  - b. *Oversee the finalization and implementation of the Transformation Plan for PREPA, accounting for changes post-hurricane:*
    - i. Finalize and implement the industry modernization strategy for the Puerto Rico power sector, including transaction strategy and attraction of private capital to PREPA.
    - ii. Work with the Oversight Board and Government to revise the PREPA Fiscal Plan to account for changes to revenue, operating expenses, and capital expenses as a result of shifting macro-economic conditions, reconstruction costs and federal reimbursements, and changes to long-term macro resource and investment plan.
    - iii. As part of the PREPA Fiscal Plan revision and in close coordination with the Oversight Board and industry experts, develop a long-term capital plan

and funding strategy to build a resilient grid in Puerto Rico that provides low-cost power and day-to-day reliability.

- iv. Implement any near-term cost-saving and revenue enhancement measures included in the revised Fiscal Plan.

c. *Coordinate with federal agencies to fund PREPA's reconstruction:*

- i. Oversee the application process for federal funds, both short-term, emergency reimbursements (*e.g.*, FEMA category B public assistance) and long-term reconstruction and hazard mitigation funding (*e.g.*, FEMA public assistance block grants disbursed under Stafford Act Section 428); including the assessment and documentation of damage and needed repair.
- ii. Ensure reconstruction and repair activities subject to federal reimbursement are compliant with all federal best practices; *e.g.* for procurement and documentation.
- iii. Manage federal funds disbursed to PREPA to ensure funds are spent on intended sources and prevent waste.
- iv. Coordinate Army Corps and other federal agencies performing work directly on PREPA's grid with PREPA's internal and contracted resources to ensure all stakeholders are following Power Restoration Plan.

44. Nothing herein shall prevent the Oversight Board from seeking an order from the court to amend, alter, expand, or limit the Powers and Authority vested in the CTO by any order of the court.

**PROMESA Section 305**

45. Pursuant to PROMESA section 305, the Oversight Board, in recognition of the critical function the CTO will serve, consents to the Court issuing an order permitting the CTO to use such powers in carrying out his functions.

**Urgent Motion Certification**

46. Pursuant to Rule 9013-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico and the Third Amended Notice, Case Management and Administrative Procedures [ECF No. 1512] established for this Title III case, the Oversight Board certifies that: (i) it has carefully examined the matter and concluded that



there is a true need for an urgent hearing to seek an order confirming the appointment of the CTO for PREPA with all powers of a chief executive reporting to the Oversight Board so that recovery efforts are conducted efficiently and with all requisite expertise and no delay would interrupt the CTO's critical work; (ii) it has not created the urgency through any lack of due diligence; and (iii) it has made a bona fide effort to resolve the matter without a hearing, and the Oversight Board through its agents have contacted various parties including Governor Rosselló, PREPA officials, and various federal agencies to notify them of the situation, but because of the nature of the relief, requires urgent attention to the matter.

#### **Notice**

47. PREPA has provided notice of this Urgent Motion to (collectively, the "Notice Parties"): (a) the Office of the United States Trustee for the District of Puerto Rico; (b) the indenture trustees and/or agents, as applicable, for PREPA's bonds; (c) the entities on the list of creditors holding the 20 largest unsecured claims against PREPA; (d) the Office of the United States Attorney for the District of Puerto Rico; (e) counsel to the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"); (f) the Other Interested Parties;<sup>30</sup> (g) the Puerto Rico Department of Justice; and (h) all parties filing a notice of appearance in this Title III Case.

#### **No Prior Request**

48. No prior request for the relief sought in this Urgent Motion has been made to this or any other court.

*[Remainder of Page Intentionally Left Blank]*

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<sup>30</sup> The "Other Interested Parties" include the following: (i) counsel to certain of the insurers and trustees of the bonds issued by PREPA; and (ii) counsel to certain ad hoc groups of holders of bonds issued by PREPA.

WHEREFORE the Oversight Board respectfully requests the Court to enter the Proposed Order, granting the relief requested herein and all other relief as is just and proper.

Dated: October 26, 2017  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Martin J. Bienenstock

Martin J. Bienenstock (*pro hac vice*)  
Paul V. Possinger (*pro hac vice*)  
Ehud Barak (*pro hac vice*)  
Maja Zerjal (*pro hac vice*)  
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/s/ Hermann D. Bauer

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*Co-Attorneys for the Financial Oversight and  
Management Board as Representative for  
PREPA*

**Exhibit A**

**Proposed Order**

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

<div>In re:</div> <div>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</div> <div>as representative of</div> <div>THE COMMONWEALTH OF PUERTO RICO, <i>et al.</i></div> <div>Debtors.<sup>1</sup></div>	<div>PROMESA Title III</div> <div>Case No. 17 BK 3283-LTS</div> <div>(Jointly Administered)</div>
<div>In re:</div> <div>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</div> <div>as representative of</div> <div>PUERTO RICO ELECTRIC POWER AUTHORITY,</div> <div>Debtor.</div>	<div>PROMESA Title III</div> <div>Case No. 17 BK 4780-LTS</div> <div><b>Order Relates Only to PREPA and Shall Only be Filed in Case No. 17 BK 4780-LTS</b></div>

**ORDER GRANTING  
URGENT MOTION OF FINANCIAL OVERSIGHT  
AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR ENTRY OF ORDER CONFIRMING APPOINTMENT  
AND AUTHORITY OF CHIEF TRANSFORMATION OFFICER**

Upon the *Urgent Motion of Financial Oversight Board for Puerto Rico for Entry of Order Confirming Appointment and Authority of Chief Transformation Officer* (the “Urgent

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<sup>1</sup> The Debtors in the jointly-administered Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (iv) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Motion”);<sup>2</sup> and the Court having found it has subject matter jurisdiction over this matter pursuant to section 306(a) of PROMESA; and it appearing that venue in this district is proper pursuant to section 307(a) of PROMESA; and the Oversight Board having consented to the Court’s jurisdiction to adjudicate the Urgent Motion pursuant to PROMESA section 305; and the Court having found that the relief requested in the Urgent Motion is in the best interests of PREPA, its creditors, and other parties in interest; and the Court having found that PREPA provided adequate and appropriate notice of the Urgent Motion under the circumstances and that no other or further notice is required; and the Court having reviewed the Urgent Motion and having heard the statements of counsel in support of the Urgent Motion at a hearing held before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Urgent Motion and at the Hearing establish just cause for the relief granted herein; and any objections to the relief requested herein having been withdrawn or overruled on the merits; and upon the record herein, after due deliberation thereon, the Court having found that good and sufficient cause exists for the granting of the relief as set forth herein,

**IT IS HEREBY FOUND AND DETERMINED THAT:**

1. The Urgent Motion is granted as set forth herein.
2. **Confirmation of Appointment.** The Oversight Board’s appointment of Noel Zamot as the Chief Transformation Officer (the “CTO”) for PREPA is confirmed.
3. **Duties and Powers.** Subject to the direction of the Oversight Board, the CTO shall have the responsibility for the management and control of the business and affairs of PREPA and shall perform all duties and have all powers of a chief executive officer. He shall have the power to sign all contracts and other instruments of PREPA that are authorized and

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings given to them in the Urgent Motion.

shall have general supervision and direction of all of the employees, officials and agents of PREPA.

4. The CTO's duties, powers, and responsibilities include the following and such others as are incident thereto:

- a. *Lead PREPA's operations during reconstruction to align all short term actions with the longer term transformation plan:*
  - i. Lead the development and implementation of a power restoration plan (the "Power Restoration Plan"), including evaluating decisions on temporary generator installation versus immediate grid repair, sequencing and prioritizing work to be done on transmission and distribution lines, and ensuring grid restoration design choices (*e.g.*, decisions on microgrids) are compatible with long-term capital and transformation plans for PREPA.
  - ii. Lead and oversee the implementation of PREPA's long and short term plans in accordance with the Power Restoration Plan.
  - iii. Review and approve contracts, including those for repair work and including contracts finalized prior to instatement of the CTO; to ensure technical, commercial, and legal due diligence is performed, and to ensure compliance with any requirements for federal funding.
  - iv. Monitor progress on power restoration, including the assessment of risks, and ensure that these risks are being monitored and managed.
  - v. Keep abreast of all material undertakings and activities of PREPA and all material external factors affecting PREPA and ensure processes and systems are in place to ensure the Oversight Board, the Government, the Governing Board of PREPA, and management of PREPA are adequately informed.
  - vi. Escalate issues to the Oversight Board, the Government, the Governing Board of PREPA, and federal entities, and communicate progress to the public and key stakeholders.
- b. *Oversee the finalization and implementation of the Transformation Plan for PREPA, accounting for changes post-hurricane:*
  - i. Finalize and implement the industry modernization strategy for the Puerto Rico power sector, including transaction strategy and attraction of private capital to PREPA.
  - ii. Work with the Oversight Board and Government to revise the PREPA Fiscal Plan to account for changes to revenue, operating expenses, and

capital expenses as a result of shifting macro-economic conditions, reconstruction costs and federal reimbursements, and changes to long-term macro resource and investment plan.

- iii. As part of the PREPA Fiscal Plan revision and in close coordination with the Oversight Board and industry experts, develop a long-term capital plan and funding strategy to build a resilient grid in Puerto Rico that provides low-cost power and day-to-day reliability.
- iv. Implement any near-term cost-saving and revenue enhancement measures included in the revised Fiscal Plan.

c. *Coordinate with federal agencies to fund PREPA's reconstruction:*

- i. Oversee the application process for federal funds, both short-term, emergency reimbursements (*e.g.*, FEMA category B public assistance) and long-term reconstruction and hazard mitigation funding (*e.g.*, FEMA public assistance block grants disbursed under Stafford Act Section 428); including the assessment and documentation of damage and needed repair.
- ii. Ensure reconstruction and repair activities subject to federal reimbursement are compliant with all federal best practices; *e.g.* for procurement and documentation.
- iii. Manage federal funds disbursed to PREPA to ensure funds are spent on intended sources and prevent waste.
- iv. Coordinate Army Corps and other federal agencies performing work directly on PREPA's grid with PREPA's internal and contracted resources to ensure all stakeholders are following Power Restoration Plan.

5. Nothing herein shall prevent the Oversight Board from seeking an order from the court to amend, alter, expand, or limit the Powers and Authority vested in the CTO by any order of the court.

6. **Compensation and Indemnity.** The CTO shall continue to be compensated and reimbursed by the Oversight Board pursuant to his original contract, and shall not receive additional compensation from PREPA. The CTO shall be covered by PROMESA § 105 in his carrying out and exercise of all his duties and powers.

7. **Cooperation.** PREPA, its Governing Board, employees, agents, contractors and affiliates; any other Debtors; and AAFAF shall cooperate with the CTO in connection with the performance of any of the CTO's duties. Notwithstanding anything contained in PREPA's bylaws to the contrary, the CTO shall report directly to the Oversight Board.

8. **Executive Director.** The Executive Director of PREPA shall report directly to the CTO.

9. **Termination.** The CTO shall be terminated upon the occurrence of the effective date of a confirmed plan of adjustment for PREPA. The CTO may be terminated by the Oversight Board in its sole discretion. The termination of the CTO shall be effective upon (a) the filing by the Oversight Board of a notice of termination of the CTO, or (b) the filing by the CTO of a notice of resignation. The Oversight Board may, upon the termination or resignation of the CTO, appoint a replacement CTO by filing a notice of appointment of a replacement CTO.

10. **Implementation of this Order.** PREPA and the Oversight Board are authorized and empowered to take all necessary actions and to execute all documents, necessary or appropriate, to implement the relief granted in this Order.

11. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

12. **Retention of Jurisdiction.** This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: \_\_\_\_\_, 2017

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HONORABLE LAURA TAYLOR SWAIN  
UNITED STATES BANKRUPTCY JUDGE



**Exhibit B**

**Noel Zamot Curriculum Vitae**

## NOEL ZAMOT

719.231.6223  
Greater Boston Area

## Aerospace & Defense Executive

noel.zamot@alum.mit.edu  
www.linkedin.com/in/noelzamot

Senior executive with 25 years experience in the aerospace & defense (A&D) industry. Broad experience in government, commercial and startup ventures. Thought leader at the intersection of business and complex systems. Core Competencies: Strategy Development, Strategy Execution and Revenue Growth.

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### PROFESSIONAL EXPERIENCE

#### Corvus Analytics, Bedford, MA

##### **Founder and President**

**2015 – Present**

*Launched cybersecurity firm now delivering cutting edge security and assured autonomy solutions to clients in aviation, autonomous systems, robotics and critical infrastructure.*

- Launched firm as part of MIT Sloan initiative, generating profit a mere four months post-launch
- Won \$90k contract + options to develop first-in-class cyberspace test course for US Air Force
- Retained by robotics firm to provide autonomous system cybersecurity expertise for DARPA effort
- Won contract with Internet of Things (IoT) firm to assist in development of cyber-resilient sensors
- Delivered economic study, chartered by 2 US States, to develop aviation innovation accelerators

#### Wyle Aerospace Group | Acquisition Management Division

##### **Burlington, MA**

**2012 – 2015**

##### **Director, Air Force Programs, 2014 – 2015**

*Led Business Unit providing cybersecurity and system engineering brainpower to customers in the Department of Defense & Federal Government. Managed profit/loss operations for contract portfolio valued at \$230MM. Senior business strategy advisor to US Air Force's Senior Scientist for Information Assurance. Led internal consulting efforts developing revenue growth strategy.*

- Crafted business strategy aligning capabilities to resources, exceeding earnings targets by 58%
- Created and implemented business development plan, led to over 20% employee growth
- Devised contract transition strategy adopted by firm for 3-year strategic business development
- Led program teams to win back-to-back Business Excellence Awards for above-plan revenue

#### Senior Manager, Mission Systems Sector, 2012 – 2014

*Led profit/loss operations providing Program Management, Systems Engineering and Subject Matter expertise to US Air Force, US Navy, US Coast Guard and Federal Government customers.*

- Established and grew office in new market, resulting in 12 new hires and 12x revenue increase
- Pursued, captured and established two contracts valued at \$16MM/yr in new target market
- Developed capture and operations processes that drove exceeding earnings target by 10%
- Assembled, trained and managed capture teams to rapidly pursue and win two new contracts valued at \$20MM for systems engineering and cyber research efforts

#### United States Air Force Flight Test Center, Edwards Air Force Base, California

##### **Commander, USAF Test Pilot School**

**2010 – 2012**

*Directed the US Air Force's elite Test Pilot School, managing flying operations representing over \$40MM in aircraft and capital assets, providing program management to eight flight test programs, liaising with various international partners, and providing academic oversight for graduate level engineering program*

- Created nation's first system for testing complex military systems in contested cyberspace
- Led multiagency team to craft & deliver cyberspace flight test course 16 months ahead of schedule
- Assembled and managed team developing the nation's first Unmanned Air Vehicle (UAV) Test Pilot curriculum, enabling flight testing of next generation drones, sensors and systems
- Spearheaded curriculum re-engineering to teach advanced systems, stealth, and spectrum warfare testing while streamlining \$40MM flight ops - decreasing production delays from 3 weeks to zero
- Developed agreement with Spanish Ministry of Defense to develop national UAV test capabilities

**97<sup>th</sup> Air Mobility Wing, Altus Air Force Base, Oklahoma**

**Commander, 97th Mission Support Group**

**2008 – 2010**

*City Manager/COO for US Air Force's largest mobility training base, supporting over 3000 military and civilian personnel and providing infrastructure support for over 35 USAF aircraft. Provided management and program direction for 1,200 military, civilian and contract personnel in 119 specialties supporting all aspects of the \$420M installation's mission*

- Developed and implemented program integrating engineering, project managers and contracting officers to generate over \$25MM in above-plan revenue, funding 15 new construction projects
- Awarded recognition as most effective installation project management team for 2009
- Awarded recognition as most effective IT organization for response to national cyber incident
- Won \$1MM prize for installation energy reductions - accomplished via operational/process changes
- Directed Emergency Operations Center during response for a major ice storm, leading teams in rebuilding power infrastructure, delivering lifesaving assets and managing community recovery

**North Atlantic Treaty Organization (NATO) Combined Land Headquarters Madrid, Spain**

**Chief, Training and Exercises Division**

**2006 - 2008**

*Represented the United States as Senior National Representative to NATO leadership, responsible for conduct, execution, and status of forces for US Military presence at Land HQ Madrid, and led group responsible for training a multinational NATO headquarters for global contingency response*

- Transformed international training events from legacy scenarios into large-scale innovative simulations, saving over €5MM in personnel costs
- Developed and executed training scenarios for 300+ international personnel, enabling rapid, effective NATO response to natural and political disasters in southern Europe.
- Developed new cooperative liaison between major air and ground NATO headquarters, enabling near-real-time planning collaboration at multiple levels and across three independent Joint services

**Directorate of Operations, United States Space Command, Peterson Air Force Base, Colorado**

**Deputy Chief, Operations Integration Division**

**2001-2003**

*Integrated emerging national capabilities into joint counter terrorism operations, developed requirements and collaborated with national agencies to employ emerging technologies during the aftermath of 9/11*

- Developed concepts for long-term Information Operations and Space Control activities for US enabling multispectral combat response during months after 9/11
- Guided team to develop operational plans for first-ever use of Special Access Program (SAP) systems, resulting in unprecedented success during classified counter-terrorism operations.
- Coordinated requirements with interagency team developing new counter-space capabilities, resulting in faster, more effective counter-terrorism operations across 3 combat zones

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**EDUCATION**

**MBA**, Sloan School of Management, Massachusetts Institute of Technology (MIT)

**MA**, National Security Strategy, National Defense University, Ft McNair, Washington

**DC MS**, Aerospace Engineering, the University of Michigan

**SB**, Aeronautical and Aerospace Engineering, MIT

**Management Degree**, Escuela de Administración de Empresas para Graduados (ESAN), Lima, Peru

**Graduate**, United States Air Force Test Pilot School, Edwards AFB, California

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**Languages:** Native level fluency in Spanish, intermediate level fluency in Italian

**Memberships/Other:** Board Member, International Test and Evaluation Association (ITEA). Member, Society of Flight Test Engineers (SFTE), Association of Old Crows (AOC), Armed Forces Communications and Electronics Association (AFCEA), MIT Alumni Association. Former USAF Colonel, combat and test aviator with over 1900 hours in B-52, B-1B, B-2A, F-16D and over 20 other aircraft