



NEW JERSEY COMMISSION ON PUERTO RICO RELIEF

**FINAL REPORT
THE NEW JERSEY
PUERTO RICO RELIEF
COMMISSION**

**Submitted to Governor
Phil Murphy**

May 17, 2018

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Executive Order No. 10
MAY 17, 2018

On February 12, 2018, Governor Murphy signed Executive Order No. 10 establishing a Commission of 18 members (16 from New Jersey and 2 from Puerto Rico). This Commission was established to collaborate with state and federal agencies in expediting the benefits of the more than 30,000 fellow American Puerto Ricans displaced in New Jersey, as well as examine ways in which the State of New Jersey can aid the Island of Puerto Rico after the devastating impact of Hurricane Maria.

Commission Members

Rev. Dr. Joshua Rodriguez – Chair (Lead Pastor, Cityline Church & VP, National Latino Evangelical Coalition)

Peggy Anastos – Vice Chair (Former Chief of Staff, Office of the Attorney General (Consumer Affairs) and New Jersey Puerto Rico Congress)

Ana Montero – (CEO, American Red Cross, New Jersey Region)

Arlene Quiñones Perez – (Partner, DeCotiis, FitzPatrick, Cole & Giblin, LLP & former President of Hispanic Bar Association)

Carmen Garcia – (Board Member, New Jersey State Parole & Trustee of Hispanic Bar Association)

Lydia Valencia – (CEO, New Jersey Puerto Rican Congress)

Hector Ruiz – (Partner, Walsh Pizzi O'Reilly Falanga LLP & President of Hispanic Bar Association)

Gualberto “Gil” Medina – (Executive Vice President, CBRE)

Tonio Burgos – (CEO, Tonio Burgos & Associates)

Arianna Mouré – (Associate, Florio Perrucci Steinhardt & Cappelli LLC & Trustee of Hispanic Bar Association)

Sam Delgado – (VP of External Affairs, Verizon)

Idida Rodriguez – (Partner, 1868 Public Affairs)

Al Alvarez – (Chief of Staff, New Jersey School Development Authority)

Ivette Alvarez – (Partner, Einhorn, Harris & former President of the Hispanic Bar Association)

Jay Jimenez – (Chief of Staff, New Jersey Department of Transportation)

Alixon Collazos – (Board Member, LUPE Fund, Inc.)

Carlos Mercader – (Executive Director, Puerto Rico Federal Affairs Administration)

Sylvia Saldaña-Villafañe – (Special Assistant to Executive Director, Puerto Rico Federal Affairs Administration)

We want to give a special thanks to our Commissioners who chaired the teams and all those that supported the different sub-committees. We also wish to thank all the volunteers that helped us conduct our research and assess the needs of United States citizens of Puerto Rican descent, in the mainland and in Puerto Rico.

MANDATED TEAMS/SUB-COMMITTEES

MORTGAGE MORATORIUM/REVERSE MORTGAGES

Rev. Joshua Rodriguez – Team leader
Peggy Anastos
Tonio Burgos

UTILITIES/POWER ON THE ISLAND

Idida Rodriguez – Team leader
Gil Medina
Peggy Anastos
Joshua Rodriguez
Sam Delgado
Carlos Mercader – (Puerto Rico Federal Affairs Administration)
Sylvia Saldaña-Villafañe – (Puerto Rico Federal Affairs Administration)
Tonio Burgos

Special thanks to:

Walter Higgins (New Executive Director of Puerto Rico Energy and Power Authority)
David Daly, CEO, and Rick Thigpen, Vice President, State Government Affairs – Public Service
Electric & Gas Company
Gil Medina, former New Jersey Secretary of Commerce

EDUCATION - HIGHER AND ALL GRADE SCHOOL EDUCATION

Sam Delgado– Team Leader
Al Alvarez
Peggy Anastos
Joshua Rodriguez

VOLUNTOURISM AND TAX CREDIT

Ivette Alvarez – Team Leader
Ana Montero
Peggy Anastos

STATE DEPARTMENTS AND SERVICES

Lydia Valencia – Team Leader
Peggy Anastos

LEGAL SUPPORT/ FEMA APPEALS

Arlene Quiñones Perez - Team Leader
Arianna Mouré
Carmen Garcia

Special thanks to Ivan Alvarez from the DEP, Elias Rodriguez from the EPA, Joe Geleta from DHS, and staff members from DCF, DOH, and DHS, which attended our regional meetings.

Thanks also to Gil Medina and Migdalia Rios of CBRE, Inc., for serving as the Secretariat for Chairperson Rodriguez and Vice-Chairperson Anastos.

EXECUTIVE SUMMARY

On September 20, 2017, President Trump declared a major disaster for the Island of Puerto Rico due to the devastation caused by Hurricane Maria. Puerto Rico was declared an Impact State under the FEMA Stafford Act. Since the storm made landfall on September 20, 2017, Hurricane Maria has caused a level of widespread destruction and disorganization rarely paralleled in American history. From a meteorological standpoint, Maria was a worst-case scenario: The center of a Category 5 hurricane made a direct hit on Puerto Rico, with wind and rain lasting for more than 30 hours. Maria has many elements of a “catastrophic event,” and not just a disaster. Catastrophic events are rarer than disasters, and they destroy infrastructure over a large swath of land.

Much of the built environment in Puerto Rico was destroyed by Hurricane Maria, leaving in its wake economic damage estimated at over \$90 billion and taking its toll not only on the human, social and psychological fabric of Puerto Rico, but also on its fragile economy, labor markets and businesses. The true extent of Hurricane Maria’s damage to Puerto Rico is still being tallied. But we have some indications of how injurious it will be:

- The island’s economy will shrink by about 8% in 2018, according to a forecast by the Economist Intelligence Unit. That puts Puerto Rico among the slowest-growing economies in the world.
- Thousands of businesses have been unable to open due to ongoing blackouts months after the storm.
- Over 200,000 people have left the island in the aftermath of the storm.
- Consulting firm Demographic Intelligence predicts that the island’s population will contract by 587,943 in the five years after Maria.

On May 20, 2018, it will be eight months since Hurricane Maria struck Puerto Rico. Tens of thousands of residents are still without power. The Puerto Rico Electric Power Authority (PREPA) has restored electric service to most of the Island that uses PREPA as their electric service provider. However, there are over 239 affected non-PREPA grids in Puerto Rico, especially in rural areas.

Puerto Rico still lacks potable water in many parts. “Boil water” advisories are still in effect for those fortunate enough to have running water. Puerto Rico also has superfund sites that have been impacted by the storm.

Over 30,000 displaced Puerto Ricans have come to New Jersey. Our state recognizes its moral obligation to provide relief to all migrants who come to us in dire need. We are also committed to the stabilization of Puerto Rico so that those who wish to return to their homes will have an opportunity to do so and to find a safe, stable, and sustainable environment in which they can raise a family, educate their children, find gainful employment and enjoy a level of services similar in quality to those with which New Jersey is blessed.

We are grateful that our Governor is committed to helping, not only the evacuees from Puerto Rico that are in New Jersey or may come to our state, but also the 3.7 million US citizens that remain on the Island. We are submitting this report to the Governor based on the directives contained in Executive Order No. 10.

In the 90 days provided for in the Executive Order, much has been accomplished:

1. **The State Department of Community Affairs** has signed an agreement with Puerto Rico allowing Puerto Rico the free use of DCA's Sandy Integrated Recovery Operations and Management System (SIROMS), which is a software platform DCA acquired and developed to manage NJ's recovery from Sandy. By sharing SIROMS with Puerto Rico, NJ is saving them millions of dollars and much time that would ordinarily have to be spent developing their own technological solution.

2. **Office of the Attorney General** - Licensees from Puerto Rico are going to be treated like citizens from another other state and given reciprocity rights when trying to transfer their professional licenses/credentials from Puerto Rico to New Jersey. They will not be treated like they were from a foreign country. There are currently two bills in Trenton focused on reciprocity rights in both the Senate and Assembly.

3. **United States Department of Housing Urban Development** - The Commission has communicated extensively with HUD regarding their mortgage moratorium policies. On March 1, 2018, HUD issued a notification of an extension of their mortgage moratorium through May 18, 2018. Blackstone (Reverse Mortgage Lender) appealed and asked to be included in the extension. HUD's positive response now includes Blackstone in the extension through May 18, 2018. TPG Capital voluntarily joined the moratorium through May 31, 2018. The NJ Puerto Rico Commission appealed to HUD for an additional one-year extension on the moratorium and is awaiting a response.

4. **Strategy Session with PREPA, the Electrical Utilities Company of Puerto Rico and PSE&G** - The Commission served as Convener of sessions among PREPA, the Electrical Utilities Company of Puerto Rico and Public Service Electric & Gas Company. Discussions revolved around long term strategies and solutions that, if implemented, can enable Puerto Rico to avoid the devastation and grid inoperability precipitated by Hurricane Maria. Beginning on page 25 of our full report, we provide a summary of our "Recommendations for Puerto Rico Electric Utility Future" which summarizes how New Jersey based companies can help PREPA execute Governor Ricardo Rosselló's strategy for attracting private capital and expertise to help execute PREPA's mission.

5. **NJ State Senate Bill S1914** - New Jersey Senate Bill No. 1914 Sponsored by Senator M. TERESA RUIZ District 29 (Essex) Senator NILSA CRUZ-PEREZ District 5 (Camden and Gloucester): The Bill would prohibit investment of State pension and annuity funds in entities engaged in mortgage foreclosures during periods of mortgage foreclosure moratoria in Presidentially-Declared Major Disaster Areas impacted by Hurricane Maria. The Bill has been approved by the Senate and we are waiting for the Assembly to pass the corresponding Bill A3862.

6. The New Jersey **Department of Environmental Protection** is exploring ways in which it can lend technical assistance to the government of Puerto Rico in the areas of landfill sites, recycling, power plant emissions management, and air pollution control systems. The NJDEP is also willing to “Adopt” or “Focus” impacted municipalities.

7. Discussions were held between the **Department of Education** of Puerto Rico and the New Jersey Department of Education. All the pertinent reports are included.

8. We also held **regional meetings** throughout the State of New Jersey where we met with political and community leaders as well as Puerto Rican evacuees. We held hearings related to their problems and our Commission legal team met with them to discuss their problems including challenges with FEMA applications and appeals. A special thanks to Senator Nilsa Cruz-Perez, Mayor Wilda Diaz, and Mayor Frank Moran for hosting regional meetings. We also wish to thank our Commissioner, Ana Montero, Director of the NJ Red Cross, for being our “boots on the ground” in Puerto Rico and providing our Commission with weekly updates. Our special thanks to Guillermo Artiles from the Governor’s Office, and Dan Kelly from the Governor’s Office of Recovery and Rebuilding for providing weekly FEMA updates.

CHAIR & VICE CHAIR RECOMMENDATIONS

1. PUERTO RICO RELIEF COMMISSION SHOULD BE GIVEN PERMANENT STATUS AS AN OPERATING UNIT IN THE GOVERNOR'S OFFICE

The crisis in Puerto Rico will remain an issue for years to come. Many of the estimated 587,943 evacuees of Maria, above and beyond those already here, will come to New Jersey. In addition, New Jersey can play a leadership role in mobilizing the federal and private resources and expertise necessary to stabilize the island and create a sustainable environment for those who wish to remain in or return to Puerto Rico. A Puerto Rican Deputy Chief of Staff should serve as the leader of the Commission. The responsibilities of the permanent Commission should include but not be limited to:

- a. Coordinating New Jersey's response to evacuees migrating to New Jersey.
 - i. Coordinate State and Federal responses.
 - ii. Assist the academic, private and nonprofit sectors in fashioning cohesive relief efforts.
 - iii. Implement the support services for evacuees outlined in this report.
- b. Supporting Puerto Rico's long-term economic recovery by:
 - i. Promoting and facilitating US investments in all of Puerto Rico's infrastructure, especially its telecommunications and electrical networks.
 - ii. Advancing bilateral trade and investment.
 - iii. Initiating joint action on policy issues of mutual interest.
 - iv. Promoting business and academic exchanges.
- c. Examining ways to:
 - i. Organize states with large life sciences industry clusters to protect and preserve a strong pharmaceutical industry in the US and Puerto Rico.
 - ii. Coordinate joint applications for federal research and manufacturing innovation grants. Create opportunities for university-based research and instructional collaborations.
- d. Mobilize New Jersey political leaders and institutions, on a non-partisan basis, to join with other states in advocating for an infusion of resources into Puerto Rico to mitigate the downward economic trend:
 - i. Make certain that Medicare/Medicaid Services are funded at adequate levels on an equal basis with US states.
 - ii. Press for emergency educational funding to prevent deterioration of the island's primary and higher-education systems.
 - iii. Encourage the PROMESA Fiscal Oversight Board to restructure Puerto Rico's debt.
 - iv. Support a restoration of Section 936 benefits.
 - v. Promote federal funding to reconstruct the damaged infrastructure on the island.

2. NEW JERSEY SHOULD BECOME A FEMA HOST STATE

New Jersey should become a Federal Emergency Management Agency (FEMA) Host State. A host State is one that provides shelter and evacuation support to individuals from a state or US Territory (including Puerto Rico) that has received an emergency disaster declaration. The host state is reimbursed for services rendered directly by FEMA. The Impact-State obtaining a Host-State status streamlines the emergency services and FEMA reimbursement procedures.

Florida is the only state that is currently an approved FEMA Host-State for evacuees from disaster-stricken zones of Hurricane Maria. Illinois and Pennsylvania are considering becoming host states and Massachusetts has a comprehensive emergency plan for PR evacuees. New York is not a FEMA Host-State but has a comprehensive plan to help the evacuees. Before becoming a Host-State, Florida waived rules and regulations to let public schools and higher education institutions admit students from Puerto Rico on an emergency basis post Hurricane Maria.

HOST STATE RESEARCH AND SUPPORT

- Hector Ruiz – team leader
- Peggy Anastos
- Volunteers: Mariel Mercado-Guevara, Jorge De Armas and Renato Ronquillo

3. INFORMATION TECHNOLOGY

A plethora of sites have been developed and social media pages created to support Puerto Rican evacuees, but there is a concern for the completeness and accuracy of information provided on these platforms. Evacuees need reliable up-to-date information. The State of New Jersey website could serve as a critical information access point for evacuees. The first step in providing reliable information to both evacuees and volunteers would be to update and expand the Governor's Office of Volunteerism webpage to include information similar to that on the Host State Florida website/page in English and Spanish. This can include information like the FEMA 800#, Direct Relief Assistance through NJ's 211#, General Assistance, 24/7 Hurricane Maria Relief Services (numbers and web addresses for each listed) Education, Employment, Health, Libraries, Transportation and Volunteer Opportunities (list of reputable nonprofit organizations). We should further explore the possibility of the creation of an official NJ state application (APP) to provide this information for evacuees.

○ WEBPAGE/ SOCIAL MEDIA APP RESEARCH

- Gus Penaranda – Team Leader
- Peggy Anastos
- Joshua Rodriguez

4. SUPPORT PUERTO RICO IN ITS EFFORTS TO STABILIZE AND IMPROVE ITS ELECTRICAL SYSTEM

The Puerto Rico Relief Commission believes that one of the most important contributions that New Jersey can make to help improve the quality of life of all Puerto Ricans is to support the island in its efforts to stabilize and improve its electrical system. New Jersey companies that dealt with the destruction of Superstorm Sandy are uniquely positioned to provide expertise, guidance and capital to this endeavor. New Jersey can assist Puerto Rico in the following ways:

- a. Support Puerto Rico in performing a review of potential options to restore confidence, operational excellence, and long-term stability to its electric grid.
- b. Promote the transfer of management and technical expertise to Puerto Rico in support of its energy systems, especially its electrical grid.
- c. Promote and facilitate US investments in all of Puerto Rico's infrastructure, especially its telecommunications and electrical networks.
- d. Promote adequate federal funding to reconstruct all of the damaged infrastructure on the island.

A. SOCIAL SERVICES COMMITTEE REPORT

MISSION AND MANDATE:

The mandate of the Social Service Committee is two-fold:

1. Identify the immediate needs, analyze the resources available to support, and make recommendations on how to assist the over 30,000 displaced Puerto Ricans that have moved to New Jersey in the aftermath of the fiscal crisis and Hurricane Maria, which have together battered the economy and the physical environment on the island.
2. Assess the needs of the Island of Puerto Rico and recommend ways in which New Jersey and its citizens can help the US citizens of Puerto Rico achieve social and economic viability.

NEEDS ASSESSMENT:

Even before Superstorm Maria, Puerto Rico was in a critical state. Since the storm made landfall on September 20, 2017, Hurricane Maria has caused a level of widespread destruction and disorganization rarely paralleled in American history. From a meteorological standpoint, Maria was a worst-case scenario: The center of a Category 5 hurricane made a direct hit on Puerto Rico, with wind and rain lasting for more than 30 hours. Maria has many elements of a “catastrophic event,” and not just a disaster. Catastrophic events are rarer than disasters, and they destroy infrastructure over a large swath of land.

Much of the built environment in Puerto Rico was destroyed by Hurricane Maria, leaving economic damage in its wake, estimated at over \$90 billion and taking its toll not only on the human, social and psychological fabric of Puerto Rico, but also on its fragile economy, labor markets and businesses. The true extent of Hurricane Maria's damage to Puerto Rico is still being tallied. But we have some indications of how injurious it will be:

- The island's economy will shrink by about 8% in 2018, according to a forecast by the Economist Intelligence Unit. That puts Puerto Rico among the slowest-growing economies in the world.
- Thousands of businesses have been unable to open due to ongoing blackouts months after the storm.
- Over 200,000 people have left the island in the aftermath of the storm. Consulting firm, Demographic Intelligence, predicts that the island's population will contract by 587,943 in the five years after Maria

The migration of Puerto Ricans to the mainland has been accelerated by various factors:

1. Despite the many challenges and needs that the island is facing, Puerto Rico is treated inequitably by the federal government. Medicaid program funding is a glaring example: The \$1 Billion in annual Medicaid funding that Puerto Rico receives from the federal government is approximately 20% of the \$5 Billion received by Oregon with a similar population base.
2. As US Citizens, Puerto Ricans don't need passports or visas to come to the Mainland. Why live with curtailed federal government support, a fiscal crisis and damaged infrastructure when you can migrate freely to all 50 states?

A new hurricane season is coming. The island's infrastructure is still impaired from Maria. A major storm system could precipitate an even greater humanitarian crisis and potentially a mass migration from the island.

CONCERNS/RESEARCH:

There has been no precise evaluation/survey on the exact numbers of Puerto Ricans that have migrated to New Jersey. Nor have we accurately assessed their immediate needs. Notwithstanding, our committee proceeded (in a very short time frame) to assess the available resources that New Jersey currently has available to assist Puerto Rican evacuees to our State.

This current migration of U.S. Citizens from Puerto Rico to the mainland is the largest out migration of Puerto Ricans ever recorded—and it continues to grow. We have inventoried the core services that will be required to address the needs of these newcomers:

1. Housing
2. Physical health
3. Financial resources
4. Unemployment
5. Educational/training needs
6. Mental health
7. Substance abuse
8. Emergency/family crises
9. Domestic violence
10. Economic development
11. Reciprocity of professional/occupational licenses and certifications

Additionally, in order to facilitate some of these services, ancillary services will be needed such as transportation, child care and legal assistance.

The New Jersey Puerto Rican Congress supported the work of the Commission on Puerto Rico Relief by surveying the following departments/divisions deemed essential to the needs of the Puerto Rican evacuees/newcomers and their families:

1. Department of Human Services
2. Department of Children and Families
3. Department of Labor
4. Department of Environmental Protection
5. Department of Community Affairs
6. Department of Agriculture
7. Office of the Attorney General, Division of Consumer Affairs
8. Department of Health
9. Center for Hispanic Policy Research and Development within the Department of State

Recommendations: The most important contribution that these critical departments and their key divisions can make involves communicating effectively about the resources available within the State.

1. Communications: All departments should make certain that all their translations are as accurate as possible, especially those on their websites. Evidently, some have used “Google translate” and these translations are seriously flawed. Information is key and should be easily comprehended upon research by the individual.
2. One-Stop Service Center: Since many of the services that are needed by citizens in need intersect various departments, more coordination is necessary. The above departments and their key divisions should establish a one-stop application process for the bundle of services that a new arrival to New Jersey may require.
3. User Friendly Websites: All state and local government services websites should have linkages from one department to another especially for those services that would, by nature, be needed for families looking for assistance.
4. Resources Guide: A Bilingual Information and Resources Guide (similar to the one prepared by Connecticut) would be useful. The Guide should be available online and in hard copy format. They should be distributed in as many public places as possible, i.e. schools, hospitals, municipal buildings, board of social services offices, Hispanic community-based organizations, social service entities, etc.
5. Community Engagement: All departments should become involved in festivals, parades, fairs of health and wellness that target the Hispanic, but specifically the Puerto Rican community, especially in those areas where the new evacuees have come in numbers, i.e. Essex, Camden, Union, Hudson, Cumberland, etc.

Appended as an end note to this report is a list of Divisions found within the above-mentioned Departments. Those that are most vital to our recent arrivals from Puerto Rico are identified by an asterisk.ⁱ

ENVIRONMENTAL CONCERN REPORT

Environmental Concerns

- Puerto Rico is still recovering from Hurricane Maria, which caused massive devastation to the island in September of 2017. The storm destroyed crucial infrastructure causing island wide power outages and critical resources to be affected.
- As of April 2018, Puerto Rico is still lacking potable water in parts of the island. Puerto Rican Government states 96.05 % of citizens have water restored however, boil water advisories are still in effect for some of those with water restored. This also means there are hundreds of thousands of people still without either running water or clean drinking water.
- The remaining affected population are in remote and rural areas where they have their own water treatment centers and infrastructure and not a part of P.R.A.S.A (Puerto Rico Aqueduct and Sewer Authority System). EPA states they have previously assessed all 237 non - PRASA sites located in rural areas and are taking steps to begin the next phase. The goal is to improve operations, infrastructure and reliable power sources.
- EPA states they “have” worked and are “still” working with FEMA, the Government of Puerto Rico, and local authorities to ensure initial repairs were made to provide temporary power sources to these crucial systems.

After consultations with the New Jersey Department of Environmental Protection, we identified the following concrete actions that NJDEP and its leadership can take in support of Puerto Rico:

- Technical Assistance. NJDEP’s engineering department could possibly assist with potable water treatment plant infrastructure issues and or/consulting.
- Landfill and Recycling processes.
- Power Plants and Air Pollution Control systems. (Technical Assistance)
- “Adopt” or “Focus” on a specific municipality to best coordinate efforts. Most likely in one of the more rural areas still impacted.
- Other: This will be an evolving and changing plan of action and the leadership of NJDEP agreed that it can respond flexibly to the needs of Puerto Rico.

LABOR AND WORKFORCE DEVELOPMENT

The Division of Labor and Workforce Development agreed that it can support the Governor’s Commission on Puerto Rico Relief in the following ways:

1. Coordinate Job/Resource Fairs in PR/USVI receiving communities. Partner with NJ State agencies, CBOs, etc. to meet basic and employment needs of evacuees.
2. Conduct surveys of our workforce partner organizations to understand better the quantity of need, types of needs, and locations of needs related to workforce reintegration for evacuees. Work with Commission on Puerto Rico to develop multi-agency response team.
3. Research the creation of a new LWD grant opportunity for targeted “ESL for Workplace Success” programs in communities of need.
4. Recommend that LWD work with the Commission on Puerto Rico to potentially designate displaced PR/USVI as a group with “barriers to employment.” LWD would train the Workforce System to meet these customers’ needs, with an eye to both current and future crises.

5. Recommend that LWD work with the Commission on Puerto Rico to coordinate options for PR/USVI evacuees who lack the documentation to complete the I-9 process.
6. Begin to collect the required data and design a service delivery plan to determine LWD suitability for USDOL National Emergency Grant funding.

Detail behind each idea:

1. Coordinate Job/Resource Fairs in PR/USVI receiving communities. Partner with NJ State agencies, CBOs, etc. to meet basic and employment needs of evacuees.

LWD can quickly develop and execute small, localized resource fairs in support of this effort in cooperation with other NJ state agencies, faith-and community-based organizations. LWD would build on previous experiences holding coordinated resource fairs, such as those held in Atlantic City in the Fall of 2016.

Any agency or private organization offering services or benefits to the impacted population would be invited in order to increase the likelihood of meeting the variety of known (and unknown) needs. Leveraging the LWD partner community for directed, but decentralized communication, could prove to be effective in publicizing the events, as well as for understanding the resources that are relevant to the population. Events could be held at One-Stop Career Centers, college campuses, convention centers, etc.

While certain communities will emerge as areas of greatest need, LWD anticipates a need to mobilize the resource fair concept to bring coordinated, cross-agency services and benefits into communities where smaller populations of evacuees are settled.

2. Conduct surveys of our workforce partner organizations to understand better the quantity of need, types of needs, and locations of needs related to workforce reintegration for evacuees. Work with Commission on Puerto Rico to develop multi-agency response team.

In order to create the targeted informational resources as well as inform the resources fair, LWD proposes to engage in a information-gathering process with its current partners to identify the needs LWD could address, including as job search assistance, literacy, ESL, and conversational English.

LWD proposes to connect with and survey the NJ-based organizations currently involved in supporting the Puerto Rican and USVI dislocated communities in order to gather information on the influx of displaced individuals they are currently serving. This would include, among others, faith- and community-based organizations.

A survey is under development by LWD staff to allow them to systematically reach out via telephone calls and emails to all levels of partners. This network includes County Workforce Development Boards, grant funded organizations, Career Connections partners (ex: libraries) and organizations identified as being connected to the Puerto Rican/USVI community. The information gathered will inform the development of both informational resources and resource fairs.

In order to facilitate the overall coordination of resources, LWD would like to work with Commission on Puerto Rico Relief to develop multi-agency response team. To institutionalize this type of multi-faceted crisis response program, LWD would like to work with other state agencies to coordinate an agile response to related current and future challenges/crises.

Building from the information gathered from our partner community, LWD proposes to build and distribute informational resources targeted at the needs of dislocated PR and USVI communities in NJ about LWD (and other agency) resources. LWD has previous experience creating these documents, as they were also developed to support our efforts after Hurricane Sandy and for Atlantic City in 2016. A service hotline (800 number) staffed by bilingual LWD staff can also be created.

3. Research the creation of a new LWD grant opportunity for targeted “ESL for Workplace Success” programs in communities of need.

LWD understands that there may be a need among this community for training in utilizing English in a workplace setting, perhaps combined with essential/soft skills training. LWD proposes to research further the creation of a new LWD grant opportunity for targeted ESL/soft skills training, informed by the community/partner outreach survey described above.

One possibility is that the LWD grant could be directed towards faith-and community-based organizations, community library systems, and possibly the K-12 school districts. The grant would allow for the development and implementation of a train-the-trainer program to train and certify local qualified individuals in the development and implementation of Beginning ESL/Conversational English courses targeted to those who do not identify English as their first language.

The objective of the proposed grant opportunity would be to develop and put into place a standardized Conversational English curriculum, provide for trained staff, and that the development of structured Conversational ESL classes may help create a pathway towards additional contextual learning resources and career pathways.

4. Recommend that LWD work with the Commission on Puerto Rico to potentially designate displaced PR/USVI as a group with “barriers to employment.” LWD would train the Workforce System to meet these customers’ needs, with an eye to both current and future crises.

It appears legally possible that the Governor could designate evacuees of Hurricane Maria as eligible for priority of service in our One-Stop Career Centers. This would allow LWD to offer occupational skills training (through the above-mentioned priority of service designation) for displaced PR/USVI evacuees at Local One-Stops. Local One-Stops could then use existing WIOA and Work First resources to assist displaced individuals. In addition, in the event that a local area requests more funds to service this priority population, those requests will receive priority funding.

After such a designation is made, LWD would then embark on a process of training the One-Stop staff to understand the implications of the designation and provide optimal service to PR/USVI evacuees. Among other methods, LWD would develop a webinar series of short training modules to introduce topics related to serving these populations, with companion desk aids. LWD would utilize best practices learned from rolling out previous special population initiatives.

5. Recommend that LWD work with the Commission on Puerto Rico to coordinate options for PR/USVI evacuees who lack the documentation to complete the I-9 process.

With an eye to reducing documentation-related barriers to entry into employment for USVI/PR evacuees, LWD proposes to work with the Commission on Puerto Rico Relief to identify current barriers to documentation requirements and identify alternatives/workarounds and possible policy exemptions. LWD would like to work with the Commission to explore opportunities to help ensure that people have the documentation they need to be eligible for hire (and complete a Federal I-9, whose documentation requirements are outside of LWD purview).

6. Begin to collect the required data and design a service delivery plan to determine LWD suitability for USDOL National Emergency Grant (NEG) funding.

It may be possible for LWD to apply for and utilize a NEG to assist this population. LWD is currently investigating our lessons learned from previous NEGs to understand if we are in the optimal timeframe and circumstances to serve this population vis-à-vis the grant requirements.

Supporting the Agricultural Sector in Puerto Rico

Puerto Rico's agricultural industry, already described by *The Economist* as "inefficient" before Hurricane Maria, was largely devastated by that storm.

Coffee and dairy, two of the island's biggest agricultural sectors, suffered greatly. Coffee plants, and much of the natural supporting infrastructure on farms to protect them (e.g. trees) could not withstand the storm's massive winds. Dairy farmers lost cows (in one case 200 of the thousand that one farmer had at three locations) and, more importantly, from a long-term impact standpoint, have had to deal with repeated power outages that leave them no reliable place to take milk once it has been produced by the remaining cows.

As a professor from the University of Puerto Rico Mayaguez Campus (UPRMC) told NJDA, "Even if the cows are producing, much of it just gets dumped in the fields because of the power being down."

Rebuilding the Island's Agriculture

Any discussion of helping to rebuild the agricultural industry in Puerto Rico should consider the need to first rebuild – and vastly improve the resiliency of – the island's infrastructure, said UPRMC microbiologist Luis Rios Hernandez, on a recent visit to Rutgers University. Even fisheries were decimated by massive mudslides, Hernandez said, as millions of gallons of "chocolate water" rushed into the waters the fisheries depend upon.

The need to shore up the "footings," Hernandez said, is at the base of approaching help to the agricultural sector. Improving the island's resistance to soil erosion would provide the basis for improving all parts of agriculture. Discussions have centered on plantings of not only trees but also deep-rooted grasses and low-lying shrubs to better keep soil in place.

Fortunately, Puerto Rico is home to nine USDA-Natural Resources Conservation Service (NRCS) offices – a main one in San Juan and eight others spread throughout the island – and seven Soil Conservation Districts that would be crucial in coordinating efforts to stem soil erosion. Coordination of the NRCS with UPRMC (which has considerable demonstration farms to develop such methods, as well as other agricultural improvements) is needed in this approach.

There are approximately 10,500 farms covering 450,000 acres, according to the USDA's National Agricultural Statistics Service. As the terrain varies throughout Puerto Rico's agricultural community – from sandy beaches to mountains to coastal plains – each region will require unique approaches depending upon the types of soil, the weather impacts each area receives and the type of agriculture dominant in that region. UPRMC also has many joint efforts with the University of Florida that could bring resources to bear.

Addressing the repeated power outages plaguing the island since Hurricane Maria also might best be approached from a regional perspective and requires a renewed look at how the power grid there is designed and constructed. Professor Hernandez said one of the problems with the power grid, and just as importantly with the island's communications, is that they are established

as large, almost monolithic systems. Developing multiple “micro-grids” that could power a region would improve the island’s energy resiliency, as a storm that takes out one micro-grid would not necessarily result in losing power on a wider scale throughout the island.

NJDA is proposing that an agricultural area (most likely one in which dairy is dominant and thus more reliant on electrical power) could become a “demonstration project” for a micro-grid and, if tested successfully, could be replicated throughout the island. This demonstration project also would loop in communications.

Professor Hernandez is very interested in this concept, especially in the use of anaerobic digesters to create methane that can be used to create electrical power. The large dairy farms would be a source of raw material (cow manure) to feed a digester. NJDA has experience in coordinating a similar project at the Landis Sewerage Authority in Vineland and can lend the value of that experience, and the expertise of the contacts created through that effort, to a similar approach in Puerto Rico. The dairy industry on the island is significant, with more than 200 farms and close to 100,000 cows in total, so the electrical grid issues faced by the industry present a major barrier to returning the ag industry as a whole to normal.

Rutgers On-Board

Secretary Fisher contacted Executive Dean Robert Goodman of the School of Environmental and Biological Sciences (SEBS) at Rutgers about joining this effort, and Rutgers proposed sending a team of three people to Puerto Rico, if proper arrangements can be made, linking them up with UPRMC and the University of Florida, to meet with agricultural producers on the island and draw up specific plans for both short-term and long-term solutions to bolster the ag industry there. The Rutgers contingent would be led by Richard Alomar, a landscape architecture expert at Rutgers, as well as a crisis-communications expert and, potentially, a dairy expert.

One thing that seems clear already from discussions at Rutgers is that a system of agricultural-industry groups must be bolstered in Puerto Rico. There is a sense that the industry does not have active and mobilized groups – anything from farmworker advocates to commodity groups to professional agriculture organizations – such as exist in New Jersey and Florida. An industry organized to help itself can make the efforts of governments go a lot further in getting the job done.

Agri-Tourism

Along with agriculture, the island’s other significant industry is tourism. However, according to published reports, the tourism industry in Puerto Rico was lagging even before Hurricane Maria, according to *The Economist*. NJDA’s Division of Markets could lend expertise in combining agriculture and tourism into agri-tourism, which has become a booming part of New Jersey’s overall agricultural landscape over the past 15 years, and the Division has helped farmers of all kinds build agri-tourism into their operations. That approach, combined with a strengthened focus for agriculture on providing the island’s year-round residents with more of their own homegrown food (85 percent of the island’s food is imported), would be an effective one-two punch toward building a stronger agricultural economy in Puerto Rico.

B. MORTGAGE MORATORIUM AND REVERSE MORTGAGE FORECLOSURE REPORT

On February 12, 2018 Governor Phil Murphy signed Executive Order # 10 establishing the Commission on Puerto Rico Relief, an 18-member commission that was charged with collaborating with state and federal agencies to expedite processes benefiting displaced Puerto Ricans in New Jersey. The Commission was also responsible for examining ways the state could aid the island. Part of the mandate included examining the moratorium on mortgage and reverse mortgage foreclosures in Puerto Rico that was set to expire on March 19, 2018. Our Commission was organized into several sub-committees. Our Mortgage Moratorium **Sub-Committee B** was comprised of Joshua Rodriguez, Peggy Anastos and Tonio Burgos.

Approximately one-third of the island's 425,000 homeowners are behind on their mortgage payments to financial institutions that previously bought up distressed mortgages. There are estimates that tens of thousands have not made payments for several months. According to Black Knight Inc., a data firm formerly known as Black Knight Financial Services, some 90,000 borrowers became delinquent as a result of Hurricane Maria. Black Knight has also reported troubling news related to foreclosures and delinquency rates. They stated, "Puerto Rico's 35 percent foreclosure and delinquency rate is more than double the 14.4 percent national rate during the depths of the housing implosion in January 2010."¹ This data is absolutely disturbing and as a Commission we believe that our federal government must do more to aid and support our Puerto Rican brothers and sisters on the island.

Mortgage Moratorium and Reverse Mortgage Sub-Committee Action Steps Taken

1. Advocated for a Mortgage Moratorium Extension

Upon receipt of the mandate, our Mortgage Moratorium sub-committee began to advocate alongside other influential Puerto Rican leaders at a national level through our congressional representatives for financial relief and an extension on the mortgage moratorium. On March 1, 2018, HUD put out a press release indicating that the Federal Housing Administration was extending the Moratorium (HUD Mortgagee Letter 2018-02) for an additional 60 days through May 18, 2018 (Appendix A). Although we are grateful for the extension, we believe that it will not suffice.

2. Appealed to HUD to include Home Equity Conversion Mortgage (HECM)

Through our direct discussions with Chris McDonough, the Chief Investment Officer of the New Jersey State Investment Council (**NJ Pension Fund**), we discovered that the HUD Mortgagee Letter 2018-02 did not include the Home Equity Conversion Mortgage (HECM) or "Reverse Mortgages" held by Blackstone Group (DBA Finance of America), which hold 40% of the 10,000 Reverse Mortgages on the Island. Blackstone felt strongly that this was a mistake by HUD and wrote them a letter requesting they reconsider the position. They also requested that the moratorium be for one year and not limited to 60 days (Appendix B – Blackstone letter of appeal).

On March 19, 2018, Chris McDonough informed us of some positive developments on the Puerto Rico foreclosure matter. The FHA announced that the moratorium extension in place through May 18th would apply to the HECM (Appendix C).

¹ Matthew Goldstein. The Next Crisis for Puerto Rico: A Crush of Foreclosures. The New York Times. <https://www.nytimes.com/2017/12/16/business/puerto-rico-housing-foreclosures.html> (accessed February 20, 2018).

3. Directly Appealed to HUD to extend the Mortgage Moratorium and Home Equity Conversion Mortgage (HECM) extension for another year.

On April 20, 2018 our Commission wrote a letter to HUD Secretary Ben Carson and the General Deputy Assistant Secretary of Housing Dana T. Wade (Appendix D) asking them to consider extending the moratorium an additional year. This support would benefit homeowners tremendously and would provide them more time to recover from the devastating effects of the hurricane. This will enable more time for the electrical grid to be restored to 100% capacity and for the water aqueduct systems to be fully repaired. Such restoration will allow for the delivery of basic needs, including food, light and water. It will also provide the vulnerable population of seniors still living on the island the opportunity to avoid foreclosure, which can also have, among other things, a negative financial impact on FHA insurance funds.

4. Appealed to TPG Capital (DBA Rushmore Loan Management Services)

The other area where the NJ pension fund has exposure to mortgages in Puerto Rico is through TPG. TPG owns a pool of mortgages alongside several other investors. These loans are not HUD guaranteed, so the FHA Moratorium extension does not apply to them. Through our discussions with Chris McDonough and his advocacy, TPG was able to work with the other investors in the mortgages they own to extend the foreclosure moratorium on those loans through May 31, 2018. This is longer than the Moratorium the FHA has in place on HUD guaranteed loans, which ends May 18, 2018. Chris McDonough was extremely helpful and instrumental in helping us to get this accomplished.

5. Supported and monitored NJ State Legislation that prohibits investment of state pension and annuity funds in entities engaged in mortgage foreclosures that target victims of Hurricane Maria in Puerto Rico

Senators M. Teresa Ruiz and Nilsa Cruz-Perez sponsored state legislation, Bill S1914 – (Appendix E) to prohibit state investments in companies that target victims of Hurricane Maria in Puerto Rico. This Bill passed the NJ Senate on April 12, 2018 and was introduced in the Assembly as Bill A3862 by Assemblywomen Annette Quijano and Annette Chaparro. Our Commission has been actively tracking these Bills in order to ensure their final approval and implementation.

Recommendations:

1. Continue to monitor NJ Assembly Bill A3862 to ensure its final approval and implementation.
2. Follow up with HUD Secretary Ben Carson through our Commission contacts in his office regarding our NJ Puerto Rico Commission Letter of Appeal to the Mortgage Moratorium Extension.
3. Forge strategic partnerships with the governments of New York and Florida in order to further leverage our influence in the private equity industry and further prohibit investments of state pension and annuity funds in entities engaged in mortgage foreclosures that target victims of Hurricane Maria in Puerto Rico.
4. Foster continued discussions with The Private Equity Stakeholder Project, which advocates on behalf of people who are taken advantage of by the private equity industry.

C. UTILITIES COMMITTEE REPORT

The Utilities Committee of the Puerto Rico Relief Commission finds and declares that:

New Jersey recognizes its moral obligation to provide relief to all migrants who come to our state. We are also committed to the stabilization of Puerto Rico so that those who wish to return to their homes will have an opportunity to do so and to find a safe, stable, and sustainable environment in which they can raise a family, educate their children, find gainful employment and enjoy a level of services similar in quality to those with which New Jersey is blessed.

It is a self-evident fact that a dependable energy system is a vital necessity for all modern societies and touches all aspects of our lives.

- When blackouts occurred in most parts of the island, medical facilities couldn't reliably power life support machinery in ICUs or dialysis machines.
- Lack of electricity slowed the restoration of safe water and sewage, as well as telecommunications services because these utilities rely on electricity.
- Communications throughout the island, including the internet, were severely hampered.
- Industrial production has been stymied, resulting in a loss of economic activity, jobs and vital supplies.
- Shortages of medical devices and medications due to the disruption of production in Puerto Rico are being felt in hospitals throughout New Jersey.

The Utilities Committee of the New Jersey-Puerto Rico Relief Commission believes that one of the most important contributions that New Jersey can make to help improve the quality of life of all Puerto Ricans is to support the island in its efforts to stabilize and improve its electrical system. New Jersey companies that dealt with the destruction of Superstorm Sandy are uniquely positioned to provide expertise, guidance and capital to this endeavor. New Jersey can support Puerto Rico in the following ways:

- a. Support Puerto Rico in performing a review of potential options to restore confidence, operational excellence, and long-term stability to Puerto Rico's electric grid. Potential future business models for PREPA and the electric transmission, distribution, and generation systems in Puerto Rico are described in the enclosed Recommendations below.
- b. Promote the transfer of management and technical expertise to Puerto Rico in support of its energy systems, especially its electrical grid.
- c. Promote and facilitate US investments in all of Puerto Rico's infrastructure, especially its telecommunications and electrical networks.
- d. Promote adequate federal funding to re-construct all of the damaged infrastructure on the island.

Recommendations

The Utilities Committee is recommending a review of potential ways that New Jersey can support PREPA restore confidence, operational excellence, and long-term stability to Puerto Rico's electric grid. Potential future business models for PREPA and the electric transmission, distribution, and generation systems in Puerto Rico are described below.

This report is segmented into 3 sections, as follows:

1. PREPA Background

- a. Infrastructure overview
- b. 2017 hurricanes impact

2. Potential Future Business Models

- a. Municipalization (current PREPA model)
- b. Privatization (investor owned model)
- c. Public-private partnership (hybrid model)

3. Public-Private Partnership Model Illustration

- a. Solicitation of market participants
- b. Transition period activities
- c. Future state utility operations

1a. PREPA Background – Infrastructure Overview

The Puerto Rico Electric Power Authority (PREPA) is a government-owned corporation responsible for electricity generation, transmission and distribution on the island serving approximately 1.5 million customers. The Commonwealth of Puerto Rico covers a geographic area of approximately 110 miles east to west and 35 miles north to south.

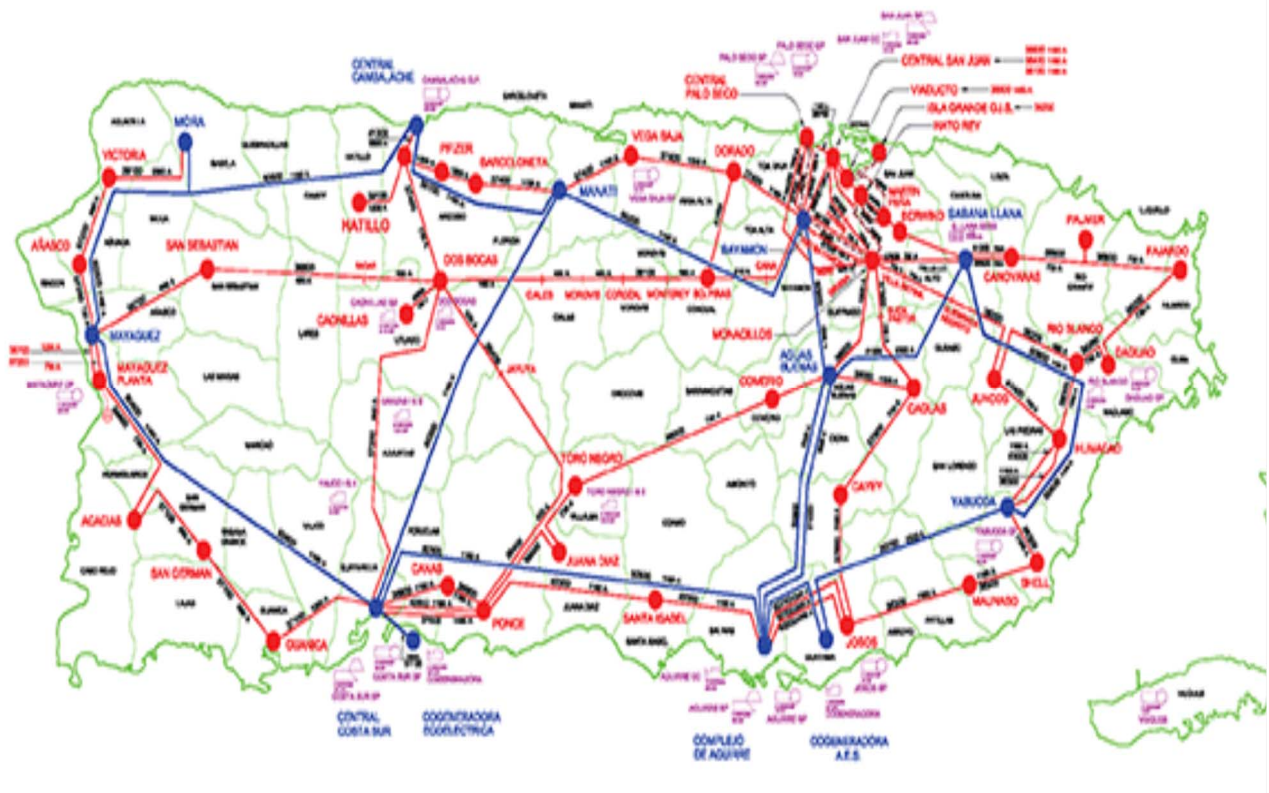
Electric system historic peak demand of 3,685 MW was achieved in 2006, and has declined since to below 2,500 MW in 2017. Pre-storm on-island generating capacity was 5,839 MW (Figure 1). According to the US Energy Information Agency, as of 2016, 47% of Puerto Rico's electricity came from petroleum, 34% from natural gas, 17% from coal, and 2% from renewable energy sources. PREPA-owned generation is comprised of 6 fossil fuel and 21 hydroelectric generation units at 11 locations, while privately owned generation facilities include two cogeneration plants, two windfarms, and five solar farms. The 95-megawatt Santa Isabel wind farm is the largest in the Caribbean. Puerto Rico has 127 megawatts of utility-scale solar photovoltaic generating capacity and 88 megawatts of distributed (customer-sited, small-scale) capacity.

PREPA's Transmission and Distribution (T&D) system is over 90% above ground and includes approximately 2,500 miles of transmission circuits (rated at 230kv, 115kv, and 38kv), 31,500 miles of distribution lines, and 330 substations.

With 1.5 million customers, PREPA is among the largest US public utilities. PREPA's website notes that as of 2013 – 2014, the American Public Power Agency ranked PREPA "...number 1 in customers, number 1 in revenues, number 6 in kWh sales, and number 7 in generation kWh." However, it is reported that PREPA has collection issues resulting in high receivables and insufficient cash to finance capital programs and cover operating expenses.

PREPA is by any measure a large and critically important element of Puerto Rico's infrastructure and life. Much of that infrastructure was destroyed by Hurricanes Irma and Maria, leaving economic damage estimated at over \$90 billion. Rebuilding the electricity infrastructure will take several years and require external operational and financial assistance, as well as potential structural and organizational changes to PREPA.

Figure 1: PREPA's Transmission and Generation System.

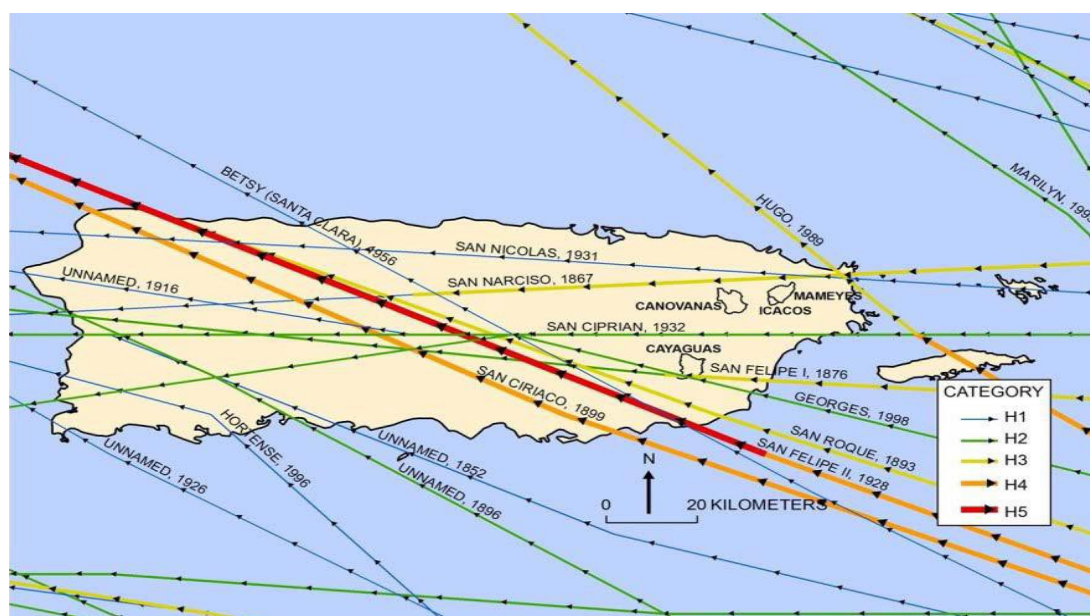


Source: PREPA

1b. PREPA Background – 2017 Hurricanes' Impact

The combined impact of Hurricanes Irma and Maria led to a complete failure of Puerto Rico's grid, with all 1.5 million PREPA customers losing power. As a result of the extended and unprecedented damage, virtually the entire transmission and distribution system must be rebuilt. However, the damage sustained by Puerto Rico is, first and foremost, a human tragedy. Aside from the physical damage, which was extraordinary, lives were lost, livelihoods disrupted, and families upended. Over 30,000 Puerto Ricans have come to New Jersey in the wake of the hurricane, joining the approximately 500,000 persons of Puerto Rican descent already living in the State. Historical storm tracks, illustrated in Figure 2 below, indicate the vulnerable position of the island, particularly given that PREPA's T&D system is installed 90% above ground.

Figure 2: Historical Storm Tracks Impacting Puerto Rico.



Source: NOAA

2. Potential Future Business Models

Long-term and sustainable economic success for PREPA and its customers will be driven not only by near-term capital investment and on-going storm restoration, but also by consideration of a new business model, or strategic organizational approach.

It would be useful for PREPA to consider and evaluate three future business models. They are: municipalization (current PREPA model); privatization (investor owned model); and a public-private partnership model (a hybrid of municipalization and privatization).

The three business models are summarized as follows:

2a. Municipalization (current PREPA model): All utility assets and staff remain with the utility under central management. There are certain obvious benefits to this model – e.g., tax exempt status – but it lacks the efficiency and natural impulse toward improvement resident in investor owned utilities.

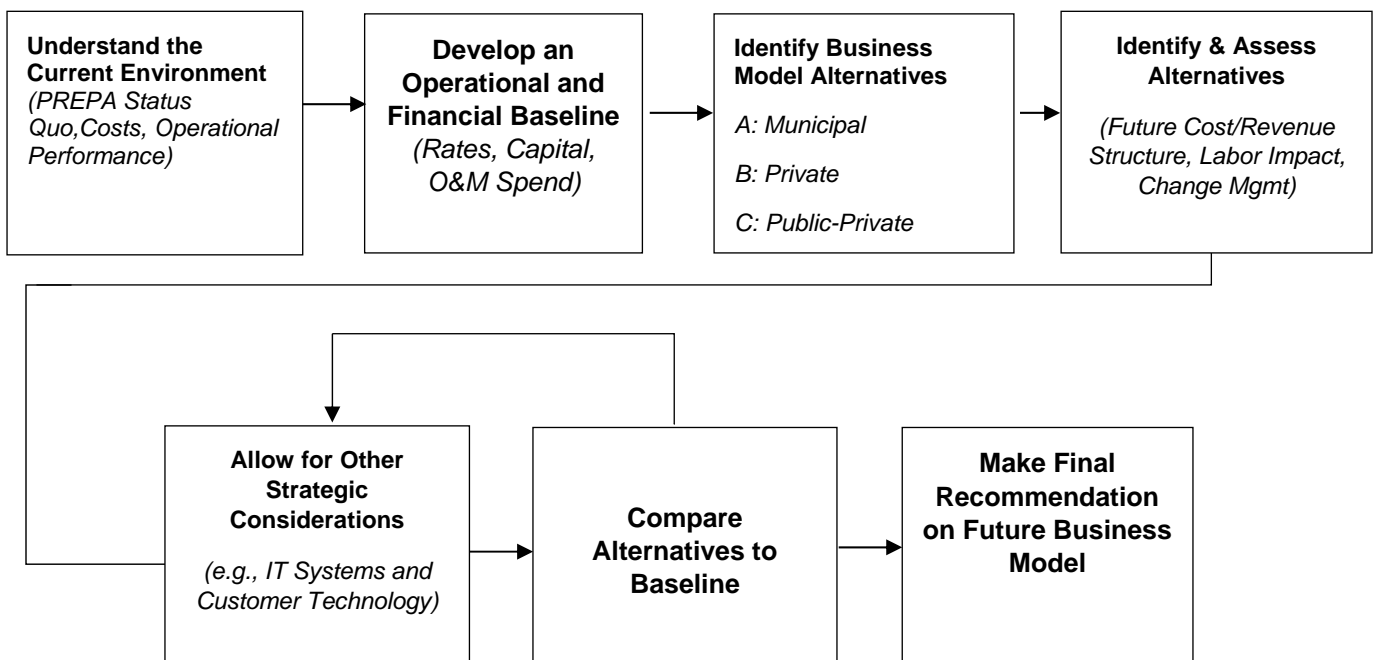
2b. Privatization (investor owned model): Under this model, PREPA would auction off most or all of its assets and operations to a private enterprise that would then own and operate the business. The primary motivation behind privatization is the belief that the private sector is more cost efficient, effective, and willing to invest in the business. Privatization also represents an ability to infuse a large amount of capital and expertise into struggling entities. In contrast to municipalization, though, it eliminates the tax-exempt status and includes the need to generate a profit for the owner. The question is whether the gains in efficiency (and hopefully customer satisfaction), offset increases in costs.

2c. Public-Private Partnership (Hybrid Model): This model represents a hybrid of the municipalization and privatization models. It would typically involve a dedicated subsidiary of a privately-owned company (i.e., a “service provider”) under contract to PREPA, and would be comprised initially of the employees, systems, and resources of PREPA. PREPA would still exist and continue to own the assets, oversee the service provider, approve and fund operating budgets, and retain tax-exempt status. Under an operating contract, the service provider would aggressively pursue system and customer satisfaction improvements. A key consideration/requirement under this model is establishing an acceptable mechanism to address credit risk for the service provider.

A decision to change or amend PREPA’s business model should be based on a detailed analysis of the options. Such an evaluation would clarify the alternatives and assess impacts on key financial and operational metrics, such as retail electric rates and reliability. And, given PREPA’s role in the Puerto Rican economy, jobs and other related economic impacts would need to be examined as well.

An examination of potential business models would follow a relatively straightforward process as illustrated in Figure 3 below.

Figure 3: Illustrative Process for Evaluation of Alternative Future Business Models.



3. Public/Private Partnership Illustration

For purposes of illustration, the balance of this report expands on the public-private partnership option. Adopting this model would entail three key steps: (1) solicitation of market participants and selection of a private partner (the new service provider), (2) execution of due diligence and a transition period by the selected service provider, and (3) future state operations under the terms of an operating services agreement.

3a. Solicitation of Market Participants

To solicit market participants PREPA would develop and request proposals from interested parties through a competitive RFP process. In addition to soliciting basic qualifications and other threshold requirements from bidders, the scope of services would be detailed and typically cover all aspects of operations, including the following:

- **T&D System**
 - Maintenance and Engineering
 - Design and Construction
 - Documentation and Reporting
 - Asset Management and System Planning
 - Emergency Preparedness, Response and Reporting
- **Generation/Power Supply**
 - Load/Energy Forecast and Integrated Resource Planning
 - Purchase and Supply of Fuel
 - Negotiation of Power Supply Contracts
 - Construction/Oversight of Generation
 - Renewable Generation
- **Customer Services**
 - Customer Satisfaction
 - Marketing and Sales
 - Customer Care and Contact
 - Billing and Revenue Cycle
 - Rates, Tariff, Load Forecasting
- **Support Services**
 - Accounting and Reporting
 - Budgeting and Forecasting
 - Auditing, Governance, Risk Management
 - Treasury Operations
 - Human Resources
 - Procurement
- **Support Services Continued**
 - Information Technology
 - Business Performance Excellence & Reporting
 - Communications and Government Relations
 - Environmental Health and Safety
 - Legal and Regulatory Compliance
 - Contract Administration and Records Management
 - Fleet & Facilities Management

Key considerations for potential RFP bidders may also include the following:

- Technical and Operational Capabilities: bidder's demonstrated experience in the operation, management, financial controls, and administration of an integrated utility operation; including experience in achieving customer satisfaction for performing services.
- Management Team: strength of bidder's proposed management team and demonstrated commitment to the engagement.
- Financial Condition: bidder's overall financial condition and ability to support the subsidiary operation consistent with the services contract obligations.
- Cultural Alignment: the extent to which bidder's culture is aligned with PREPA's goals.
- Reputation: bidder's reputation for integrity and customer service.
- Governance Structure: agreement between the bidder and PREPA on how the entity will be governed, and mechanisms to adjudicate disputes.
- Performance Metrics: bidder's agreement with the operational and financial performance metrics necessary to manage and reward/penalize performance.

3b. Transition Period Activities

Once selection of a winning bidder/new service provider is made, a transition services agreement (TSA) would be established under which the new service provider would conduct due diligence and develop operational readiness plans over a period of roughly 2 years.

A Transition Services Agreement would outline a due diligence process such as :

| Illustrative Transition Period Due Diligence Items | |
|--|---|
| <i>Due Diligence Process</i> | <ul style="list-style-type: none">• Review Generation, T&D and Customer Services assets, including furnishings, facilities, material, supplies, equipment, and all IT systems.• Review existing business processes, procedures, and plans.• Review key physical resources and human resources.• Review intellectual property.• Review existing subcontracts.• Review financial status for Accounts Receivable/Accounts Payable.• Review forecasting and budgeting reports and status.• Review in-flight projects |
| <i>Current State Identification</i> | <ul style="list-style-type: none">• Identify current state processes, procedures, and systems.• Utilize the best practices and continuous improvement principles to identify any inefficiency in the current state environment.• Review procedures to understand how changes are implemented and managed in the current state. |
| <i>Assessment and Analysis</i> | <ul style="list-style-type: none">• Utilize the "best-of-the-best" approaches and transition as many of the current state elements as appropriate in order to minimize disruption in |

| | |
|--|--|
| | operations <ul style="list-style-type: none"> • Identify any capability gaps or areas for improvement as a result of due diligence and provide detailed list of recommendations and implementation plans for PREPA's review. |
| <i>Communicate and Collaborate on Recommendations</i> | <ul style="list-style-type: none"> • Solicitor and bidder work together to understand the recommendations and implementation plan in order to make a decision • After decision is made, establish detailed schedules for rolling out new processes, procedures, and systems. |
| <i>Implementation (if needed)</i> | <ul style="list-style-type: none"> • Pilot test first of any critical new process or procedure. • Review the outcomes of each new process to determine if changes are required. • Implement full scale deployment once all parties are in agreement. |

3c. Future State Utility Operations

At the end of the transition and due diligence phase, an Operating Services Agreement (OSA) would be put in place to govern the scope of services and define the relationship between the service provider and PREPA over the period of the agreement, typically in the range of 10 years.

Major components of an Operating Services Agreement would likely include:

- Scope of services – operation of the generation and T&D systems, customer operations, and all support services
- Management compensation structure – including mechanisms to address service provider credit risk
- Performance metrics (see sample scorecard below)
- Staffing and labor issues
- Dispute resolution
- Intellectual property
- Insurance, risks and liabilities
- Termination provisions

Illustrative example of a typical Public/Private Partnership balanced scorecard:

| | | | March YTD | | | | Month of March | | |
|---------------------------------------|---|---|---------------|----------------|------------|--------------|------------------|--------------|--------------|
| Operations Services Agreement Metrics | | | OSA YE Target | OSA YTD Target | YTD Result | OSA Forecast | OSA Month Target | Month Result | Month Status |
| People | OSHA Recordable Incidence Rate | L | 1.79 | 1.79 | 1.27 | ↑ | 1.79 | 0.80 | + |
| | OSHA Days Away Rate (Severity) | L | 28.22 | 28.22 | 14.10 | ↑ | 28.22 | 14.43 | + |
| | JD Power Customer Satisfaction Survey (Residential) | H | 672 or 14th | 672 or 14th | 682 | ↑ | 672 or 14th | 676 | + |
| Safe, Reliable | JD Power Customer Satisfaction Survey (Business) | H | 719 or 9th | 719 or 9th | Aug | ↑ | 719 or 9th | Aug | N/A |
| | After Call Survey (Residential) | H | 90.0% | 90.0% | 94.1% | ↑ | 90.0% | 92.9% | + |
| | After Call Survey (Business) | H | 90.0% | 90.0% | 94.3% | ↑ | 90.0% | 94.6% | + |
| | Personal Contact Survey | H | 90.0% | 90.0% | 95.4% | ↑ | 90.0% | 95.2% | + |
| | Average Speed of Answer | L | 26 | 26 | 17 | ↑ | 26 | 18 | + |
| | Customer Complaint Rate | L | 8.3 | 8.3 | 4.8 | ↑ | 8.3 | 6.4 | + |
| | SAIFI | L | 0.92 | 0.19 | 0.16 | ↑ | 0.07 | 0.05 | + |
| | CAIDI | L | 85 | 85 | 73 | ↑ | 85 | 92 | — |
| | SAIDI | L | 75.0 | 14.2 | 11.9 | ↑ | 5.1 | 4.4 | + |
| | Sustained MCO (4 or more) | L | 39,010 | 41,050 | 36,573 | ↑ | N/A | N/A | N/A |
| | MAIFI | L | 3.62 | 0.64 | 0.58 | ↑ | 0.20 | 0.19 | + |
| | Interconnection Cycle Time (<50kW) | H | 95.0% | 95.0% | 98.9% | ↑ | 95.0% | 98.4% | + |
| | Interconnection Cycle Time (>50kW) | H | 83.5% | 83.5% | TBD | ↑ | 83.5% | TBD | |
| | AMI Installations | H | 52,000 | 13,000 | 14,660 | ↑ | 4,333 | 7,114 | |
| | Long Term Estimates | L | 2,190 | 3,116 | 3,226 | ↑ | | | |
| | Purchased Power Invoicing - Accuracy | H | 90.0% | 90.0% | 99.1% | ↑ | 90.0% | 100.0% | |
| | Purchased Power Invoicing - Timeliness | H | 95.0% | 95.0% | 99.1% | ↑ | 95.0% | 100.0% | |
| Economic | Operating Budget (\$M) | L | 589.3 | 139.9 | 132.4 | ↑ | 49.4 | 45.4 | + |
| | Capital Budget (\$M) | L | 514.6 | 111.7 | 76.7 | ↑ | 40.9 | 23.0 | + |
| | Days Sales Outstanding | L | 35.5 | 36.7 | 36.4 | ↑ | 35.5 | 41.3 | — |
| | Net Write-Offs per \$100 Billed Revenue | L | 0.73 | 0.73 | 0.72 | ↑ | 0.73 | 1.10 | — |
| Green | Customer Self-Service | H | 32.0% | 24.3% | 23.9% | ↑ | N/A | N/A | N/A |
| | Energy Efficiency Annualized Energy Savings | H | 259,000 | 56,234 | 54,442 | ↑ | 21,399 | 19,855 | — |

Notes:

- Color Coding in YTD Result column represents current status versus YTD Plan.
- YE Forecast is a subjective estimate of whether each metric is expected to meet the YE Target.

YTD Result Color

- At or Better than YTD Plan
- Worse than YTD Plan

YE Forecast

- On track to meet Target
- Meeting Target at risk
- Not expected to meet Target

Month Status

- At or Better than Plan
- Worse than Plan
- N/A

D. EDUCATION SUBCOMMITTEE REPORT

- I. **Mandate Summary:** The Commission on Puerto Rico Relief established by Governor Phil Murphy's Executive Order # 10 to expedite processes benefiting displaced Puerto Ricans in New Jersey formed the education sub-committee to comply with the commission's mandate to:
- a. Examine existing and future availability of New Jersey colleges and universities to host and provide resources to students and faculty who have evacuated from or remain unable to complete coursework in Puerto Rico.
 - b. In addition, the education committee expanded its research to examine resources available to displaced students and families in the K-12 market.

The education subcommittee was comprised of subcommittee chairman Sam Delgado, Al Alvarez, Ivette Alvarez, Ana Montero, Carmen Garcia, and Arlene Perez.

- II. **Work of the Sub-Committee:** The education subcommittee activities included:
- a. Meeting with Phoebe Haddon, Chancellor Rutgers Camden, and her staff to review resources available for displaced Puerto Rican Students.
 - b. Outreach to Nancy Cantor, Rutgers Newark Chancellor, and her staff to review resources available on Newark Campus.
 - c. Discussion with Anne Prisco, President Felician University, and Puerto Rico's Universidad de Segrada Corazon partnership challenges.
 - d. Meeting with the New Jersey State Board of Education Staff and Commissioner.
 - e. Conference call with Puerto Rican Board of Education.
 - f. Participation in three (3) public hearings: Perth Amboy, Jersey City and Camden.
 - g. Conference call with Rene Deida, Prudential Foundation- funding strategies for educational funding from Prudential Foundation.
 - h. Discussion with Verizon Foundation to source seed money for displaced student funding.
- III. In establishing recommendations for the commission, the education subcommittee established three (3) criteria:
- a. Recommendations should be sustainable as the disaster in Puerto Rico is long term and will be intergenerational.
 - b. Recommendations should be realistic and flexible.
 - c. Required actions and recommendations should be coordinated with agencies throughout the state with a single point of contact.

Recommendations

1. Pass NJ Legislative Bills A1531 and S522 which revises law concerning reciprocity for out-of-state professional and occupational licenses that includes Puerto Rico, the Virgin Islands and Washington DC.
2. Creates a strategic partnership via MOU between NJ and PR DOEs whereby NJ will be able to:
 - a. Temporarily waived statues and rules that will allow NJ public school districts to enroll Puerto Rican students whose education records are unavailable due to the storm.
 - b. Waive the application fee for an initial educator certificate and allow the acceptance of an unofficial transcript of teaching degrees or copies of a valid teaching certificate issued by another state or U.S. territory.
3. Identify school districts like Camden with influx of students affected by Hurricane Maria to ensure bilingual educators are hired to support student needs.
4. Work with PR DOE to identify school districts' greatest need that can be adopted by NJ districts based on PR DOE protocols and mandates.
5. Authorize state colleges to waive existing rules and requirements to help Puerto Rican students more quickly enroll in college.
6. Agreed to offer in-state tuition to Puerto Rican students who were impacted by Hurricane Maria.
7. Consider following NY State SUNY and CUNY model were students can earn college credits by assisting with the rebuilding efforts in Puerto Rico.
8. Formalize collaboration with trade unions like the Laborers and Carpenters where students can earn college credit.

E. INCENTIVES AND OPPORTUNITIES FOR VOLUNTOURISM IN PUERTO RICO AFTER IRMA AND MARIA

The New Jersey Commission on Puerto Rico was charged with investigating incentives and opportunities for volunteer aid tourism (“voluntourism”) in Puerto Rico after the devastation of Hurricanes Irma and Maria.

While initially voluntourism was directed at ecological issues, Hurricane Katrina changed that dynamic. As with Katrina, the devastating Hurricanes in Puerto Rico and the well-intentioned but inadequate Federal response, inspired many individuals to do what they could, financially and personally, to assist in the rebuilding efforts of the struggling island.

The connection between New Jersey and Puerto Rico is obvious; New Jersey, one of the most diverse States in the Nation, is the home of the third largest Puerto Rican diaspora and now the new home for more than 30,000 hurricane-displaced Puerto Ricans.

The economic well-being of Puerto Rico, like New Orleans, was heavily dependent on tourism. Puerto Rico, a mere three and half hour flight from Newark was a tourism mecca for many in New Jersey.

A stabilized economy in Puerto Rico will help not just the island, but also New Jersey, a state whose resources have been taxed by the unprecedented influx of families seeking to survive the devastation of their homes and hoping to someday be able to return to their home.

The Response

Emergency Disaster Relief: In the early stages after the devastating hurricanes, government-based emergency disaster relief led the response. Volunteer activity was restricted to certified disaster relief services² such as that provided by the American Red Cross.

Legal Aid: Soon thereafter, when the inadequacy and lack of transparency of the Federal relief was evident, national legal organizations such as Latino Justice PRLDEF, sprang into action. Latino Justice, working with investigating journalists and island-based relief organizations, began legal efforts to investigate the federal response and to assist those affected in filing claims.

In New Jersey, the primary source of legal assistance to incoming displaced families has been Legal Services of New Jersey’s active disaster legal assistance unit.³ Also, others like the Hispanic Bar Association of New Jersey provided educational pro-bono legal clinics for incoming displaced Puerto Rican families.

Individual Volunteer Opportunities: Aside from direct financial contributions to organizations providing rebuilding assistance to Puerto Rico, many individuals and organizations in New Jersey would like to personally help the Island’s rebuilding efforts⁴ either by volunteering their

² N.J.S.A. 11A:6-11.1 provides for a New Jersey State employee who is a certified disaster relief volunteer of the American Red Cross, upon approval of that employees appointing authority and request of the American Red Cross, may take a leave of absence with pay for a maximum of ten work days each year to participate in specialized disaster relief services for the American Red Cross.

³ Summary of legal issues addressed by Legal Services of New Jersey disaster legal assistance unit include:

1. FEMA issues
2. Landlord/Tenant
3. Document Replacement
4. Welfare and Emergency Assistance benefits

⁴ Colleges and other organizations have individually arranged programs to assist Puerto Rican rebuilding efforts and/or assist in transitions. Among these: Rutgers Camden students worked on creating digital maps of where buildings once stood to help in the delivery of relief efforts; New Jersey City University offered a Spring Break

time to rebuilding efforts during visits to the island and/or by just taking their tourism dollars to the island.

As for personal volunteering, efforts our investigation reveals that even now, although there is a large net of organizations such as AmeriCorps, Habitat for Humanity, Red Cross, Para La Naturaleza, Proyecto Enlace, *Iniciativa Comunitaria*, Rotary Clubs as well as many faith-based organizations that are looking for volunteers, there is no centralized location, physical or electronic, where individual volunteers may go to determine what is available, where and when.

Financial Incentives/Tax Credits:

The Commission was charged with investigating financial incentives and tax credits available for voluntourism activities in Puerto Rico.

Federal Tax Credits: The tax credits available are for the benefit of individuals and corporations specifically affected by the Hurricanes; e.g., insurance recoveries for damage to the individual's home, etc. Two credits are available at the corporate level:

- If an employee forfeits their vacation/holiday/sick time for the benefit of disaster victims, their employer can donate the costs of those benefits to a charity that is devoted to the disaster relief in Puerto Rico. The vacation/ holiday/sick time is not taxable income to the employee. The employer deducts those donations as an "Ordinary Deduction".
- Limitations on charitable contributions are waived up to the amount of ordinary income. There are also no tax credits or financial incentives provided to individuals or groups that wish to take tourism business to Puerto Rico.

While the financial and non-financial benefits of voluntourism are significant, both at the time the service is provided and in the years following, we have not been able to identify any financial incentives available to individuals or organizations participating in volunteer aid tourism in Puerto Rico.

Recommendations

1. Puerto Rico's geographical position makes it very likely that hurricanes will continue to impact the island necessitating various levels of disaster relief. New Jersey, in conjunction with the Red Cross and other organizations should endeavor to educate state employees and others who wish to help on how to become certified disaster relief volunteers.
2. With respect to the private sector, New Jersey should encourage and promote a leave-based donation program similar to the one employed after 9-11 where employees donated vacation, sick or personal leave back to their employers who in turn made cash contributions to charities assisting Puerto Rico.
3. New Jersey should encourage private employers to support disaster volunteer by matching the employees' individual time contribution.
4. New Jersey should increase funding to Legal Services of New Jersey and other organizations providing direct services to displaced Puerto Ricans.
5. On the State website New Jersey should create and manage information on organizations/groups in Puerto Rico that are in need of volunteers. This list should timely provide the specific needs of the organizations so that potential volunteers may assess their abilities against the specific needs.

program for students to volunteer their services in Puerto Rico; New Jersey Princeton High School' successfully brought from Puerto Rico the student based ELMERA Jazz Ensemble so that they could compete at the Berklee Jazz Festival and William Patterson University sent 9 of its Department of Communication students to fix a Hurricane ravaged radio station in the island of Vieques.

6. Individuals providing volunteer services in Puerto Rico, even if just for some of their stay, should receive a partial discount from their hotel bill for the time dedicated to a legitimate volunteer activity in Puerto Rico.
7. In cooperation with the government of Puerto Rico and the Puerto Rico Tourism Company, financial incentives should be created for New Jersey groups to hold conventions in Puerto Rico. These incentives should be promoted in the New Jersey media.

F. LAW AND LEGAL RIGHTS SUBCOMMITTEE

Introduction

The subcommittee has been charged with identifying and recruiting legal volunteers to assist with applications and appeals of FEMA benefits. Subcommittee F has expanded on this request and will provide guidance with applying for other social services, such as housing and sustenance (i.e., DSNAP). We will also direct evacuees to the free mental health services available to assist evacuees with posttraumatic stress and depression.

FEMA educates disaster victims about eligibility requirements and other guidelines for various entitlement program benefits available under Federal, State and PR law. The FEMA registration enables an evacuee to apply for and potentially receive different benefits, including: Transitional Sheltering Assistance (“TSA”) and Crisis Counseling Program(s) (“CCP”). More than 1 million Puerto Ricans have registered with the FEMA since Hurricane Maria and more than 1 billion dollars have been distributed to them. The FEMA program is limited and now has a deadline to register until June 18, 2018.

As of April 26, 2018, 1,031 evacuees have registered with the FEMA as migrating to New Jersey. On April 26, 2018, FEMA also confirmed that there are 47 evacuee families in the TSA program in eighteen (18) hotels throughout the state. The New Jersey Department of Education registrations include 1,035 new enrollees. According to data received, the majority of evacuees migrating to New Jersey are settling in Camden, Essex, Hudson, Middlesex, Passaic and Union Counties. Attached to this document is a list of ways in which the evacuees that haven’t registered can register themselves/their household.

Recommendations

1. Support and encourage funding of a Statewide Disaster Legal Team.
 - a. Currently, Legal Services of New Jersey has a task force in place to support Hurricane Sandy victims - however, the program is coming to a close. We propose that New Jersey’s Hurricane Maria legal team be expanded and to combine the legal expertise of both the public and private sector in order to help the new and vulnerable Puerto Ricans turned New Jerseyans. This team can and should also seek community partners across the state in order to pool resources, bring more volunteers to the table and continue the efforts of the Hispanic Bar Association of New Jersey Disaster Relief Committee.
 - b. The American Bar Association Committee on Disaster Response and Preparedness has already expressed interest in supporting and supplementing a program such as this with the support of New Jersey private firms’ pro-bono legal departments.
 - c. Governor Murphy and the new Statewide Disaster Legal Team may glean some perspective from Governor Cuomo’s Liberty Defense Project – the first state-led legal project to assist immigrants in obtaining access to legal services.
2. Governor Murphy should direct local Housing Authorities to comply with HUD Regulations that grant preference to evacuees from Presidentially Declared Major Disaster Area (“PDMA”).
3. Create a Pamphlet and/or Application (“App”)
 - a. A bilingual (Spanish and English) paper pamphlet that includes general disaster preparedness and post-disaster assistance information, answers to frequently asked

questions, and contact information for all of the agencies responsible for facilitating social services to those in need.

- b. Develop Disaster Preparedness and Relief Smart Phone App. We live in a smartphone dependent society. We want information at our fingertips. In a disaster, preparation and access to information are paramount. Both can be easily achieved by creating a disaster relief and disaster preparedness smartphone app in both English and Spanish (and eventually other languages as well) to assist disaster victims like Puerto Rico evacuees. The app would provide disaster preparedness tips, reminders, checklists, and a scanner/camera to assist with preserving important photos and documentary proofs. The App should also provide links to Federal and State disaster relief programs, legal and property/casualty insurance resources any other relevant information. The App's utility extends beyond the current crisis and can offer assistance to any NJ citizen affected by a natural disaster in the future. The App would be best developed if it were created in collaboration with the Insurance Industry and FEMA.
4. Establish and/or designate welcome centers in key locations throughout the state where evacuees can seek information, such as the pamphlet, and support for their transition to residing in New Jersey.
 - a. Partnering with fraternal service organizations in NJ may assist with developing/implanting innovative recovery ideas/projects to help Puerto Rico and its citizens. Some examples of organizations with a long-standing history of charitable works, include, but are not limited to:
 - i. Rotary Club
 - ii. Elks
 - iii. Free Masons

ⁱ NJ State Departments Critical to the Support of Puerto Rican Migrants:

A. Department of Human Services:

This is the largest Department in New Jersey. The array of services they provide, are very possibly the ones that are most identifiable for the needs of the Puerto Rican new arrivals and evacuees.

- 1) Division of Mental Health and Addictions *
- 2) Commission for the Blind and Visually Impaired *
- 3) Division of Aging Services *
- 4) Division of the Deaf and Hard of Hearing *
- 5) Division of Developmental Disabilities *
- 6) Division of Disability Services *
- 7) Division of Family Development*
- 8) Division of Medical Assistance & Health Services*

There are also two additional units within the Department as follows:

Catastrophic Illness in Children Relief Fund*

Office for the Prevention of Developmental Disabilities.*

Many of the immediate services that will be needed are found within this department, in various divisions and are indicated with an asterisk.

B. Department of Children and Families:

This Department also offers an array of services that have major impact on children and families. Their Mission focuses on the protection of children and strengthening families.

1. Division of Child Protection and Permanency (CP&P, formerly DYFS) *
2. Division of Children's System of Care (CSOC; formerly Child Behavioral Health Services)*
3. Division of Family and Community Partnerships (FCP)*
4. Division on Women *
5. Office of Adolescent Services*
6. Office of Advocacy
7. Office of Licensing
8. Office of Education
9. Office of Performance Management and Accountability
10. Institutional Abuse Investigation Unit
11. Office of Training and Professional Development

These families that are newly arrived into New Jersey face very adverse situations. Many did not plan to leave the Island, but out of extreme necessity had to leave. This puts them in a very vulnerable situation, especially in attempting to relocate. This could very well lead into situations that could put some of the children within these families "at risk". Prevention is key! To facilitate and ensure family stability and strengthening, they must receive immediate information and referral of all available resources. The Hispanic Community Based Organizations network throughout the state, is usually the first point of contact. This network should be utilized to provide outreach to the newly arrived families.

C. Department of Labor

Workforce Development and unemployment are key services for a family's sustainability. Information as to Wage and Hour, Safety and Health, Temporary Disability, etc., are vital for newcomer families to become informed and seek appropriate assistance.

These Divisions that are within the Department of Labor, by and large, are helpful for these newcomers. Those most pertinent, are again designated by Asterisk.

1. Employer Accounts
2. Individuals with Disabilities*
3. Labor Market Information
4. Safety and Health*
5. Social Security Disability Programs*
6. Temporary Disability and Family Leave Insurance*
7. Unemployment Insurance*
8. Wage and Hour*
9. Workers Compensation*
10. Workforce Development*
11. Workforce Programs*

The additional departments that we identified and had the opportunity of meeting have limited resources to help the community identified, with the exceptions of the Department of Community Affairs (housing services) and the Department of Health.

- D. Department of Environmental Protection
- E. Department of Community Affairs

It is apparent that affordable housing stock is at a premium in New Jersey. Housing is one of the most vital core service needed for a family's sustainability, along with employment. As New Jersey is not a "Host" state listed by FEMA, Vouchers from Puerto Rico do not enjoy priority status at this point.

After Super Storm Sandy, the State of New Jersey received federal financial assistance in order to recover and assist those in need. These resource need to be tracked and reported to the federal government in order to ensure compliance with the intent, therefore, New Jersey initiated SIROMS a proprietary software system that would ensure the compliance. Governor Murphy, on behalf of New Jersey, offered the use of this software to Governor Rossello, so that there would be no need for Puerto Rico to expend the millions of dollars that this software would cost the Island. This agreement has been established.

Divisions within the Department of Community Affairs:

1. Division of Codes and Standards
2. Division of Fire Safety
3. Division of Housing and Community Resources *
4. Division of Local Government Services
5. Sandy Recovery Division
6. Office of Local Planning Services
7. Offices of Policy and Regulatory Affairs
8. Office of Legislative Affairs
9. Office of Communications

F. Department of Agriculture

These divisions, within the Department of Agriculture, might not necessarily have a direct impact, but the knowledge contained within the Department could be an invaluable resource for the Island's agriculture. We gained much useful information that would need to be further explored on the Island, such as the Soil Conservation efforts, and other University based resources that could be made available.

1. Division of Animal Health
2. Division of Food and Nutrition
3. Division of Plant Industry
4. Division of Marketing and Development
5. Division of Agriculture and Natural Resource
6. State Agriculture Development Committee. - This committee has developed the Smart Growth Plan for New Jersey, ensuring that farmland is maintained in the state.

G. Department of the Attorney General

Given the recent massive migration, not only due to the Hurricane, but because of the economic crises prior to the Hurricane we find that some professionals have left the Island and have come to the mainland, at one of our community meetings, individuals expressed their frustration of trying to get certification/profesional licences. Reciprocity is key.

H. Department of Health

Within this Department there is a network of FQAC clinics throughout the state. They would also have the ability to test for Zika virus, especially when the new storm season begins,(in a few weeks) and we will probably see more new evacuees in our state. Given the hurricane and devastation of the Island, and although Zika had virtually been eradicated previous to the hurrican in PR, one can only assume that we will have a reoccurrence of the Virus. Women of childbearing years should be tested for the Virus, as well as men.

Also, Early Intervention Services directed at identifying children/infants with special needs (ages 0-3) is provided within this department.

I. Center for Hispanic Policy, Research and Development

Within the Center there is a historical funding stream available for innovative and key programs targeting the Hispanic community. During this current crises of Puerto Rican Evacuees, the grant process has identified the Evacuees as a targeted community. Although funding is extremely limited for the current needs of our Hispanic community, there will be efforts directed at assisting these U.S. citizens that find themselves devastated and sometimes with "nowhere to go".

Workforce Development/Occupations:

Attached please find a report provided by the NJ Department of Labor and Workforce Development where specific targeted initiatives are identified by this Department to assist the newly arrived Puerto Rican and U.S. Virgin Island evacuees prepared after our meeting with the Department.

Reciprocity of professional/occupational licenses are key for people that are trained and previously employment in an occupation/profession to enter the labor market. This is being addressed currently within the NJ State legislature (both Assembly and Senate) with current legislation.

Housing: Increase homeownership rates among Puerto Ricans by supporting first time home buyer programs and by providing information on buying a home, mortgage loans and credit issues. Should involve the Hispanic Community Based organization in becoming Housing Counselors through the Department of Housing and Urban Development, or partnering with the local Community Action Programs in order to target these families. Please note that these services should be linguistically and culturally competent.

Health:

- Provide health fairs and health education outreach events in areas where Puerto Rican migrants are relocating within the state.
- Recruiting bilingual doctors, social workers and other health professionals to provide health information to Puerto Rican migrants as well as Puerto Ricans already living in the state.

Entrepreneurship:

- Provide networks, workshops and business training among Puerto Rican owned businesses and help transition incoming Puerto Rican business owners from Puerto Rico to New Jersey.
- In some cases, small businesses are created as an alternative to employment. Therefore, business skills and knowledge (sales taxes, loans, licenses, registration, insurance, etc) are important prerequisites for business ownership.

APPENDIX

NEW JERSEY PUERTO RICAN CONGRESS, INC. RESOLUTIONS PRESENTED AT STATEWIDE CONVENTION SEPTEMBER 30, 2017

Resolutions were presented to the plenary of the Convention by Records of the North, South, Central New Jersey caucuses and the NJ Puerto Rican Elected Officials caucus. Not surprisingly, the resolutions, although presented from a local perspective, have been found to be issues that confront our Puerto Rican Community throughout the State. Therefore, the resolutions have been consolidated, as appropriate when not specific to a particular area, into statewide Resolutions.

What follows are the resolutions, and recommended Action Steps to be considered at the meeting of the Puerto Rican Congress' Task Force on the State of Affairs of our Puerto Rican Community in New Jersey on January 12, 2018.

A request/invitation was made by the Puerto Rican Congress to Governor Elect Murphy, during his visit to Puerto Rico, to meet with the leadership of the Puerto Rican Congress and the Task Force members, and he very graciously accepted the invitation. Date and Place to be discussed during our meeting of January 12, 2018, after we have established an Action Plan.

YOUTH:

The Puerto Rican Congress should create a youth group as part of the Task Force. Explicit goal: To include youth at three levels: High School, College/University and Young Professionals. Funds should be identified for initiatives.

Action Steps:

- Identify Chair from Task Force membership to chair and form a statewide Youth Leadership Development Committee. This should ultimately be co-chaired by a youth member.
- Charge all Task Force members to identify a minimum of 3 youths/Young professionals to become members of the Statewide PR Youth Leadership Development Committee.
- Committee to develop/design, recruit membership and implement first Puerto Rican Youth Leadership Development Conference in the Spring of 2019.
- Announce steps taken, introduce committee members and Conference Date at the next PRC Convention TBD.

EDUCATION:

- A. To provide assistance and temporary waivers for Puerto Rican US citizens coming to New Jersey of legal documents such as: Guardianship papers, vaccination waivers, transcript waivers.
 - B. Provide a mentoring program with a mental health counseling arm. Also, provide services for children with special needs and facilitate services such as re-evaluation.
 - C. The New Jersey Department of Education should provide full reciprocity to certified Puerto Rican teachers.
 - D. Provide afterschool program services and online learning opportunities to reinforce skills learned and help close the achievement gap. Look into possible Title I funding for this initiative.
 - E. Mandate that cultural competencies for school and public personnel include full understanding of Puerto Rican student individuality.
 - F. Mandate that Puerto Rican Cultural History (such as the Amistad Legislation) be taught in all public education settings.
 - G. Identify, recruit and elect more Puerto Rican public officials and more Puerto Ricans to run for NJ School Boards.
-

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- H. Mandate more Puerto Rican personnel representation in school district offices, NJ Department of Education and at every level of NJ government with decision making authority.
 - I. Explore and empower local Puerto Rican communities to create Charter schools or other school alternatives.
 - J. Create a mechanism/act for the establishment of a Community Budget Oversight Committee under Title I.

Action Steps:

- Identify a Task Force member to chair the Education Committee, and form the committee with outside membership, (identified leaders/professionals in the state).
- Meet and Develop a plan of action to address these issues.
- During our meeting with the incoming Governor, the issues identified in the area of Education, should be discussed, and perhaps a White paper can be developed to be presented to him specifically on education.

LANGUAGE:

- A. Provide Bilingual education and adult education for Puerto Rican youth and children arriving in New Jersey.
- B. Provide training and recruit resources to certify and train bilingual candidates to become interpreters for limited English proficient speaking clients/patients.

Action Steps:

To be determined:

HOUSING:

- A. Provide temporary waivers for rental assistance, utilities and furniture vouchers for newly arrived Puerto Rican migrants.
- B. Increase homeownership among Puerto Ricans. Assist homeowners with initial deposit and programs that provide information on home purchase, mortgage loans and credit issues. How to Buy a Home in NJ programs!

Expedite resources for Section 8 and other housing support for all Puerto Ricans.

Action Steps:

- Identify Task Force member to chair this committee.
- Work with legislators and HUD program/s that could be used for our Community. Possible that other states that are experiencing large influx of Puerto Ricans could share concern/information possible solutions.
- Elected Officials could hold town hall meetings to discuss these initiatives. Congreso and local CBO's could lend support during these meetings

EMPLOYMENT:

- A. Provide job fairs and/or career events in areas where Puerto Rican migrants are relocating in the State.
 - B. Provide networking, workshops on doing business in New Jersey and business training to newly arrived Puerto Ricans to the state.
-

Action Steps:

- Identify Chair for this committee.
- Develop partnerships with local Chamber of Commerces (Puerto Rican/Hispanic)

HEALTHCARE:

Use health navigators in conjunction with hospitals and clinics to provide health fairs and health events in áreas where the Puerto Rican migrants are in New Jersey.

Action Steps:

- Identify Chair for this Committee.

Note: Committee should work with Health Department. Focus should be on new virus due to infected Waters in Puerto Rico/ potential of Zika Virus, due to stagnant Waters/and trash problems in Puerto Rico. The committee should include doctors, elected officials, Community leaders and Congreso staff.

This has a potential of becoming a statewide problem that needs to be detected immediately should it become such.

ELECTED OFFICIALS CAUCUS RESOLUTIONS:

1. The Elected Officials attending the Caucus moved for a resolución to be introduced by all elected State, County, Municipal, and other local officials to urge the U.S. Congress **to repeal the Merchant Marine Act of 1920** also known as "The Jones Act".
2. A resolution to implement a new Federal Stimulus for Puerto Rico to include local incentives for displaced Puerto Rican American Citizens. This will include tax credit programs, help with infrastructure, and economic development for Puerto Rico.
3. A resolution was also implemented requesting that the Governor request a federal waiver of the "30 Day Rule" requiring displaced Puerto Ricans to wait 30 days before they can receive federally funded social services while they are in the United States (mainland).

Action Steps:

Need to have indication from our PR elected officials as to how we, the NJ Puerto Rican Congress, PRC Task forcé can assist in the implementation of these resolutions, i.e. phone calls, letter writing, testimony, etc.

Resolution No. 2 might require a meeting with US Senator Melendez, as we might recall he was named to the Economic Development Committe of the PROMESA Board.

Reviewed/revised and respectfully submitted by:

Lydia J. Valencia
Co-Chair

Peggy Anastos
Co-Chair

TO: PEGGY ANASTOS / PUERTO RICO COMMISSION

FROM: WITH CONTRIBUTIONS FROM: HECTOR D. RUIZ, MARIEL
MERCADO-GUEVARA, JORGE DE ARMAS, RENATO RONQUILLO

DATE: MAY 1, 2018

RE: REPORT ON PROCEDURES FOR BECOMING A POTENTIAL FEMA
HOST-STATE

I. PURPOSE

The purpose of this Report is to provide a generalized and high-level overview of Federal Emergency Management Agency (FEMA) Host-State status, and to generally outline the benefits available from a FEMA Host-State to evacuees.

II. QUESTIONS PRESENTED

Question 1: Generally speaking, what is the process to become a FEMA Host-State?

Question 2: What are the benefits available to evacuees from a FEMA Host-State?

III. SHORT ANSWERS

Short Answer to Question 1: In order to become a Host-State, the prospective Host-State must meet a number of conditions outlined below, and the Governor of the prospective Host-State must enter into a FEMA Host-State Agreement.

Short Answer to Question 2: If declared a FEMA Host-State, the State can seek reimbursement from FEMA for eligible evacuation and housing costs.

IV. DISCUSSION

A. Process to Become A FEMA Host-State

(1) Procedures for Becoming A Potential FEMA Host-State

By way of background, The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as Amended (Stafford Act), Title 42 of the United States Code (U.S.C.) § 5121 *et seq.*, 1 empowers the President of the United States to provide federal assistance when the magnitude of an incident or threatened incident exceeds the affected State's or Territory's capabilities to respond or recover. Puerto Rico is a State government within the meaning of the Stafford Act.

In the event the Impact-State has evacuation and sheltering needs beyond its capabilities, it may request assistance either from another State (Host-State) through mutual aid agreements, or from FEMA. The Impact-State means the State for which the President has declared an Emergency or Major Disaster and requested FEMA assistance based upon a need to evacuate and/or shelter affected individuals outside the State. Host-State means a State that by agreement with FEMA provides sheltering or evacuation support to evacuees from an Impact-State.

FEMA may reimburse a host-State for evacuation and sheltering support provided to evacuees from an Impact-State in two ways. First, Host-States may be reimbursed through the Impact-State via established mutual aid arrangements with the Impact-State. Second, FEMA may provide direct reimbursement to a Host-State. In order to be eligible for FEMA funding, the following conditions must be met: (1) the Impact-State must request assistance from another State; (2) the Host-State agrees to accept evacuees based on need without restriction; (3) the Host-State make at least ten (10) percent of identified sheltering capacity within the Host-State available to support Impact-State evacuees; (4) an authorized official from the Host-State transmits a written agreement of these two terms to FEMA; and (5) the Governor of the Host-State signs a FEMA/Host-State Agreement pursuant to the terms and conditions in 44 C.F.R. § 206.44, FEMA-State Agreements, to establish the Host-State as the recipient.

In addition to entering into a Host-State agreement, the Host-State must (1) submit a Standard Form SF 424 (Application for Federal Assistance) directly to FEMA to apply for reimbursement of eligible costs for evacuating and/or sheltering individuals from an Impact-State; and, (2) the State Administrative Plan must be amended¹ to comply with § 206.207. *See* 44 C.F.R. § 206.202.

(2) Efforts by Other States on Emergency Evacuee Disaster Relief

Florida:

Florida is currently the only State that is an approved FEMA Host-State for evacuees from disaster-stricken zones of Hurricane Maria.

¹ To receive a grant as a FEMA Host-State, the prospective Host-State must have in place a State Administrative Plan that complies with 44 C.F.R. § 206.207. 44 C.F.R. § 206.202(f)(1)(i) provides, in relevant part:

A grant to a host-State for sheltering and/or evacuation support is available under this section when an impact-State requests direct Federal assistance for sheltering and/or evacuation support pursuant to § 206.208. To receive this grant, a host-State must enter into a FEMA-Host-State Agreement, amend its State Administrative Plan pursuant to § 206.207....

44 C.F.R. § 202.207 outlines detailed administrative and audit requirements. FEMA has made a sample State Administrative Plan which is compliant with 44 C.F.R. § 206.207, available at: https://www.fema.gov/media-library-data/20130726-1907-25045-2650/state_public_assistance_administrative_plan_template_2013.pdf (last visited Apr. 29, 2018). Whether New Jersey's State Administrative Plan is compliant with 44 C.F.R. § 206.207, or needs to be amended to conform to 44 C.F.R. § 206.207, is beyond the scope of this Report.

Hurricane Irma hit South Florida on or about September 11, 2017, requiring FEMA emergency recovery services.² Hurricane Maria hit Puerto Rico about ten days after that, on September 20, 2017.³ Due to the proximity in time between the two hurricanes and Florida's geographic proximity to the island of Puerto Rico, Florida received many evacuees almost immediately.

On October 4, 2017, Governor Scott of Florida issued an update on Florida's actions to assist Puerto Rico:

<https://www.flgov.com/2017/10/04/gov-scott-issues-updates-on-state-action-to-assist-puerto-rico-2/> (last visited Apr. 29, 2018).

Shortly thereafter, a Florida Host-State agreement with FEMA was approved on October 7, 2017:

<https://www.flgov.com/wp-content/uploads/2017/10/PR-Host-FEMA-State-Agreement.pdf> (last visited Apr. 29, 2018).

A letter was sent from Florida to the United States Congress requesting reimbursement for emergency evacuations help within Florida, pursuant to their Host-State Agreement: <https://soto.house.gov/sites/soto.house.gov/files/documents/2017.11.06%20Letter%20to%20FEMA%20Host%20State%20Reimbursement.pdf> (last visited Apr. 29, 2018).

Illinois:

Illinois was interested in becoming a Host-State. Governor Rauner reached out to Governor Rosello, but ultimately, a resolution was never reached for approval of Host-State status. The Illinois Emergency Management Agency, November 2017 newsletter describes the above:

<https://www.illinois.gov/iema/Info/Newsletters/2017%20November.pdf> (last visited Apr. 29, 2018).

Governor Rauner reached out to Governor Rosello, which was in the news on early November 2017:

<https://www.riverbender.com/articles/details/governor-rauner-offers-illinois-as-host-state-for-hurricane-maria-victims-24628.cfm> (last visited Apr. 29, 2018).

Massachusetts:

Massachusetts also has a comprehensive emergency plan for Puerto Rico evacuees on their State website:

<https://www.masslegalservices.org/content/massachusetts-hurricane-recovery-resources-evacuees> (last visited Apr. 29, 2018).

Pennsylvania:

² News on Hurricane Irma: <http://www.businessinsider.com/hurricane-irma-strength-category-forecast-updates-2017-9> (last visited Apr. 29, 2018).

³ Early news on Hurricane Maria: <https://www.theatlantic.com/science/archive/2017/10/what-happened-in-puerto-rico-a-timeline-of-hurricane-maria/541956/> (last visited Apr. 29, 2018).

Pennsylvania was also interested in becoming a Host-State, with Governor Rosello visiting around the end of February 2018 but no Host-State agreement was announced.⁴ Pennsylvania has resources for Puerto Rico relief, in both English and Spanish, on a couple of State websites:

<https://www.governor.pa.gov/governor-wolf-announces-resource-guide-help-evacuees-puerto-rico-devastated-areas/> (last visited Apr. 29, 2018).

<http://www.pema.pa.gov/Pages/PR-Relief-Resources.aspx> (last visited Apr. 29, 2018).

New York:

New York is not a Host-State, but also has a disaster relief plan, announced by FEMA in December 2017, among other resources:

<https://nyvoad.communityos.org/cms/system/files/PRUSVI%20Evacuee%20Stats%20and%20SitRep%20-%202012-20-17%20v2.pdf> (last visited Apr. 29, 2018).

(3) Conclusion

Obtaining FEMA Host-State status streamlines the emergency services and FEMA reimbursement procedures a great deal. The steps required to achieve FEMA Host-State status are multi-layered and require coordination within the potential Host-State to meet the standards set forth within the Stafford Act, which regulates FEMA. Host-State status may require FEMA, State Governor, Puerto Rico Governor and Trump Administration approval. Finally, considering Florida's success in achieving Host-State status, it is recommended that New Jersey liaison with representatives of the State of Florida as well as with FEMA representatives to discuss the FEMA Host-State process.

B. Benefits Available to A FEMA Host-State

As discussed, a FEMA Host-State is a State that by agreement with an Impact-State and FEMA is providing sheltering and evacuation support to individuals from a State (including Puerto Rico) that has received an emergency disaster declaration and is being reimbursed directly by FEMA and the Impact-State for doing so. A Host-State may receive reimbursement for eligible sheltering and evacuation costs in two manners: (1) direct reimbursement for evacuation and sheltering costs through FEMA; and/or (2) through mutual aid agreements.

(1) "Host State" Reimbursement

Generally speaking, if declared a FEMA Host-State, a State could seek direct reimbursement from FEMA for eligible evacuation and housing costs.⁵ Here, if declared a host-state, New Jersey would be reimbursed 100% of its eligible housing and

⁴ News on Governor Rosello's visit and comments regarding Host-State status for Pennsylvania: <http://planphilly.com/articles/2018/02/16/governor-of-puerto-rico-promises-housing-assistance-for-philadelphia-s-maria-evacuees> (last visited Apr. 29, 2018).

⁵ A Host-State would be required to reserve at least 10% of its sheltering capacity for use by the Impact-State and accept evacuees by any mode of transportation.

evacuation costs, as Puerto Rico would be responsible for reimbursing New Jersey for any non-federal share of the cost.

Eligible housing and evacuation costs are set forth in Chapter 2:VI.B.10 of the FEMA *Public Assistance Program and Policy Guide*, ("PAPPG") FP-104-009-2 (January 2018), that generally provides for the reimbursement of transportation costs, immediate evacuee medical care, and congregate housing,⁶ emergency, non-congregate sheltering (with FEMA pre-approval) as well as transportation to transitional housing⁷ (together with associated administrative costs).

Eligible congregate sheltering costs may include, but are not limited to, the reasonable costs for:

- Minor modifications to buildings used for congregate sheltering, if necessary to make the facility habitable
- Facility lease or rent including space for food preparation
- Utilities, such as power, water, and telephone
- Generator costs
- Shelter safety and security
- Shelter management
- Phone banks for disaster victims, if essential and necessary.
- Cots
- Food and water
- Linens/blankets/pillows
- Personal hygiene kits (e.g., shampoo, soap, toothpaste, toothbrush, etc.)
- Towels/washcloths
- Televisions or radios (1 per 50 shelterees; basic CATV service is eligible)
- Washers/dryers (1 each per 50 shelterees)
- The use of applicant-owned equipment (such as buses or other vehicles) to provide eligible evacuation or sheltering support will generally be reimbursed according to the FEMA Schedule of Equipment Rates (does not include operator labor).

See PAPPG Chapter 2:VI.B.10.

The following costs related to the provision of emergency medical services in a congregate sheltering environment may be eligible for reimbursement:

- First aid assessment
- Provision of first aid, including materials (bandages, etc.)

⁶ FEMA refers to facilities with large open spaces, such as schools, churches, community centers, armories, or other similar Facilities as congregate shelters.

⁷ Transitional sheltering includes any private or public facility that, by design, provides a short-term lodging function and an increase of privacy over a congregate shelter. Examples includes hotels, motels and cruise and berthing ships. Reimbursement for transitional housing would be provided to the transitional housing provider, and not the Host-State.

- Provision of health information
- Special costs of caring for individuals with chronic conditions.
- Supervision of paid and volunteer medical staff
- Prescriptions required for stabilizing the life of an evacuee/shelteree (supply not to exceed 30 days)
- Medical staff for emergency and immediate life stabilizing care, including mental health and special needs evacuee populations.
- Public Information Officer
- Social Worker
- The costs of triage, medically necessary tests, and medications required to stabilize an evacuee/shelteree patient for transportation to a hospital or other medical facility may be eligible
- The costs of transporting an evacuee/shelteree patient to a hospital or other medical facility may be eligible
- Where evacuee/shelteree requires immediate medical or surgical attention, the costs associated with such evacuee/shelteree transportation, diagnosis, testing and initial treatment are eligible
- Vaccinations administered to protect the health and safety of congregate shelterees and supporting emergency workers are, for transmissible or contagious diseases
- Mental Healthcare
- Certain veterinary care

See PAPPG Chapter 2:VI.B.10. While these costs are generally eligible, if a determination of whether to provide Host-State services depend on whether a cost is eligible, FEMA should be contacted.

In addition to the above (and to transitional housing), FEMA may activate the “Host State Protocol” under Section 408 of the Stafford Act that would permit for rental assistance payments to eligible landlords and disaster victims in a Host-State.

(2) Mutual Aid Agreements

Even if New Jersey does not become a FEMA Host-State, New Jersey could potentially recover certain costs incurred in assisting Puerto Rico and evacuees through mutual aid agreements between the New Jersey and Puerto Rico.

A right to reimbursement may arise through the Emergency Management Assistance Compact, (“the Compact”) under which certain costs of missions by New Jersey personnel to Puerto Rico would be reimbursable under the terms of the Compact (for example, emergency workers from New Jersey working in Puerto Rico.) (See <https://www.emacweb.org/index.php/learn-about-emac/reimbursement-through-emac>) (last visited Apr. 29, 2018).

Otherwise reimbursement for emergency assistance provided by New Jersey to Puerto Rico (such as other emergency work, emergency utility restoration, and grant

management, etc.) may be available for reimbursement through FEMA, pursuant either to pre-existing or post-disaster mutual aid agreement with Puerto Rico. Such aid would be paid to Puerto Rico directly. However, to be eligible for reimbursement by FEMA under such mutual aid agreements, the mutual aid agreements must meet certain criteria. *See* PAPPG Chapter 2:V.H.

Moreover, even if not a FEMA Host-State, New Jersey may be able to recover 100% of sheltering costs for self-evacuees from Puerto Rico under a mutual aid agreement with Puerto Rico.

(3) Conclusion

As a Host-State, New Jersey would be able to recover from FEMA eligible evacuee sheltering and transportation costs. As a non-Host-State, New Jersey would still be free to assist Puerto Rico directly under the Compact and to enter into mutual aid agreements with Puerto Rico, that can include certain services for which FEMA would provide reimbursement. New Jersey is free to work with Puerto Rico to determine the best manner of assistance, and how to best structure reimbursement from Puerto Rico for services provided by New Jersey. While New Jersey would have to follow the above described guidelines for reimbursement purposes, nothing stops New Jersey from providing other non-reimbursable assistance to Puerto Rico and evacuees.



April 20, 2018

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410

Dana T. Wade
General Deputy Assistant Secretary of Housing
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Re: Extending the Currently Existing Moratorium for Foreclosures on FHA-Backed Mortgages

Dear Secretary Carson and General Deputy Assistant Secretary Wade:

We are New Jersey's Joint Commission on Puerto Rico Disaster Relief (the "Commission") and write on behalf of the thousands of devastated homeowners of Puerto Rico. Specifically, we seek to address the agency's efforts to further grant relief to families with Federal Housing Administration ("FHA") backed mortgages on homes located in Puerto Rico. In Mortgage Letter 2018-02 dated March 1, 2018, your agency announced a 60-day extension of its current 180-day foreclosure moratorium for all "FHA Title II forward mortgages for borrowers whose property or place of employment is located in the Presidentially-Declared Major Disaster Areas for Puerto Rico's Hurricane Maria DR-4339." While we applaud your decision to extend the current moratorium, we respectfully request you consider a further extension, albeit minor, to afford the relief desperately needed by families on the island.

The Commission has been involved in providing much-needed aid to our brothers and sisters in Puerto Rico since Hurricane Maria struck the island. A delegation of our Commission accompanied New Jersey Governor Phil Murphy this past December in order to assess the needs and further support the recovery efforts. The storm has caused many families in Puerto Rico to engage in complex processes in order to file insurance claims. Many have had to rely on the unexpected costs of maintaining expensive generators for electricity—and all families have struggled with the surge in pricing for food and other basic living needs. For many of these families, any minor increase in the cost of living can be devastating. According to official reports from the Federal Emergency Management Agency, thousands of families remain without power. Senior citizens have been adversely affected and are at risk of losing their homes. Allowing the moratorium for FHA loans to lapse this May will further negatively impact an economically vulnerable population of United States Citizens and lead to a destructive foreclosure process, further exacerbating problems on the island.

As such, we humbly request that your agency consider extending the moratorium an additional year. This support would assist homeowners and provide them additional time to recover from the devastating impact of the hurricane. This will enable more time for the electrical grid to be restored to 100% capacity and for the water aqueduct systems to be fully repaired. Such restoration will allow for the delivery of basic needs, including food, light and water. It will also provide the vulnerable population of seniors still living on the island the opportunity to avoid foreclosure, which can also have, among other things, a negative financial impact on FHA insurance funds.

Thank you for your consideration in this matter.

Respectfully submitted,

New Jersey's Joint Commission on Puerto Rico Disaster Relief

Rev. Dr. Joshua Rodriguez (Pastor Cityline Church & VP National Latino Evangelical Coalition)
Chair

Peggy Anastos (former Chief of Staff, Office of Attorney General & N.J. Puerto Rican Congress)
Vice Chair

Ana Montero (CEO, American Red Cross NJ)

Arlene Quiñones Perez (Partner, DeCotiis & former President of Hispanic Bar Association)

Jay Jimenez (Chief of Staff, N.J. Department of Transportation)

Carmen Garcia (N.J. State Parole Board & Trustee of Hispanic Bar Association)

Lydia Valencia (CEO, N.J. Puerto Rican Congress)

Hector Ruiz (Partner, Walsh Pizzi & President of Hispanic Bar Association)

Gualberto "Gil" Medina (Executive Vice President, CBRE)

Tonio Burgos (President, Tonio Burgos & Associates)

Arianna Mouré (Associate, Florio Perrucci & Trustee of Hispanic Bar Association)

Sam Delgado (V.P. of External Affairs, Verizon)

Alixon Collazos (LUPE Fund)

Idida Rodriguez (1868 Public Affairs)



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING –
FEDERAL HOUSING COMMISSIONER

Date: March 1, 2018

Mortgagee Letter 2018-02

To: All FHA-Approved Mortgagees
All Single-Family Servicing Managers
All FHA Roster Inspectors
All HUD-Approved Housing Counselors

Subject Extension of Disaster Foreclosure Moratoriums for Specified Areas Impacted by Hurricane Maria

Purpose This Mortgagee Letter communicates specific guidance for the above-referenced disaster for properties located in the U.S. Department of Homeland Security's Federal Emergency Management Agency's (FEMA) designated Individual Assistance Areas, which are located within Presidentially-Declared Major Disaster Areas (PDMDAs) for Hurricane Maria.

Effective Date This Mortgagee Letter is effective immediately.

Public Feedback HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance of this Mortgagee Letter. To provide feedback on this document, please send it to the FHA Resource Center at answers@hud.gov. HUD will consider the feedback in determining the need for future updates.

Affected Programs This guidance applies to all FHA Title II forward mortgages for borrowers whose property or place of employment is located in the Presidentially-Declared Major Disaster Areas for Puerto Rico's Hurricane Maria DR-4339 and Virgin Islands' Hurricane Maria DR-4340.

Mortgagee Letter 2018-02, Continued

Background

HUD Handbook 4000.1, Section III.A.3.c.ii requires an initial moratorium on foreclosures of properties within a Presidentially-Declared Major Disaster Area (PDMDA) for a ninety (90) day period from the date of each PDMDA declaration. The initial moratorium applies to the initiation of foreclosures and foreclosures already in process. Pursuant to Section III.A.3.c.ii (A), HUD may communicate further specific guidance for extension of moratorium periods for individual disasters.

Information on the above-referenced Hurricane Affected Counties can be found on FEMA's website at www.fema.gov or by calling a regional FEMA office. The FEMA Regional Contacts' page www.fema.gov/fema-regional-contacts, has links to phone numbers for their regional offices.

Mortgagees should direct affected borrowers with additional questions to FHA's "Disaster Relief Options for FHA Homeowners" page, which may be accessed at:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/qaho0121

Summary of Changes

HUD is extending its current one hundred eighty (180) day foreclosure moratorium for Hurricane Maria impacted areas for an additional sixty (60) days. This extension period relates to Hurricane Maria's PDMDAs' Declaration Date. This extension is only applicable to the Individual Assistance Areas within the PDMDAs associated with Puerto Rico and the U.S. Virgin Islands.

Extension of the Foreclosure Moratorium

Due to the extensive damage caused in each of the above-mentioned PDMDAs, HUD is exercising its authority to provide an extension of the current foreclosure moratorium for an additional 60 days in only those counties that the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) has declared to be eligible for Individual Assistance (Affected Counties) for an additional 60 days. This extension will expire on May 18, 2018 for Hurricane Maria impacted areas and applies to the initiation of foreclosures and foreclosures already in process.

Mortgagee Letter 2018-02, Continued

**Paperwork
Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2502-0583. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions

Any questions regarding this Mortgagee Letter may be directed to the HUD National Servicing Center at 1-877-622-8525. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature

Dana T. Wade
General Deputy Assistant Secretary for Housing

March 13, 2018

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW, Room 10148
Washington, D.C. 20410

Dana T. Wade
General Deputy Assistant Secretary of Housing
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Re: Extending the Currently Existing Moratorium for Foreclosures on FHA-Backed Mortgages

Dear Secretary Carson and Ms. Wade:

We write on behalf of the homeowners of Puerto Rico to address the agency's efforts to grant relief to families with FHA-backed mortgages on their homes located in Puerto Rico. In Mortgagee Letter 2018-02, the agency announced a 60-day extension of its current 180-day foreclosure moratorium for all FHA Title II forward mortgages located in Presidentially Declared Major Disaster Areas as a result of Hurricane Maria. We believe the agency should include Home Equity Conversion Mortgage (HECM) "reverse mortgage" loans in the current moratorium extension, and not to do so is a mistake that will cause irreparable harm to many elderly homeowners.

As you know, the HECM program has extremely proscriptive guidelines for loan servicers, giving them virtually no discretion about whether to initiate foreclosure proceedings when a borrower defaults. As a result, loan servicers that have been inactive during the moratorium period would be forced to reactivate foreclosure proceedings that were put on hold when the storm hit, as well as potentially initiate new foreclosure actions within a vulnerable population still struggling to recover from a crippling storm. We believe that failing to include the reverse mortgage program in the foreclosure moratorium extension would run counter to HUD's stated goal of delivering much-needed relief to Puerto Rican homeowners, with serious consequences.

Employees from both Blackstone and Finance of America Reverse have traveled to the island to volunteer with aid and rebuilding efforts, and have seen firsthand the devastation Hurricane Maria has caused. The storm has forced seniors in Puerto Rico to navigate confusing systems in order to make insurance claims, as well as take on the additional costs of relying on expensive generators for electricity and acquiring scarce and expensive food and water in order to maintain a minimum quality of life. For these individuals already living on fixed incomes, even moderate increases in daily costs will likely result in sacrifices made in other areas – including paying required taxes and insurance. Seniors unable to pay will be found in default of their HECM loan agreements and servicers would be forced to abide by the rules your agency has set forth.

The HECM program has become an important and necessary tool for seniors to leverage their home equity to improve their quality of life in retirement. Allowing the moratorium for HECM loans to lapse would throw an already vulnerable population into the stressful and expensive foreclosure process.

We request that HUD consider not only including HECM loans in the current moratorium, which is set to expire on May 18, 2018, but to extend the moratorium an additional 12 months. It's important to note that this relief would provide significant benefits to HUD itself. As HUD has previously noted, when foreclosures are prevented, it "not only allows families to retain homeownership, it also significantly reduces the financial impact of foreclosure claims against the FHA Insurance Funds." [1]

Of course, this relief will also benefit homeowners, as it would allow time for additional improvements to be made to the electrical grid along with increasing access to food, water and basic necessities for those who have remained on the island. Most importantly, it would allow Puerto Rican seniors a better opportunity to continue to recover from the storm without the threat of foreclosure.

Respectfully submitted,

Menes Chee
Blackstone, Senior Managing Director

Kristen Sieffert
President, Finance of America Reverse

[1] https://www.hud.gov/program_offices/administration/hudclips/sfh/superseded/mltrs_full#2005



TO: All FHA-Approved Home Equity Conversion Mortgage Mortgagees and Servicers

NEWS AND UPDATES

Extension of HECM Foreclosure Timelines for Properties Impacted by Hurricane Maria in Affected Areas in Puerto Rico and the U.S. Virgin Islands

Today, the Federal Housing Administration (FHA) announced that due to the extensive damage caused by Hurricane Maria in Puerto Rico and the U.S. Virgin Islands, the U.S. Department of Housing and Urban Development (HUD) has exercised its authority to extend foreclosure timelines **through May 18, 2018**, for Home Equity Conversion Mortgages (HECM) on impacted properties in those Presidentially-Declared Major Disaster Areas (PDMDAs).

This extension is applicable only to those counties declared eligible for Individual Assistance by the Federal Emergency Management Agency (FEMA). It applies to both the initiation of foreclosures and foreclosures already in process on HECMs that become due and payable for reasons other than the death of the last surviving borrower and eligible non-borrowing spouse.

This guidance is effective immediately and is applicable to all homeowners with FHA-insured HECM mortgages whose property or place of employment is in the PDMDAs for Puerto Rico's Hurricane Maria (FEMA-DR-4339) and U.S. Virgin Islands' Hurricane Maria (FEMA-DR-4340).

Quick Links

- View the status of Incident Periods on the FEMA Disasters web page at: <https://www.fema.gov/disasters>

Resources

Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at: <https://www.hud.gov/answers>
- E-mail the FHA Resource Center at: answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

RESOURCE INFORMATION

| | | |
|--|---|--|
| FHA INFO Archives: | Visit the FHA INFO Archives to access FHA INFO messages issued from 2012 to the present. | |
| Subscribe/Unsubscribe Instructions: | <p>To subscribe to the Single Family FHA INFO mailing list you can use this link: FHA INFO or send a request by email to: answers@hud.gov</p> <p>Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: answers@hud.gov</p> <p>aaa@xyz.com bbb@xyz.com ccc@xyz.com</p> <p>To Unsubscribe follow the unsubscribe instructions on that page.</p> | |
| Resource Links: | FHA Archived Webinars Career Opportunities Contracting Opportunities Events & Training FHA Forms FHA Homeownership Centers FHA Mortgagee Letters | Foreclosure Assistance Grant Opportunities HUD Homes - Property Listings HUD.gov Making Home Affordable Presidentially-Declared Major Disaster Areas Visit our Single Family Home Page |



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SENATE, No. 1914

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED FEBRUARY 22, 2018

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

Senator NILSA CRUZ-PEREZ

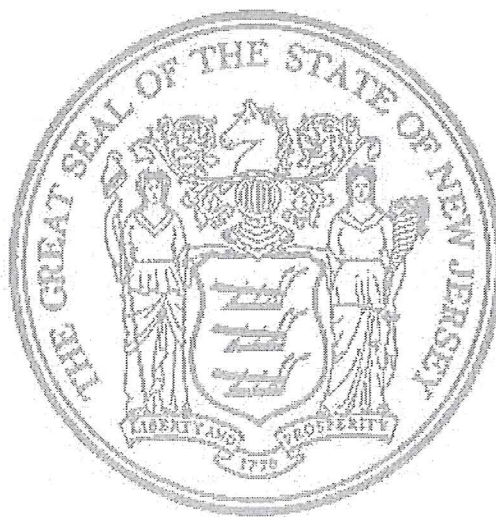
District 5 (Camden and Gloucester)

SYNOPSIS

Prohibits investment of State pension and annuity funds in entities engaged in mortgage foreclosures during periods of mortgage foreclosure moratoria in Presidentially-Declared Major Disaster Areas impacted by Hurricane Maria.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 4/6/2018)

1 AN ACT prohibiting the investment of State pension and annuity
2 funds in entities engaged in mortgage foreclosures during certain
3 periods involving a mortgage foreclosure moratorium in
4 Presidentially-Declared Major Disaster Areas impacted by
5 Hurricane Maria, supplementing P.L.1950, c.270 (C.52:18A-79
6 et seq.).
7

8 **BE IT ENACTED** by the Senate and General Assembly of the State
9 of New Jersey:
10

11 1. a. Notwithstanding any provision of law to the contrary, no
12 assets of any pension or annuity fund under the jurisdiction of the
13 Division of Investment in the Department of the Treasury, or its
14 successor, shall be invested in a debt or equity instrument of an
15 entity engaged directly or indirectly in mortgage foreclosures of
16 property during periods of a federally announced mortgage
17 foreclosure moratorium in a Presidentially-Declared Major Disaster
18 Area impacted by Hurricane Maria which moratorium initially
19 applied to the initiation of foreclosures and foreclosures already in
20 process, and during an extension of a mortgage foreclosure
21 moratorium or a period of a lapse in a foreclosure moratorium or
22 during lapses in extensions of those moratoria.

23 b. The State Investment Council and the Director of the
24 Division of Investment shall take appropriate action to divest any
25 investment held in violation of subsection a. of this section. This
26 section shall not be construed to require the premature or otherwise
27 imprudent divestment of an investment, but such divestment shall
28 be completed not later than one year following the effective date of
29 P.L. , c. (C.) (pending before the Legislature as this bill).

30 c. Within 60 days after the effective date of P.L. ,
31 c. (C.) (pending before the Legislature as this bill), the
32 Director of the Division of Investment shall file with the
33 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
34 19.1), a report of all investments held as of the effective date that
35 are in violation of subsection a. of this section. Every month
36 thereafter, the director shall report on all investments divested in
37 compliance with this section until the divestment is completed.

38 Each report after the initial report shall provide a description of
39 the progress that the division has made since the previous report
40 and since the enactment of P.L. , c. (C.) (pending before the
41 Legislature as this bill) in implementing subsection b. of this
42 section.

43 d. State Investment Council members, jointly and individually,
44 and State officers and employees involved therewith, shall be
45 indemnified and held harmless by the State of New Jersey from all
46 claims, demands, suits, actions, damages, judgments, costs, charges,
47 and expenses, including court costs and attorney's fees, and against
48 all liability, losses, and damages that these State Investment

1 Council members, and State officers and employees, may sustain by
2 reason of any decision to restrict, reduce, or eliminate investments
3 pursuant to this act.

4

5 2. This act shall take effect immediately.

6

7

8

STATEMENT

9

10 This bill prohibits the State of New Jersey from investing any
11 assets of any pension or annuity fund under the management of the
12 Division of Investment in the Department of the Treasury in any
13 entity directly or indirectly engaged in mortgage foreclosures of
14 property during periods of a federally announced mortgage
15 foreclosure moratorium in a Presidentially-Declared Major Disaster
16 Area impacted by Hurricane Maria. The bill also applies the
17 investment prohibition to entities involved in mortgage foreclosures
18 during extensions of those moratoria and during periods of lapses in
19 extensions of a moratorium. The bill principally is intended to
20 withdraw from State investments in private equity funds that have
21 holdings in mortgage companies that aggressively pursue home
22 mortgage foreclosures on the island of Puerto Rico which was left
23 devastated by Hurricane Maria.

24 The bill also includes two reporting requirements:

25 (i) an initial report detailing the current investments held in
26 violation of the bill that is due within 60 days of the date of
27 enactment; and

28 (ii) a monthly report detailing the progress made in disposing of
29 those investments.

30 Recently, at a public meeting of the New Jersey State Investment
31 Council information was presented that two private equity funds
32 that the State pension systems has significant stakes in have
33 financial ties to businesses that are pursuing foreclosures on the
34 devastated island. However, no direct public action has been taken
35 to question these businesses about their eviction actions against the
36 homeowners still suffering under extremely challenging
37 circumstances in the wake of the destruction of homes and
38 infrastructure caused by Hurricane Maria. This bill will ensure that
39 the State makes no financial gain from investments in companies
40 that continue to pursue home foreclosures that ignore the suffering
41 as well as the dire financial circumstances facing the residents of
42 the island of Puerto Rico.