

GOVERNOR ANNOUNCES CHANGES TO ECONOMIC TEAM

October 15, 2014 – La Fortaleza – Today Governor Alejandro García Padilla recommended to the Board of Directors of the Government Development Bank (GDB) the appointment of the certified public accountant (CPA) and attorney, Melba Acosta Febo, as president of the institution. He also announced the appointment of CPA Luis Cruz as director of the Office of Budget and Management (OMB) and sent the nomination of CPA Juan Zaragoza Gómez as Secretary of the Treasury for consideration and consent of the Puerto Rico Senate.

“During the past 21 months, my fiscal team has worked incessantly to address the fiscal challenge we undertook upon coming into office; we have addressed the general fund deficit, the liquidity of the GDB, and the solvency of the public corporations. For the first time in over 20 years we presented a balanced budget while focusing resources in areas of importance such as health, security, education, and economic development. We cannot deviate from that path. These changes in my economic team will strengthen our public policy of fiscal discipline, without firing employees, addressing the basic needs of our citizens, and promoting economic growth for our country”, highlighted the first executive during a press conference.

García Padilla indicated that Acosta Febo will also remain as CFO of Public Finance, in charge of recommending and implementing the government’s fiscal policy. The designated president of the GDB has a BA degree in Accounting from the University of Puerto Rico-Río Piedras Campus (Magna Cum Laude); an MA in Business Administration from the Harvard Graduate School of Business and a *juris doctor* for the University of Puerto Rico Law School (Magna Cum Laude).

Zaragoza Gómez has a BA degree in Accounting from the University of Puerto Rico-Río Piedras Campus, where he graduated with the highest grade point average of his class, and an MA in Management from the University of Indiana.

The designated secretary of the Treasury has ample experience in both private practice and in government in the development of tax legislation and analysis of the Puerto Rico tax system at both state and municipal levels. In 1989 he was the deputy secretary of Internal Revenue at the Treasury Department where he supervised the income tax; property tax; excise tax, liquor, alcohol, and tobacco tax; and criminal investigations bureaus.

In 2001, he was named by then governor Sila María Calderón as the public interest representative to the Structural and Operational Evaluation Committee of the Center for Municipal Revenue (CRIM by its Spanish acronym). During 2004, the CPA participated in the Tax Reform project.

Since the beginning of the current administration, Zaragoza Gómez has been advising the secretary of the Treasury in tax matters, especially the assessment and development of legislation, among other issues. Similarly, he is part of the Tax Reform Assessment Group named by the governor. In addition, he was president of the Puerto Rico Association of Certified Public Accountants from 1997 to 1998.

For his part, CPA Luis Cruz has a BA degree in Accounting from the University of Puerto Rico-Río Piedras Campus, and an MA degree from Interamerican University of Puerto Rico.

In 1994, he established his own public accounting and consulting firm. From 2001 to 2008, he provided consulting services to the OMB in the areas of annual budget preparation for the Commonwealth of Puerto Rico, forecasting estimated expenditures for government agencies, and monitoring government spending from the General Fund, among other services.

In addition, he has collaborated on special projects for the Treasury Department, the Department of Education, the Puerto Rico Police, and the Departments of Health and Corrections, among others. From January 2013 to August 2014 he was the director of the House Commission on the Treasury and Budget.

The governor also indicated that he is in conversations with the outgoing director of the OMB, Carlos Rivas, for his collaboration with strategies to address one of the government's most important challenges, fiscal sustainability for the public health system.

“The country needs to establish an integrated and broad fiscal strategy that can meet the challenges that the Puerto Rico public health system faces looking forward, given the demographic tendencies and the increase in costs for medical services. The system requires a strategy that contemplates and makes viable the finances of the public system in its broadest scope, including the Medical Center, the Health Insurance Administration (ASES by its Spanish acronym) the Diagnostic and Treatment Centers, the Automobile Accident Compensation Administration, (ACAA by its Spanish acronym) and the State Insurance Fund Corporation,” stated the first executive.

García Padilla took the opportunity to thank Rivas for his excellent job as head of the OMB. He pointed out that under Rivas' leadership fiscal years 2013 and 2014 ended with savings and within Budget, the latter despite an amendment that decreased it. Similarly, a balanced budget was approved for FY 2015. Rivas leaves the agency with a level of government spending for the first quarter of the fiscal year aligned with the budget and favorable perspectives for the rest of the year.

Finally, it was announced that the interim president of the GDB, JoséPagán Beauchamp, would become the GDB president's advisor.