

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**



José B. Carrión III
Chair

Members

*Andrew G. Biggs
Carlos M. García
Arthur J. González
José R. González
Ana J. Matosantos
David A. Skeel, Jr.*

Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

September 4, 2018

The Honorable Ricardo A. Rosselló Nevares
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez
Speaker of the House of Representatives of Puerto Rico

Dear Governor Rosselló Nevares, President Rivera Schatz, and Speaker Méndez Núñez:

We write to inform you that, based on its interpretation and analysis, the Oversight Board has concluded that PS 879 as approved by both the Senate and the House of Representatives of Puerto Rico is inconsistent with the certified Fiscal Plan for the Commonwealth.

Nonetheless, the Oversight Board understands the logic of this legislation. Therefore, the Board is willing to amend the certified Fiscal Plan for the Commonwealth to allow for the municipality exemption contemplated by PS 879, provided that PS 879 is amended such that the exemption terminates by September 30, 2019, which is when the full federal reimbursement ends, instead of extending it through the end of fiscal year 2020. However, taking into account the reduction in municipality payments, the Commonwealth would need to identify appropriate reapportionments within the budget if it wishes to maintain the expenditure level at ASES that is not covered by federal funds.

The Oversight Board understands that municipalities currently face tough financial realities and is committed to working on a long-term sustainable solution for municipal financing, including municipal contributions to ASES. The Oversight Board looks forward to working with you to ensure continued compliance with the Commonwealth's certified fiscal plan.

Sincerely,

Natalie A. Jaresko

Natalie A. Jaresko

Honorable Ricardo A. Rosselló Nevares
Honorable Thomas Rivera Schatz
Honorable Carlos J. Méndez Núñez
September 4, 2018
Page 2 of 2

Andrew G. Biggs
José B. Carrión
Carlos M. García
Arthur J. González
José R. González
Ana J. Matosantos
David A. Skeel, Jr.

CC: Christian Sobrino Vega
Raúl Maldonado Gautier