

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

February 9, 2020

Mr. Omar J. Marrero Díaz
Executive Director
Fiscal Agency and Financial Advisory Authority
Government of Puerto Rico

Dear Mr. Marrero Díaz:

On the basis of the need to ensure proper oversight and transparency, the Oversight Board denies your request to reopen the FY19 and FY20 reserves to be used without prior authorization from the Oversight Board, as described in our letter dated February 3, 2020. In that letter, we clearly indicated that the reserves remain available for necessary reasonable earthquake-related expenses on a case-by-case basis going forward.

From the very beginning of the earthquakes in the southwest of the Island, the Financial Oversight and Management Board (the “Oversight Board”) has supported the people of Puerto Rico suffering from this natural disaster. Immediately after the January 7 earthquake, the Oversight Board made available \$260 million in reserves set aside in the Certified Budgets of FY19 and FY20 for just this type of crisis situation. As a result of the fiscal planning and prioritization embedded in the Certified Fiscal Plan and Certified Budgets, the Government was able to access its own funds on a timely basis to help the people of Puerto Rico, rather than be limited in its response in any way. Due to the urgency of the needs, the funds were made available to the Government on the basis of after-the-fact reporting of the expended funds.

However, in our letter of February 3, 2020, after the initial period ending on January 31, 2020, we adjusted the procedure for authorization of the use of funds maintaining an appropriate level of oversight and due diligence. We assured you the unspent reserves remained available for reasonable earthquake-related needs, but on the basis of a request for release. The situation in the southwest remains dire, there is no doubt. However, expenditures can now be more properly planned given this is an ongoing crisis with a month of history and experience. In fact, as the very nature of the only ten requests received since our letter of February 3 underscores, these expenditures are no longer emergency, albeit they are critically important: for example, disposable eating utensils and plates, insect repellant, and funds for the relocation of school classrooms to

February 9, 2020

Page 2 of 2

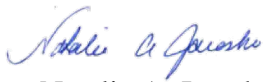
restart the education process. All of these are important plannable expenses that we agree should come from these reserves to meet the needs of the people suffering from the earthquakes.

Allegations that the Oversight Board has introduced too much bureaucracy at a critical time are simply untrue. The process in place requires submission to the Oversight Board of PREMA Form 113 (which is already required for the Office of Management and Budget to authorize the transaction), plus the simple completion of an Emergency Reserve Request Form showing amount, spending agency, and purpose of funds.

Allegations that the Oversight Board has over 50 pending requests including for food, water and portable toilets are untrue. We have received ten requests, nine of which we have approved, and the last request was expended as a matter of routine expenses from the agency's regular FY20 budget. None of the ten requests received were for portable toilets or water. All requests were processed within hours of receipt. Attached is a table outlining the requests received to date, along with the time of the receipt of the request and the time of the Oversight Board's approval.

The Oversight Board is fully aware of the incredibly difficult circumstances of residents in the southwest region who are continuing to feel the earthquake swarm tens of times per day. We continue to be focused on providing efficient and transparent support via the reserve funds for all necessary and reasonable expenses.

Sincerely,



Natalie A. Jaresko

CC: Honorable Wanda Vázquez Garced
Elí Díaz Atienza

	Request Number	Description	Amount	Date presented	Date approved	Approve Y/N
1	113-PREMA-02-04-20-2721	Temporary relocation of 11 schools re: Complejo Agroferial	\$750,000.00	2/6/20 9:35pm	2/6/2020 9:45pm	Y
2	113-PREMA-02-06-20-2819	Food for 5 basecamps	\$20,376.74	2/7/2020 10:12am	2/7/2020 11:33am	Y
3	113-PREMA-02-06-20-2808	Disposable plates for food service in different cans.	\$8,003.75	2/7/2020 12:35pm	2/7/2020 1:05pm	Y
4	113-PREMA-02-07-20-2849	Temporary relocation of Ponce schools to Commercial Building - 11,514 SQ.FT	\$119,937.50	2/7/2020 5:35pm	2/8/2020 7:47pm	Y
5	113-PREMA-02-07-20-2851	Temporary relocation of Ponce schools to Commercial Building -113K Sq ftg	\$941,665.00	2/7/2020 5:35pm	2/8/2020 7:47pm	Y
6	113-PREMA-01-27-20-2140	8 paddles of Families mosquitos repellent (OFF) to be distribute in the Paquito Montaner basecamp in Ponce	\$107,136	2/8/2020 1:40pm	2/8/2020 2:07pm	Y
7	113-PREMA-01-023-20-1910	Equipment for Centro Operaciones Emergencia San Juan	\$567.62	2/8/2020 1:47pm	2/8/2020 5:23pm	N
8	113-PREMA-02-07-20-2858	Concentrated dishwasher liquid	\$97,253.52	2/8/2020 5:33pm	2/9/2020 10:37am	Y
9	113-PREMA-02-07-20-2848	300 foam dishes	\$3,837.00	2/8/2020 5:39pm	2/9/2020 10:37am	Y
10	113-PREMA-02-07-20-2847	Disposable plates	\$11,200	2/8/2020 5:22pm	2/9/2020 10:37am	Y