

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



José B. Carrión III
Chair

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*Natalie A. Jaresko
Executive Director*

VIA ELECTRONIC MAIL

June 28, 2017

Mohammad Yassin
Chief Legal & Regulatory Officer
Puerto Rico Fiscal Agency and Financial Advisory Authority

**Re: Puerto Rico Fiscal Agency and Financial Advisory Authority Letter to the
Financial Oversight and Management Board for Puerto Rico dated April 28, 2017**

Dear Mr. Yassin:

Through the letter of the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”) dated April 28, 2017 (the “Letter”), AAFAF and the Puerto Rico Electric Power Authority (“PREPA”) submitted PREPA’s Restructuring Support Agreement (the “RSA”) and related documents to the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) for authorization under section 601(e) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) to allow PREPA to avail itself of the procedures of Title VI by certifying the RSA.

After careful review and deliberation of the RSA and the Letter, the Oversight Board has determined:

- not to certify the RSA pursuant to PROMESA section 104(i)(1);
- not to certify the RSA pursuant to PROMESA section 601(g)(2)(A) or 601(g)(2)(B);
- not to approve the issuances of debt embodied in the RSA pursuant to PROMESA section 207; and
- not to authorize PREPA, pursuant to PROMESA section 601(e), to be eligible to avail itself of the procedures under PROMESA section 601.

Additionally, the Oversight Board does not acknowledge the RSA as an agreement eligible for certification or qualification under PROMESA as a preexisting voluntary agreement, due to its open terms and failure to provide for material components of a restructuring,

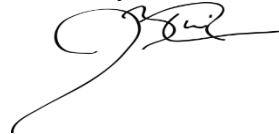
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including the financing of its closing and environmental requirements costing over \$500 million. Among other problems, it also does not deal with the pension plan underfunded by approximately \$2.2 billion and with other contracts requiring changes.

The Oversight Board is dedicated to working with PREPA and AAFAF to restructure PREPA in a manner that will not impede the turnaround of the Commonwealth of Puerto Rico's negative economic growth, without which Puerto Rico cannot eliminate its fiscal emergency.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Carrión', with a long horizontal flourish extending to the right.

José B. Carrión
Chair

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Arthur J. González
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Ana J. Matosantos
David A. Skeel, Jr.

CC: Natalie A. Jaresko
Elías F. Sánchez-Sifonte