

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



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BY ELECTRONIC MAIL

October 11, 2017

Dear Senators Menendez, Durbin, Booker, Gillibrand, Sanders, Murphy, Merkley, Markey, Harris, Cortez Masto, and Duckworth:

The Financial Oversight and Management Board for Puerto Rico (“FOMB”) has received and reviewed your letter, dated October 6, 2017, concerning what the FOMB has done and plans to do in the aftermath of Hurricanes Irma and Maria.

As your letter notes, the day after Hurricane Maria struck, the FOMB gave the Governor the authority to reallocate up to \$1 billion of the Commonwealth’s budget so that the Government of Puerto Rico had flexibility to respond to the devastating effects of Hurricane Maria. Shortly thereafter, the FOMB withdrew its lawsuit against the Governor, which had been seeking enforcement of the certified Fiscal Plan, and announced that it was postponing any discussion of furloughs until next fiscal year. Finally, last week, the FOMB sent letters to the Congressional leadership and the President urging that the federal government provide Puerto Rico with the maximum amount of disaster assistance and access to an emergency liquidity facility to stave off a tragedy of historic proportions.

The FOMB continues to support the Governor in his requests for federal disaster aid, such as waiving of the local share requirement for FEMA permanent work assistance, lifting the caps on CDLs, and making the Commonwealth itself an eligible entity for CDLs. The FOMB also continues to stress the importance and urgency of Puerto Rico’s looming and potentially devastating liquidity crisis because the Government of Puerto Rico’s ability to provide essential services, such as paying the salaries for teachers and first responders, providing healthcare, and paying pensions, is in jeopardy.

With respect to the Fiscal Plans that the FOMB has certified, such as those for the Commonwealth and PREPA, the FOMB is actively working to assess how they should change in the aftermath of Hurricanes Irma and Maria. Two of the most important variables in our analysis are (i) the extent and distribution of damage that Puerto Rico suffered and (ii) the type, timing, and magnitude of federal support, both immediate disaster relief and permanent infrastructure funds, that Puerto Rico will receive.

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To those ends, the FOMB (i) looks forward to heeding your call for a working group to be created among the Governor, the FOMB, and appropriate federal disaster officials to develop and present a full damage assessment, and (ii) encourages Congress to take immediate and bold action to support Puerto Rico in its recovery from and response to Hurricanes Irma and Maria. Once the FOMB has more clarity in these regards, the FOMB will initiate the process of revising the Fiscal Plans, including by asking the Governor to submit proposed Fiscal Plans for the FOMB's consideration.

We trust this letter adequately addresses your concerns, and as always, we are available if you have any further questions.

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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CC: Christian Sobrino Vega
Natalie A. Jaresko