

**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

November 8, 2017

Dear Representatives Serrano and Velázquez:

The Financial Oversight and Management Board for Puerto Rico (the “FOMB”) has received and reviewed your letter, dated August 21, 2017, concerning the FOMB’s expenses and disbursements policies, and very much appreciates this opportunity to respond.

The FOMB takes seriously its stewardship of Puerto Rico’s money, both in its role as the representative of the Commonwealth and its various instrumentalities under PROMESA and as a body that is funded by the taxpayers of Puerto Rico. Your letter expresses concerns about (i) the FOMB paying the best possible price for its professionals, services, and equipment to ensure the FOMB is not wasting Puerto Rico’s money, and (ii) the FOMB disclosing the details of its spending to ensure the FOMB is transparent. The FOMB would like to explain a number of steps that the FOMB has taken to demonstrate how prudent the FOMB has been and continues to be in its spending.

Before retaining professionals, the FOMB issues a request for proposals (“RFP”) to solicit the most qualified candidates who can provide the requested services effectively and efficiently. Almost always, the FOMB will then interview the most promising candidates before selecting one. Once the FOMB has selected a professional, the FOMB does not simply accept the economic terms proffered in the proposal; rather, the FOMB negotiates an engagement letter on the best possible terms for the FOMB (and therefore the people of Puerto Rico). This RFP process drives down the cost of the FOMB’s professionals while maintaining the quality that is necessary to represent Puerto Rico’s interests.

Once professionals are retained, the FOMB’s fee examiner reviews the professionals’ invoices to determine the reasonableness of any fees and expense reimbursements sought by those professionals. The FOMB’s fee examiner has a distinguished career scrutinizing fee applications by professionals in the bankruptcy-context. As of this writing, the fee examiner has rigorously

reviewed the invoices for all of the FOMB's professionals, which has already led to material cost savings and promises to generate even more.

Additionally, pursuant to orders from the Court overseeing the Title III cases for the Commonwealth and its various instrumentalities, the Court and the U.S. Trustee's fee examiner will review all professionals' invoices relating to work done in connection with the Title III cases. This is an additional layer of independent review to ensure that waste, fraud, and abuse have no place in the retention of professionals.

For detailed information about the FOMB's engagements with its professionals, please visit the FOMB's website which contains copies of each contract. The FOMB's website also contains this year's budget, copies of the employment agreements with all of its executive staff, the lease agreements for its offices in San Juan and New York City, and numerous other documents. We are also attaching a table showing the position, compensation, and starting dates for the FOMB's senior staff.

Finally, the FOMB is pleased to attach the recently completed audit of the FOMB's financial statement for its first fiscal year. As you can see, our basic financial statements are in order and we obtained a clean audit opinion.

We trust this letter adequately addresses your concerns, and as always, please let us know if you have any further questions.

Sincerely,



José B. Carrión
Chair

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

CC: Natalie A. Jaresko
Christian Sobrino Vega