

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



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*Natalie A. Jaresko*  
Executive Director

BY ELECTRONIC MAIL

April 24, 2018

U.S. House of Representatives  
Committee on Natural Resources  
Washington, DC 20515

Dear Chairman Bishop, Ranking Member Grijalva, and Members of the Committee:

The Financial Oversight and Management Board for Puerto Rico (the “FOMB”) has received and reviewed letters from Chairman Bishop, dated March 29, 2018, and from Ranking Member Grijalva, dated April 6, 2018, concerning the process for revising the fiscal plans for the Commonwealth of Puerto Rico and its instrumentalities, and very much appreciates this opportunity to respond.

The FOMB certified the first fiscal plans for the Commonwealth and its instrumentalities several months before Hurricanes Irma and Maria pummeled Puerto Rico, causing mass devastation and fundamentally altering its macroeconomic reality. The need for revised fiscal plans to account for this destruction, as well as the substantial federal disaster recovery and rebuilding effort, was plain. Therefore, on October 31, 2018, the FOMB formally requested that the Government of Puerto Rico submit proposed revised fiscal plans for the Commonwealth and its instrumentalities.

After months of conducting widespread engagement with various stakeholders such as creditors, economists, academics, industry, and the public, rigorous research and analysis, and ultimately intense negotiations with the Government, last week the FOMB certified the New Fiscal Plan for the Commonwealth (the “New Fiscal Plan”) and as well as new fiscal plans for its instrumentalities. The foundation of the New Fiscal Plan is a series of pro-growth structural reforms, strategic reinvestments in the people and businesses of Puerto Rico, and carefully balanced fiscal measures to make the Government better serve its constituents. Based on the best, most credible information available to it, the FOMB determined that the New Fiscal Plan satisfied the requirements of PROMESA because it provides a method for Puerto Rico to achieve fiscal responsibility and access to the capital markets through sustained economic growth.

But lasting economic prosperity will be realized only if the Government completely and swiftly implements the New Fiscal Plan, with a particular emphasis on the structural reforms that are the bedrock to Puerto Rico's future economy. Robust adoption of the structural reforms laid out in the New Fiscal Plan will also enable the Government to make strategic reinvestments in healthcare, education, and workforce development for the betterment of the people of Puerto Rico. Moreover, once the structural reforms are firmly in place, Puerto Rico will be able to project realistically sustainable economic growth so that the FOMB can proceed expeditiously toward consensual resolutions of Puerto Rico's existing debt burden.

Only with sustained economic growth through the full implementation of the structural reforms in the New Fiscal Plan will Puerto Rico be able to restore fiscal responsibility, regain capital markets access, provide adequate funding for public pension systems, restructure its existing debt, ensure the funding of essential public services, provide for the elimination of structural deficits, enable the achievement of fiscal targets, and meet all of the other objectives of PROMESA.

The FOMB trusts that this letter adequately addresses your letters, and as always, please let us know if you have any further questions or concerns.

Sincerely,



José B. Carrión  
Chair

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

CC: Natalie A. Jaresko  
Christian Sobrino Vega