

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



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David A. Skeel, Jr.

Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

May 15, 2018

The Honorable Ricardo A. Rosselló Nevaes
Governor of Puerto Rico
La Fortaleza
PO Box 9020082
San Juan, PR 00902-0082

Mr. Christian Sobrino Vega
President
Government Development Bank for Puerto Rico
José de Diego Avenue, Minillas Government Center
San Juan, PR 00907

Mr. Gerardo Portela Franco
Executive Director
Puerto Rico Fiscal Agency and Financial Advisory Authority
PO Box 42001
San Juan, PR 00940-2001

Dear Governor Rosselló, Mr. Sobrino and Mr. Portela:

By this letter, the Financial Oversight and Management Board for Puerto Rico (the “FOMB”), pursuant to PROMESA § 202(a), sets May 28, 2018 as the deadline for the submission to the FOMB of the proposed budget for fiscal year 2019 for the Government Development Bank (“GDB”). The expenditures in such proposed budget should be consistent with the expenditures projected in the GDB Fiscal Plan certified by FOMB on April 20, 2018 (the “GDB Fiscal Plan”). Together with the proposed budget, the Governor and GDB’s Governing Board must provide: (i) the proposed resolution of GDB’s Governing Board authorizing its budget; (ii) a detailed reconciliation of such proposed budget to the GDB Fiscal Plan as certified by the FOMB; and (iii) supporting detail that evidences consistency with historical actual expenditures or explaining if there is a significant difference. The Governor should also provide budget to actual reporting templates, including key performance indicators (KPIs) for post-certification reporting pursuant to PROMESA § 203(a)(2). More specific details will be provided in a letter specifying the guidelines for fiscal year 2019 budget Milestone #4 (i.e. submission of proposed expenditures budget to the FOMB).

Hon. Ricardo A. Rosselló Nevares
Mr. Cristian Sobrino Vega
Mr. Gerardo Portela Franco
May 15, 2018
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By this letter, pursuant to PROMESA § 202(a)(e), the FOMB also sets the following deadlines for subsequent steps in route to the adoption of the budget:

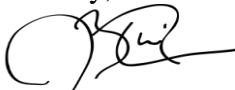
1. On or before June 8, 2018: The FOMB shall approve the Governor proposed budget for GDB or provide notification of violations and provide descriptions of all necessary corrective actions. If the FOMB notifies violations and corrective actions, the Governor shall submit a revised budget (including the GDB's Governing Board resolution on electronic format with its supporting documentation authorizing such revised budget) to the FOMB on or before June 18, 2018.
2. June 29, 2018: (a) If the Governor submits a revised, compliant budget to the FOMB, the FOMB shall approve it and issue a compliance certification to the Governor. (b) If the Governor fail to submit a revised, compliant budget to the FOMB, the FOMB shall submit its own compliant budget to the Governor by July 1, 2018 and that budget, pursuant to PROMESA § 202(e)(4), shall be (i) deemed to be approved by the Governor, (ii) deemed to be subject to a compliance certification issued by the FOMB to the Governor and (iii) in full force and effect beginning the first day of the fiscal year.
3. Any time through June 29, 2018: Pursuant to PROMESA § 202(f), if the Governor and GDB's Governing Board, and FOMB each certify that a jointly developed budget reflects a consensus among them, then such budget shall serve as the budget for the instrumentality for fiscal year 2019.

Pursuant to PROMESA § 202(b), the FOMB provides the forecast of revenues for the period covered by the budget that is attached hereto for use in developing the budget.

All submissions required herein shall be sent to the email address: budget@promesa.gov.

We look forward to working with you throughout the budget approval process.

Sincerely,



José B. Carrión

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

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CC: Natalie A. Jaresko
GDB Governing Board

Attachment

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Appendix A
 Fiscal Year ending June 30, 2019

Commonwealth of Puerto Rico			
Government Development Bank for Puerto Rico ("GDB")			
<u>Revenue Forecast</u>			
(\$ in thousands)	<u>Certified Fiscal Plan</u>	<u>Proposed Budget</u>	<u>Variance</u>
Loan asset portfolio receipts	-	-	-
Real estate owned ("REO") asset sales	-	-	-
Interest on cash	<u>17</u>	<u>17</u>	<u>-</u>
Total inflows	<u>17</u>	<u>17</u>	<u>-</u>

A

Notes to Explain Adjustments in Appendix A:

Note A: Represents interest on cash on hand- restricted and unrestricted.