

# SENATE OF PUERTO RICO

EDUARDO A. BHATIA  
POPULAR DEMOCRATIC PARTY MINORITY LEADER

June 5, 2017

Natalie Jaresko  
Executive Director  
Puerto Rico Oversight, Management, and Economic Stability Board  
PO Box 192018  
San Juan, PR 00919-2018

Dear Ms. Jaresko:

I write regarding the Resolution by the PROMESA Board on June 2, 2017, titled: "UNANIMOUS WRITTEN CONSENT APPROVING SUBMISSION OF COMMONWEALTH'S FISCAL YEAR 2018 BUDGET TO THE LEGISLATURE" (the "Resolution"). Said Resolution has created enormous confusion in Puerto Rico and seems to be inconsistent with the federal mandate under the Puerto Rico Oversight, Management, and Economic Stability Act (PL 114-187; 130 stat 549). Thus, I request an immediate clarification, amplification and explanation for the benefit of the people, public servants, towns, university students, retirees under the Commonwealth's pension plan and the overall budget process.

First, the Board authorized you as Executive Director to "provide guidance to the Governor's representative and the Legislature on necessary adjustments and modifications to the budget in order to resolve the material concerns outlined" in its Resolution. However, nowhere in the Resolution were the material concerns outlined. I request that you provide a list of the specific concerns immediately.

Second, in its statement, the Board did not come forward and outline or identify the violations of the Governor's April 30, 2017 Proposed Budget, as mandated by Section 202(C)(1)(B)(i) of PROMESA. The specific mandate under federal law for a noncompliant budget is "a notice of violation that

includes a description of any necessary corrective action". To date said notice and description of any necessary corrective action has not been disclosed and is therefore in violation of federal law. I hereby request a copy of the notice of violation, the corrective actions recommended and the timetable established for compliance.

Third, the Board approved "the aggregate spending level in the Governor's proposed budget, but not its specific allocations including but not limited to earmarks for discretionary spending, for purposes of submission to the Legislature pursuant to PROMESA § 202(c)(1)". Again, please specify and itemize, as required by PROMESA, what specific allocations were not approved by the Board and what corrective action has been recommended.

Fourth, in the Resolution it is established that "spending be reallocated and adjusted in accordance with the guidance of the Board to reflect final implementation plans for spending reductions and changes to earmarks and allocations." Yet, nowhere in the Resolution were these itemized, nor precise and unambiguous corrective measures listed. I request that the spending cuts be disclosed and enumerated.

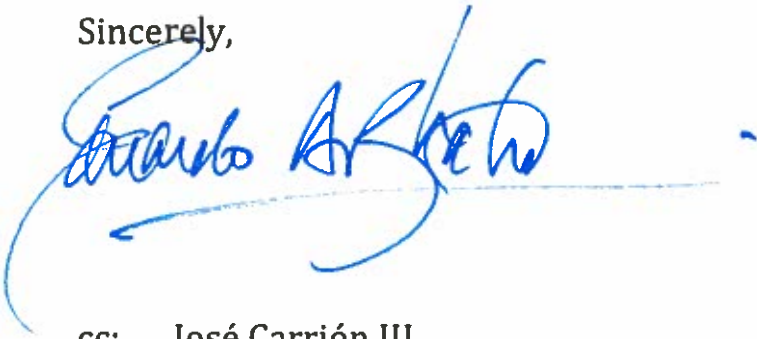
Finally, you are ordered to establish, in consultation with the Governor's representative and the Legislature, a timetable for the Board to issue a compliant certification pursuant to PROMESA § 202 (e)(1). Under Puerto Rico law it is a well-established principle by the Supreme Court that minority parties have the same right to participate in all legislative processes as the majority. See: *Silva v Hernandez-Agosto*, 118 DPR 45 (1986). Thus, I hereby request that in all meetings and communications with the Puerto Rico Legislature the leadership of all the political parties and the independent members be included.

Time is of the essence. Based on how late the budget process has started in the legislature, and the reluctance of the Governor and the Board to disclose essential budget data in the past 30 days, I request to have this information as soon as possible. As you well know, I am a believer that openness, credibility and transparency are key components in our mutual search for fiscal stability for Puerto Rico. As distinguished Congresswoman Blackburn recently noted, "I firmly believe that the most important feature of spending the people's money is complete transparency".

Ms. Natalie Jaresko  
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It is in this spirit that I hope we can refine the Resolution and publically share the information that has been missing. I look forward to your quick response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Francisco A. ...", written over a horizontal dashed line.

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