

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



José B. Carrión III
Chair

Members

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

Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

January 11, 2018

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

The Honorable Thomas Rivera Schatz
President of the Senate of Puerto Rico
The Capitol of Puerto Rico
P.O. Box 9023431
San Juan, PR 00902-3431

The Honorable Carlos J. Méndez Núñez
Speaker of the House of Representatives of Puerto Rico
The Capitol of Puerto Rico
P.O. Box 9022228
San Juan, PR 00902-2228

Dear Governor Rosselló Nevares, President Rivera Schatz, and Speaker Méndez Núñez:

We write in response to the certification, dated January 3, 2018, that Act 119 is significantly inconsistent with the Commonwealth's Fiscal Plan pursuant to Section 204(a)(2)(C) of PROMESA (the "Non-Compliance Certification"). The Non-Compliance Certification states that the funds and resources needed to implement Act 119 are not in the Commonwealth's Fiscal Plan or the Commonwealth's Budget and that Act 119 will affect the Government's eligibility for federal funds.

Honorable Ricardo A. Rosselló Nevares

Honorable Thomas Rivera Schatz

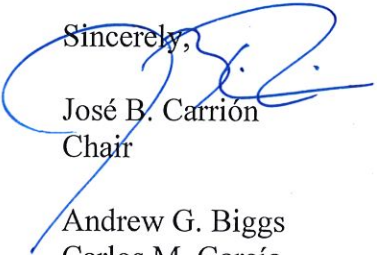
Honorable Carlos J. Méndez Núñez

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Having carefully reviewed Act 119 and the Non-Compliance Certification, the Oversight Board is notifying you, pursuant to Section 204(a)(3)(C), that the Oversight Board received the Non-Compliance Certification and is directing you, pursuant to Section 204(a)(4)(B), to either (i) correct Act 119 to eliminate the inconsistency with the Commonwealth's Fiscal Plan or (ii) provide an explanation for the inconsistency with the Commonwealth's Fiscal Plan that the Oversight Board finds to be reasonable and appropriate. Please provide your response by January [19], 2018.

Note that, if you fail to either (i) correct Act 119 to eliminate the inconsistency or (ii) provide an explanation for the inconsistency that the Oversight Board finds is reasonable and appropriate, pursuant to Section 204(a)(5), the Oversight Board may take such actions as it considers necessary, including preventing the enforcement or application of Act 119.

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