

**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

February 26, 2019

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

Dear Governor Rosselló Nevares:

Fiscal discipline and responsible budgets are important safeguards for the prosperity of Puerto Rico. The Government recently submitted several Joint Resolutions to the Oversight Board purporting to authorize over \$30 million in expenditures.¹ None of the appropriations or re-programmings contained in these Joint Resolutions is contemplated by the certified budget for the Commonwealth for fiscal year 2018 or 2019, nor were they approved by the Oversight Board.

PROMESA grants the power to certify budgets exclusively to the Oversight Board. This responsibility and authority has been upheld by the U.S. District Court for the District of Puerto Rico and the U.S. Court of Appeals for the First Circuit. Moreover, the U.S. District Court held that “a prior year authorization for spending that is not covered by the budget is inconsistent with PROMESA’s declaration that the Oversight Board-certified budget for the fiscal year is in full for and effect, and is therefore preempted by that statutory provision by force of Section 4 of PROMESA.” Accordingly, each of the Joint Resolutions is preempted and invalid.

To understand what actions the Government may have already taken in connection with these Joint Resolutions, we request that the Commonwealth’s Chief Financial Officer certify to the Oversight Board, on or before March 8, 2019, whether any encumbrances or disbursements pursuant to the Joint Resolutions have been made, including the amount of such encumbrance or disbursement and the corresponding line item.

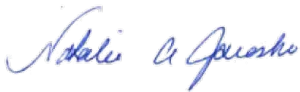
¹ Some of the Joint Resolutions were enacted as early as January 2018 and submitted to the Oversight Board almost a year after their enactment. As we have repeatedly reminded you, Section 204(a) of PROMESA requires the Governor to submit enacted laws to the Oversight Board no later than seven business days after enactment.

If expenditures on account of the Joint Resolutions have been realized, the Oversight Board may exercise its powers pursuant to Section 203 of PROMESA in order to correct any inconsistency caused by expenditures not contained in the certified budget.

Fiscal responsibility and budgetary discipline are necessary ingredients for economic success. The people of Puerto Rico deserve financial accountability and transparency. We trust that you share these views. That is why the Government's adherence to the mandatory provisions of PROMESA is critical for Puerto Rico's fiscal and economic recovery.

We look forward to continue working with you to resolve these issues expeditiously.

Sincerely,



Natalie A. Jaresko

CC: Christian Sobrino Vega
Raúl Maldonado Gautier
Honorable Thomas Rivera Schatz
Honorable Carlos J. Méndez Núñez

Attachment

SCHEDULE

I. Joint Resolutions submitted on December 21, 2018

1. Joint Resolution 2 dated January 4, 2018.
2. Joint Resolution 10 dated January 21, 2018.
3. Joint Resolution 11 dated January 21, 2018.
4. Joint Resolution 12 dated January 21, 2018.
5. Joint Resolution 15 dated January 24, 2018.
6. Joint Resolution 26 dated February 4, 2018.
7. Joint Resolution 31 dated April 13, 2018.
8. Joint Resolution 32 dated April 13, 2018.
9. Joint Resolution 37 dated May 15, 2018.
10. Joint Resolution 38 dated May 15, 2018.
11. Joint Resolution 42 dated June 13, 2018.
12. Joint Resolution 43 dated June 13, 2018.
13. Joint Resolution 54 dated July 10, 2018.
14. Joint Resolution 55 dated July 10, 2018.
15. Joint Resolution 61 dated July 10, 2018.

II. Joint Resolutions submitted on January 10, 2019

1. Joint Resolution 67 dated July 27, 2018.

III. Joint Resolutions submitted on January 17, 2019

1. Joint Resolution 18 dated January 27, 2018.
2. Joint Resolution 19 dated January 27, 2018.
3. Joint Resolution 27 dated February 4, 2018.

IV. Joint Resolutions submitted on January 28, 2019

1. Joint Resolution 13 dated January 21, 2018.
2. Joint Resolution 48 dated June 29, 2018.
3. Joint Resolution 56 dated July 10, 2018.
4. Joint Resolution 57 dated July 10, 2018.
5. Joint Resolution 97 dated August 12, 2018.