

United States Senate

WASHINGTON, DC 20510

April 7, 2017

Mr. José B. Carrión III
Chairman
Financial Oversight and Management Board for Puerto Rico

Dear Chairman Carrión:

We are writing today to express our concern that the Fiscal Plan for Puerto Rico, which was certified by the Financial Oversight and Management Board of Puerto Rico on March 13, 2017, is not compliant with the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

During a recent hearing before the House Committee on Natural Resources' Subcommittee on Indian, Insular and Alaska Native affairs, you were asked if the Fiscal Plan complied with Section 201(b)(1)(N) of PROMESA. As you know, PROMESA requires that a certified fiscal plan "respect the relative lawful priorities or lawful liens, as may be applicable, in the constitution, other laws, or agreements of a covered territory or covered territorial instrumentality." Unfortunately, your answer to this question was unsatisfactory. Rather than explaining why the Fiscal Plan was compliant, you merely stated that the Oversight Board has not taken a position on the dispute between the General Obligation and COFINA bondholders—a matter unrelated to the Fiscal Plan's compliance with PROMESA.

We have heard numerous concerns regarding the Fiscal Plan's failure to comply with lawful priorities and liens established by Puerto Rico's Constitution, its failure to differentiate between non-essential and essential spending, its elevation of all non-debt spending above debt service, and its unexplained economic assumptions. Multiple creditor groups have asserted that the Commonwealth and the Oversight Board have not attempted to negotiate with bondholders under Title VI of PROMESA, and in fact have failed to respond to creditors' attempts to initiate negotiations. This is a violation of both the spirit and letter of PROMESA, which plainly intends for the Commonwealth and the Oversight Board to make every effort to reach a negotiated settlement with bondholders under Title VI and reserves Title III restructuring as a last resort.

Given your response to Congress and these troubling reports from financial groups, we do not believe the Commonwealth and the Oversight Board are interested in addressing these issues. Furthermore, we are deeply concerned that PROMESA is not on track to achieve its goals of promoting fiscal responsibility in Puerto Rico and returning the Commonwealth to the capital markets.

In closing, we request that the Oversight Board promptly supply our staffs with a compliance certification for the Fiscal Plan and set forth in detail how each requirement of Section 201(b)(1) of PROMESA has been satisfied. Additionally, we request that you promptly meet with our staffs in Washington, D.C., and fully brief our offices on: (1) the status of your negotiations; (2) who you are negotiating with; (3) how you are fulfilling the requirements of PROMESA; (4) the

percentage of revenues that Puerto Rico is spending on payments owed to U.S. taxpayers; and
(5) any other pertinent information.

Thank you for your attention to these issues. Please reply to Senator Thom Tillis' office at
Towers_Mingledorff@Tillis.Senate.gov and Senator Tom Cotton's office at
Brian_Colas@Cotton.Senate.gov with your answers to these requests, no later than April 25,
2017.

Sincerely,

A handwritten signature in blue ink that reads "Thom Tillis". The signature is fluid and cursive, with the first name "Thom" and last name "Tillis" clearly distinguishable.

THOM TILLIS
United States Senate

A handwritten signature in blue ink that reads "Tom Cotton". The signature is fluid and cursive, with the first name "Tom" and last name "Cotton" clearly distinguishable.

TOM COTTON
United States Senate