



GOVERNOR OF PUERTO RICO

Ricardo Rosselló Nevares

May 2, 2017

Mr. José Carrión

Chairman
Financial Oversight and Management Board

Dear Chairman Carrión:

I am hereby making this submission to the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board"), as appointed under the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA"), representing that as of the date hereof the Government of Puerto Rico (the "Government") for the reasons stated below desires to effect a plan to adjust its debts under Title III of PROMESA.¹

There are additional Government entities and instrumentalities, which under the supervision of the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF") pursuant to Act 2-2017, will be similarly representing to the Oversight Board a desire to effect a plan of adjustment of their debts under Title III of PROMESA. Additionally, there may be certain Government entities and instrumentalities that will seek to implement a consensual restructuring pursuant to Title VI of PROMESA. Those entities will be identified in time as necessary and appropriate.

As the Oversight Board is aware, the Government has made good-faith efforts to reach a consensual restructuring with its creditors. Unfortunately, these discussions and negotiations have not demonstrated sufficient progress so as to achieve a sustainable level of debt under the Fiscal Plan as certified by the Oversight Board on March 13, 2017 (the "Fiscal Plan"). In that regard, the Government has given its creditors access to voluminous financial information concerning the Government and its operations as related to the Fiscal Plan. In addition, the Government has made its representatives and financial advisors available to answer questions concerning its financial projections and assumptions with respect to the Fiscal Plan.

¹ This representation is made to satisfy the requirement set forth in PROMESA section 302(3).



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The Government's Fiscal Plan satisfied the 14 guidelines set forth in PROMESA section 201(b) through certain revenue raising measures and significant expenditure reductions. The Fiscal Plan as implemented through the budgetary process will require great sacrifice by the people of Puerto Rico. However, Puerto Rico's creditors have not demonstrated a sufficient willingness to fairly share in such sacrifice through a necessary reduction in their debt to a sustainable level under the Fiscal Plan.

While the Government remains willing to continue to pursue good-faith dialogue and negotiations with its creditors, the recent expiration of the PROMESA stay imposed against enforcement of creditor liability claims dictates that the best course of action is for the Government to enter into Title III for the purpose of adjusting its debts to a sustainable level consistent with the Fiscal Plan. It is my hope that the Government's Title III proceedings will accelerate the negotiation process, leading to as much creditor consensus where possible and achieving where necessary a prompt and efficient judicial resolution of any issues or disputes.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Ricardo Rosselló Nevares".

Ricardo Rosselló Nevares
Governor