

# Congress of the United States

Washington, DC 20515

February 16, 2018

Mr. José B. Carrión III  
Chairman  
Financial Oversight and Management Board for Puerto Rico  
P.O. Box 192018  
San Juan, PR 00919-2018

Dear Chairman Carrión:

We write to clarify and remind you that in passing the supplemental disaster legislation on Thursday, February 8 (the “disaster supplemental”),<sup>1</sup> Congress intended 100 percent of the funding to solely be used for rebuilding Puerto Rico and to help its residents recover from Hurricane Maria. Any funds it replaces must not be used to repay creditors, but instead go toward the Island’s recovery.

On Monday, February 12, Governor Ricardo Rosselló submitted his revised fiscal plan for the Commonwealth to the Financial Oversight and Management Board (“FOMB”). The revised plan projects a \$2.8 billion dollar surplus by FY2023.<sup>2</sup> Meanwhile, Bloomberg reports that a recent increase in the price of Puerto Rico bonds by almost 11 percent “may allow it to resume bond payments in as little as two years.”<sup>3</sup> Reports like this have contributed to a growing attitude among bondholders that the influx of federal aid would enable Puerto Rico to begin servicing its debt in the near future. Notably, one such bondholder is quoted in Bloomberg as saying, “on the basis of that federal help [Rosselló] is at least willing to play ball at some level with the bondholders.” This perspective is misguided and completely disregards the continued suffering on the Island, almost five full months after Hurricane Maria.

In light of such perspectives, it is vital that the FOMB and the Governor fully preserve the intent of Congress that none of the funding provided under the disaster supplemental be diverted to service Puerto Rico’s debt. The bill provides billions of dollars for supporting Puerto Rico’s Medicaid system, as well as funding for the Federal Emergency Management Agency (“FEMA”) Disaster Relief Fund, Community Development Block Grants, and the U.S. Army Corps of Engineers, and many others.<sup>4</sup> The federal programs that received funding under the disaster supplemental have been and remain instrumental in the rebuilding process. Accordingly, the FOMB and the Governor must ensure that the federal funds provided under the disaster supplemental be used solely and exclusively for Puerto Rico’s disaster relief and recovery.

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<sup>1</sup> Pub. L. 115-123.


<sup>2</sup> <http://www.aafaf.pr.gov/assets/newfiscalplanforpuertorico-2-13-2018.pdf> (accessed February 15, 2018).

<sup>3</sup> <https://www.bloomberg.com/news/articles/2018-02-14/puerto-rico-bonds-stage-record-rally-as-island-projects-surplus> (accessed February 15, 2018).

<sup>4</sup> See *supra* note 1.

Puerto Rico stands at a critical crossroads in its history, and the way that the post-Maria reconstruction is handled could determine the health and economic well-being of its people for decades to come. It is imperative that Puerto Rico and the entities empowered to navigate the Island through these troublesome times "get it right" when it comes to the post-Maria reconstruction. This ought to begin with a basic understanding that any and all funding for Puerto Rico under the disaster supplemental be preserved for relief and recovery.

Sincerely,



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Nydia M. Velazquez  
Member of Congress




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Robert Menéndez  
United States Senator




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Sean Duffy  
Member of Congress



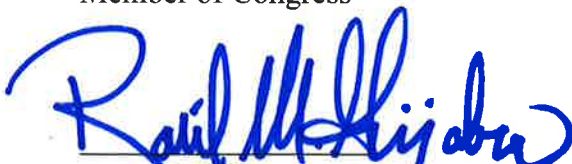
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Elizabeth Warren  
United States Senator




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Tom MacArthur  
Member of Congress



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Raúl M. Grijalva  
Member of Congress



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Luis V. Gutiérrez  
Member of Congress