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**Executive Director**

**BY ELECTRONIC MAIL**

October 25, 2024

Ms. Yanira Raíces Vega  
Secretary  
Department of Education

**Re: Municipality of Canóvanas (Lease Agreement)**

Dear Ms. Raíces Vega,

In accordance with the Contract Review Policy (the “Policy”) of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed lease agreement between the Department of Education (the “PRDE”) and the Municipality of Canóvanas (the “Municipality”) (the “Proposed Contract”).

After reviewing the Proposed Contract, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Contract are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Contract with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Contract must be submitted to the Oversight Board for review and approval **prior to execution**.

**Date:** 10/25/2024

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**Recipient:** Ms. Raíces Vega

This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to the PRDE and solely with respect to the Proposed Contract.

Sincerely,



Jaime A. El Koury  
General Counsel

## APPENDIX A

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### DEPARTMENT OF EDUCATION – MUNICIPALITY OF CANÓVANAS

#### Fiscal Plan Alignment

This review covers the Proposed Contract between the PRDE and the Municipality, which contemplates the lease, maintenance and operational services of an office at the Municipality’s Multi-use Building to be used as the PRDE’s State Food and Nutrition Services Regional Monitoring Offices (the “Property”).

The Proposed Contract has a maximum payable amount of **\$6,446**, which corresponds to a monthly rent of \$586, and a term from its date of execution to **September 30, 2025**, with allowable extensions. We remind the PRDE that any extensions to the Proposed Contract must be submitted to the Oversight Board for review and approval prior to execution in accordance with the Policy.

The PRDE has certified that the Proposed Contract shall be covered entirely with federal funds, which are allocated in **Account Nos. E0000-272-0810000-081-2025-251PR300336E\_A (PRIFAS)** and **E2632-272-0113000-06F-2025-251PR300336E\_A-ADMINISTRACIÓN (SIFDE)**. As such, the Oversight Board’s review indicates that the PRDE has sufficient budgeted funds in Fiscal Year 2025 to cover the cost of the Proposed Contract as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by the PRDE throughout the Proposed Contract’s term. Consequently, we rely on PRDE’s budget certification for purposes of this review.

Finally, we note that the PRDE’s prior lease agreement with the Municipality **expired on September 30, 2024**. After occupying the Property for several weeks without an executed lease agreement, the PRDE submitted the Proposed Contract to the Oversight Board for review and approval on October 11, 2024. This is a recurrent practice by the PRDE.<sup>1</sup> We remind the PRDE of the importance of implementing proper contract management practices to avoid potential legal claims and additional expenses that could have a fiscal impact and result in lack of compliance with the Certified Budget.

The PRDE is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A to the Policy (Contract Submission Questionnaire) and to request a re-review of the Proposed Contract should any changes occur.

*This review was conducted on the basis of information submitted by the PRDE. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.*

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<sup>1</sup> See the Oversight Board’s approval letter for the prior lease agreement dated December 4, 2023.