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## **BY ELECTRONIC MAIL**

April 4, 2025

Mr. Edwin E. González Montalvo  
Executive Director  
Puerto Rico Highways and Transportation Authority

### **Re: CJO Construction Corporation**

Dear Mr. González Montalvo,

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 contract between the Puerto Rico Highways and Transportation Authority (“HTA”) and CJO Construction Corporation (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**.

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

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**Recipient:** Mr. González Montalvo

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 HTA and solely with respect to the Proposed Contract.

Sincerely,



Jaime A. El Koury  
General Counsel

## APPENDIX A

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HTA – CJO CONSTRUCTION CORPORATION

### Fiscal Plan Alignment

This review covers the Proposed Contract between HTA and CJO Construction Corporation (the “Contractor”).

The Proposed Contract stems from a competitive procurement process issued on November 8, 2024 for the rehabilitation and reconstruction of Highway PR-142, from Kilometer 0.00 to Kilometer 8.17 within the Municipalities of Dorado, Toa Alta, and Corozal. The Contractor’s scope of work contemplates:

- Pavement preservation and reconstruction with upgraded markings and retroreflective devices
- Replacement of all sub-standard ground and overhead signs
- Drainage system rehabilitation (cleaning/repairing existing infrastructure and adding new inlets/storm sewers)
- Safety enhancements, including emergency escape ramp rehabilitation and roadside safety device upgrades (guardrails, barriers, transitions, attenuators, crash cushions)

The Proposed Contract has a maximum payable amount of **\$17,997,950** and a term lasting up to **720 calendar** days from the date indicated in the Notice to Proceed.

HTA has certified that the Proposed Contract shall be funded from a mix of federal and general funds allocated in the following accounts:

- **E7160-272-066000-1315-008-2025**
- **E7160-141-066000-1315-008-2025**

As such, the Oversight Board’s review indicates that HTA 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 HTA throughout the Proposed Contract’s term. Consequently, we rely on HTA’s budget certification for purposes of this review. In the event that the Proposed Contract causes HTA to exceed its Certified Fiscal Year 2025 Budget, it must find savings in other areas to cover any overspent amounts and request a reprogramming of any identified funds to the Oversight Board in order to ensure compliance with the same.

Insofar as the Proposed Contract will be funded with future certified budgets, HTA must ensure that such budgets incorporate all costs related to the Proposed Contract.

HTA 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.

**APPENDIX A**

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*This review was conducted on the basis of information submitted by HTA. 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.*