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BY ELECTRONIC MAIL

April 17, 2025

Mr. Romano A. Zampierollo
Regulatory and Planning
Genera PR, LLC

Re: Mechanical Dynamics & Analysis, LLC

Dear Mr. Zampierollo,

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 Genera PR, LLC (“Genera”), as agent to the Puerto Rico Electric Power Authority (“PREPA”), and Mechanical Dynamics & Analysis, LLC (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: 4/17/2025

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Recipient: Mr. Zampierollo

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 Genera and solely with respect to the Proposed Contract.

Sincerely,



Jaime A. El Koury
General Counsel

APPENDIX A

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GENERA – MECHANICAL DYNAMICS & ANALYSIS, LLC

Fiscal Plan Alignment

This review covers the Proposed Contract between Genera, as agent to PREPA, and Mechanical Dynamics and Analysis, LLC (the “Contractor”) for hot gas path inspection of the Aguirre power plant’s combined cycle.

The Proposed Contract stems from competitive procurement process no. RFP 4089 issued on October 10, 2023. It has a maximum payable amount of **\$2,124,037** and a term from its date of execution until **June 30, 2025**, which may be extended by mutual agreement subject to availability of funds. The Proposed Contract also has a Guaranteed Completion Date of up to 120 days from the commencement date specified in the mobilization letter.¹ We remind Genera 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.

Genera has certified that the Proposed Contract shall be covered entirely with its own general funds under the “Maintenance Project Expenses” line item of the Certified Fiscal Year 2025 PREPA Budget, which are allocated in **Account No. 1-1071-31201-KOE-290-100G00109403**. As such, the Oversight Board’s review indicates that Genera 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 Genera throughout the Proposed Contract’s term. Consequently, we rely on Genera’s budget certification for purposes of this review. In the event that the Proposed Contract causes Genera to exceed its budget, it must find savings in other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the Oversight Board in order to ensure compliance with the Certified Fiscal Year 2025 PREPA Budget.

On August 1, 2024, the Oversight Board reviewed and approved with observations a previous version of the Proposed Contract, which was never executed. The previous version contemplated a generator rotor installation for gas turbines 1–4. Genera informed the Oversight Board that the generator rotor installation was eliminated from the Contractor’s scope of work, as Genera completed it using its own personnel.

Genera 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 Genera. 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.

¹ Pursuant to the Proposed Contract, and subject to the Contractor’s change order rights, if the completion of the services occurs after the Guaranteed Completion Date, the Contractor shall pay PREPA a \$5,000 fee for each day of delay until full completion occurs, up to 15% of the maximum payable amount.