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BY ELECTRONIC MAIL

June 27, 2025

Mr. Ángel Pantoja Rodríguez
Secretary
Puerto Rico Department of the Treasury

Re: Deloitte Consulting, LLP (ERP System)

Dear Mr. Pantoja Rodríguez,

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 amendment to the contract between the Puerto Rico Department of the Treasury (the "PRDT") and Deloitte Consulting, LLP (the "Proposed Amendment").

After reviewing the Proposed Amendment, the Oversight Board, concludes "Approved with **Conditions**." Conditions and observations related to the Proposed Amendment are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Amendment 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 Amendment or the original 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 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 PRDT and solely with respect to the Proposed Amendment.

Sincerely,



Jaime A. El Koury
General Counsel

DEPARTMENT OF THE TREASURY – DELOITTE CONSULTING, LLP

Fiscal Plan Alignment

This review covers the Proposed Amendment to the contract between the PRDT and Deloitte Consulting, LLP (the "Contractor").

The original contract (2023-000142), which was approved with observations by the Oversight Board on October 25, 2022, contemplates the creation and implementation of an Enterprise Resource Planning ("ERP") system. The ERP implementation project (the "ERP Project") encompasses four phases: Prepare, Imagine, Deliver, and Run. The original contract has a maximum payable amount of **$73,104,102.76** and a term from its date of execution of November 2, 2022 to **December 31, 2024**. The maximum payable amount was allocated as follows:

Fiscal Year	**Value**
October 25, 2022 to June 30, 2023	$30,982,722.59
July 1, 2023 to June 30, 2024	$37,965,164.67
June 30, 2024 to December 31, 2024	$4,156,215.50
Total	**$73,104,102.76**

The first amendment to the contract, which was executed on April 9, 2024, included an additional account number corresponding to the costs for Fiscal Year 2024, without altering the maximum payable amount or term.

The second amendment to the contract, which was approved with observations by the Oversight Board on December 26, 2024, extended the term for one month to January 31, 2025, without altering the maximum payable amount.

The third amendment to the contract, which was approved with observations by the Oversight Board on January 31, 2025, extended the term to February 28, 2025 to provide the PRDT with additional time to execute the Memorandum of Understanding that the Oversight Board submitted to the PRDT on December 18, 2024 (the "MOU"). It did not alter the maximum payable amount.

The fourth amendment to the contract, which was approved with conditions and observations by the Oversight Board on February 28, 2025, extended the term to March 15, 2025, without altering the maximum payable amount. The Oversight Board expressed that the PRDT should execute the MOU by March 15, 2025.

The fifth amendment to the contract, which was approved with conditions and observations by the Oversight Board on March 14, 2025, extended the term until March 31, 2025, without altering the maximum payable amount. The Oversight Board expressed that the PRDT should execute the MOU, with any agreed upon amendments, by March 31, 2025.

The sixth amendment to the contract, which was approved with observations by the Oversight Board on March 31, 2025, extended the term until April 15, 2025, without altering the maximum

payable amount. The Oversight Board expressed that the PRDT should execute the MOU, with any agreed upon amendments, by April 15, 2025.

The seventh amendment to the contract, which was approved with observations by the Oversight Board on April 14, 2025, extended the term until April 30, 2025, without altering the maximum payable amount. The Oversight Board expressed that the PRDT should execute the MOU, with any agreed upon amendments, by April 30, 2025.

The eighth amendment to the contract, which was approved with observations by the Oversight Board on April 30, 2025, extended the term until **May 30, 2025**, without altering the maximum payable amount. The Oversight Board expressed that the PRDT should execute the MOU, with any agreed upon amendments, by May 30, 2025.

On May 30, 2025, the Oversight Board approved a ninth amendment to the contract to extend the term until **June 16, 2025**, without altering the maximum payable amount, to finalize its review of the Proposed Amendment in accordance with the Policy.[1] The Oversight Board expressed that the PRDT should submit to the Oversight Board the executed MOU, with any agreed upon amendments, on or before **June 16, 2025**. That same day, PRDT executed the ninth amendment to the contract to extend the term until **June 15, 2025**, one day less than approved by the Oversight Board.

The tenth amendment to the contract, which was approved with observations by the Oversight Board on June 15, 2025, extended the term until **June 22, 2025**, without altering the maximum payable amount. The Oversight Board expressed that the PRDT should execute the MOU, with any agreed upon amendments, by June 22, 2025.

The eleventh amendment to the contract, which was approved with observations by the Oversight Board on June 22, 2025, extended the term until **June 27, 2025**, without altering the maximum payable amount. The Oversight Board expressed that the PRDT should execute the MOU, with any agreed upon amendments, by June 27, 2025.

The Proposed Amendment, which constitutes the twelfth amendment to the contract, increases the maximum payable amount by **$12,000,000** to $85,104,102.76 and extends the term until **July 31, 2027** to finalize the development and implementation of the ERP Project. It adjusts the implementation of the ERP Project from a wave approach to a phased approach to deliver Phase 1 (Finance and Procurement) and Phase 2 (Human Capital Management and Payroll) by July 2026 and January 2027, respectively. This adjustment extends the ERP Project's duration from 25 months to 52 months.

The Proposed Amendment also adjusts the payment structure by including monthly progress reports and acceptance-based deliverables. Under such payment structure, the Contractor must show objective progress and receive approval of deliverables subject to a structured delivery review process, and certain acceptance standards. The Proposed Amendment further modifies and

[1] The Proposed Amendment was submitted to the Oversight Board for review and approval on May 29, 2025 at 4:01pm — one day prior to the expiration of the then-current contract term.

updates the deliverables list and schedule and incorporates new clauses regarding noncompliance and a 10% holdback per deliverable.

The PRDT has certified that the Proposed Amendment shall be covered entirely with general funds to be reprogrammed from the custody of the OMB. As such, the Oversight Board's review indicates that, upon its review and approval of the pertinent budget reprogramming request, the PRDT shall have sufficient funds in Fiscal Year 2026 to cover the cost of the Proposed Amendment. Accordingly, the approval of the Proposed Amendment is **conditioned** upon the Oversight Board's receipt, review and approval of the pertinent budget reprogramming request, which shall be the subject of a separate letter from the Oversight Board.

This determination does not consider the extent to which total available funds will be subsequently encumbered by the PRDT throughout the applicable term. Consequently, we rely on the PRDT's budget certification for purposes of this review. In the event that the Proposed Amendment causes the PRDT to exceed its budget, it must find savings in other areas to cover any overspent amounts and submit a budget reprogramming request in order to ensure compliance with the Certified Fiscal Year 2026 Commonwealth Budget.

The PRDT must submit to the Oversight Board an updated Fund Availability Certification by **July 15, 2025** in the format set forth in Appendix A to the Policy (Contract Submission Questionnaire), including accurate information for the corresponding accounts.

The PRDT 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 Amendment should any changes occur.

Finally, we note that the MOU was executed by the PRDT and agreed and acknowledged by OMB and the Chief of Staff to the Governor of Puerto Rico on June 27, 2025. The MOU, among other things, recognizes the Oversight Board as a non-voting member of the ERP Project's Steering Committee, with active participation alongside the ERP Project Management Office to oversee implementation efforts, effective governance, and alignment with objectives. A copy of the executed MOU is attached to this letter.

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

Memorandum of Understanding

This Memorandum of Understanding (hereinafter referred to as the "MOU") for coordination and cooperation in connection with the Enterprise Resource Planning System ("ERP") is made and entered into as of this 27 day of June, 2025 by and between:

OF THE FIRST PART, the Puerto Rico Treasury Department, represented herein by Mr. Ángel Pantoja Rodríguez, in his capacity as Secretary of the Treasury and Chief Financial Officer of the Government of Puerto Rico, of legal age, married and resident of San Juan, Puerto Rico, hereinafter referred to as "**TREASURY**."

OF THE SECOND PART, the Financial Oversight and Management Board for Puerto Rico, represented herein by Mr. Robert F. Mujica, Jr., in his capacity as Executive Director, of legal age, single and resident of San Juan, Puerto Rico, hereinafter referred to as the "**OVERSIGHT BOARD**."

The **FIRST PART** and **SECOND PART** (collectively, the "**PARTIES**") represent that they have the legal capacity to enter into this MOU and they are qualified to carry out the duties established herein, and in such capacity, freely and voluntarily:

WHEREAS, Act No. 230 of July 23, 1974, as amended, known as the "Puerto Rico Government Accounting Act," authorizes the Secretary of the **TREASURY** to design and intervene in the fiscal organization, accounting systems, and payment and income procedures of the units and corporate entities of Puerto Rico, as well as to keep the central accounting and the preparation of reports of government operations.

WHEREAS, Act No. 147 of June 18,1980, as amended, known as the "Management and Budget Office Organic Act," creates the Office of Management and Budget (the "**OMB**") to carry out the Public Policy of implementing strict fiscal control and efficiency measures by adequately controlling budget items relating to appointments, personnel transactions, and contracts, as well as controlling government spending in general.

WHEREAS, the Puerto Rico Oversight, Management and Economic Stability Act, Public Law 114-187 ("PROMESA"), created the **OVERSIGHT BOARD** to provide a method for Puerto Rico to achieve fiscal responsibility and access to the capital markets.

WHEREAS, the successful implementation and operation of a new ERP system is a critical infrastructure project that will, among other things, enable the fiscal transformation efforts outlined in the Certified Fiscal Plan, ensure the timely submission of financial reports, and advance the mandate of the **OVERSIGHT BOARD** under PROMESA.

WHEREAS, the **OVERSIGHT BOARD** desires to collaborate as a partner in the implementation of the ERP due to its importance and expected impact on Puerto Rico's fiscal health.

WHEREAS, the **OVERSIGHT BOARD** enters into this MOU to facilitate the implementation of the ERP system and ensure alignment with ongoing fiscal transformation efforts as outlined in the Commonwealth Fiscal Plan.

WHEREAS, the **PARTIES** acknowledge that the execution of this MOU provides a mutually beneficial framework to achieve shared objectives consistent with the Commonwealth Fiscal Plan. This MOU intends to facilitate coordination and cooperation with the anticipated result of mutual benefit to the **PARTIES**.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, **TREASURY** and the **OVERSIGHT BOARD** understand and agree as follows:

FIRST: **TREASURY** and **OMB** are responsible for fulfilling all requirements as outlined in the ERP Implementation Additional Requirements, which are made part of this MOU as **Appendix I**, and for operating under the new governance structure detailed in **Appendix II**.

SECOND: The **PARTIES** hereby declare that, to the best of their knowledge, no public officer or employee of the **PARTIES** has any direct or indirect interest in this MOU. In addition, no public servant, director, officer, or employee of the **PARTIES**, or member of their family unit (as such term is defined in the Enabling Act of the Office of Government Ethics of Puerto Rico, Act 1-2012, as amended), has any direct or indirect pecuniary interest in this MOU, or any other interest that adversely affects the other **PARTY**.

Furthermore, no public servant, director, official or employee of the **PARTIES** or member of their family unit (as defined in Act 1-2012, as amended), or any another person requested or accepted, directly or indirectly, gifts, gratuities, favors, services, donations, or anything else with economic value as a condition of obtaining this MOU, or to perform the duties and responsibilities of their position or employment, or in some way influenced the execution of this MOU.

THIRD: The **OVERSIGHT BOARD** shall monitor the ERP system's implementation progress and require regular reports from **TREASURY** and **OMB**, as appropriate. These reports shall include detailed updates on milestones, timelines, budget adherence, and any issues encountered.

FOURTH: The **OVERSIGHT BOARD** shall conduct periodic reviews to assess the ERP system's performance and recommend improvements. **TREASURY** and **OMB** shall cooperate with the **OVERSIGHT BOARD** in conducting periodic reviews and evaluations of the ERP system's implementation, providing access to all necessary documentation, information and systems.

FIFTH: **TREASURY** shall promptly address and resolve any issues or disputes arising during the ERP system's implementation.

SIXTH: **TREASURY** shall notify the **OVERSIGHT BOARD** within seventy-two (72) hours of receiving any notification or claim from the contracting party responsible for implementing the ERP system regarding non-compliance by **TREASURY** with its obligations under the agreed terms with the contracting party. Such a notice shall include all relevant details of the notification or claim to ensure the **OVERSIGHT BOARD** is fully informed and can take appropriate action. Notifications shall be sent to the following email address: fiscaltransformation@promesa.gov.

SEVENTH: The **PARTIES** shall cooperate fully and in good faith to achieve the objectives outlined in this MOU, recognizing that their collaboration is essential for the ERP system's success.

EIGHTH: The **PARTIES** shall maintain open and transparent communication, providing regular updates and promptly addressing any issues or concerns arising during the implementation process.

NINTH: The **PARTIES** shall ensure that the ERP system's implementation aligns with the Commonwealth Fiscal Plan and other relevant fiscal policies, contributing to Puerto Rico's overall fiscal health and stability.

TENTH: The **PARTIES** agree that if any portion of this MOU is held to be void, invalid, or otherwise unenforceable, in whole or in part, its remaining portions shall remain in effect.

ELEVENTH: This MOU constitutes the entire agreement between the **PARTIES** and supersedes any prior agreement, written or verbal, pertaining to the subject matter hereof. This MOU may not be modified, nor shall any provision hereof be waived or amended, except in writing duly signed by authorized representatives of the **PARTIES**.

TWELVE: The effective date of this MOU will be from its signing date, as stated above, and will remain in force until the full implementation of the ERP.

THIRTEEN: The execution, delivery and effectiveness of this MOU shall not operate as a waiver of any right, power, or remedy of the **PARTIES** hereto.

FOURTEEN: The **PARTIES** hereby agree to comply with all regulations and applicable laws in connection with the execution of this MOU. This MOU will be governed by, construed, interpreted, and enforced in accordance with the laws of Puerto Rico and PROMESA.

IN WITNESS THEREOF, the **PARTIES** hereto sign this MOU, in San Juan, Puerto Rico, as of the 27 day of June, 2025.

PUERTO RICO DEPARTMENT OF THE TREASURY

Ángel Pantoja Rodríguez
Secretary

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO

Robert F. Mujica, Jr.
Executive Director

AGREED AND ACKNOWLEDGED BY

CHIEF OF STAFF
TO THE GOVERNOR OF PUERTO RICO

Francisco Domenech

AGREED AND ACKNOWLEDGED BY

EXECUTIVE DIRECTOR
TO THE OFFICE OF MANAGEMENT AND BUDGET OF PUERTO RICO

Orlando Rivera Berrios

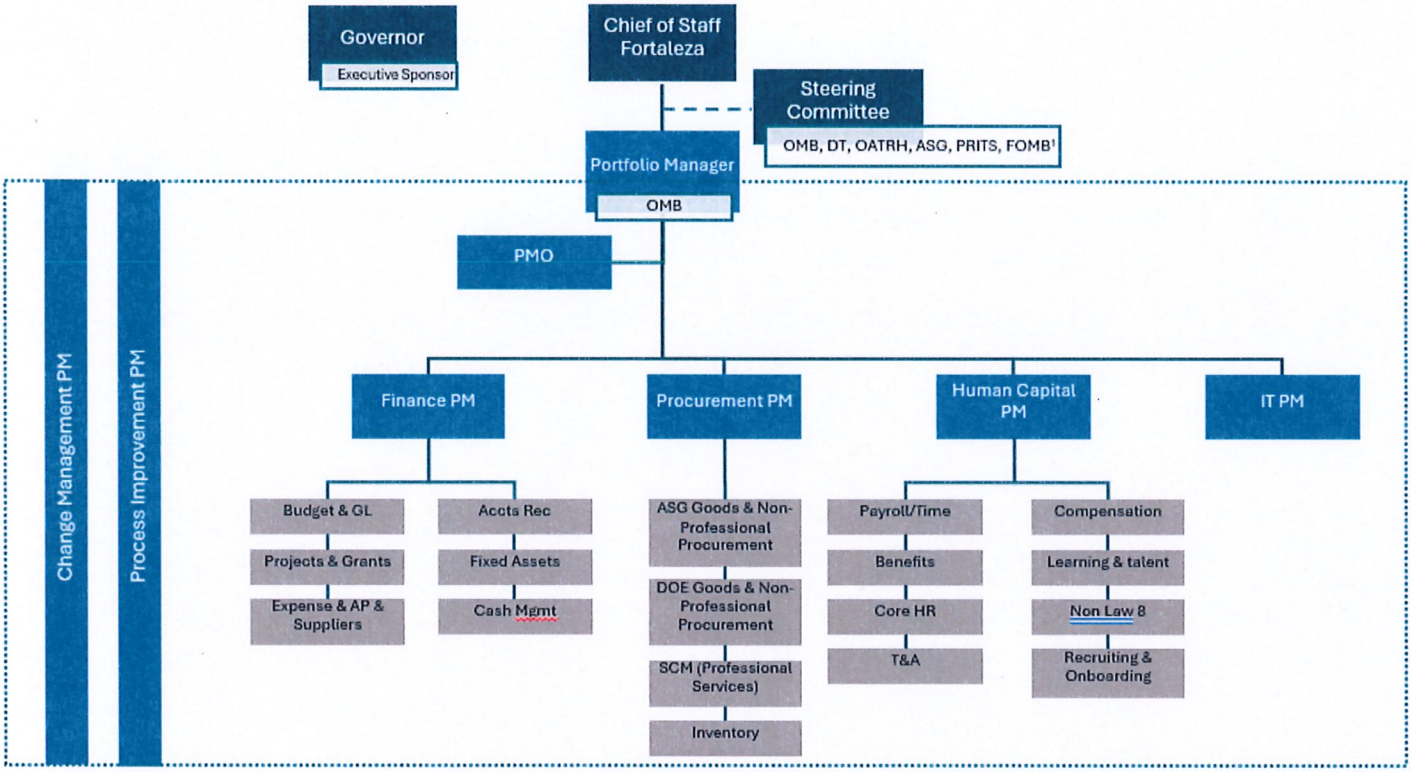
APPENDIX I

ERP IMPLEMENTATION ADDITIONAL REQUIREMENTS

1. Financial Oversight and Management Board ("Oversight Board"):
   a. Be designated as a non-voting member of the Steering Committee.
   b. Active participation with the ERP Project Management Office (PMO) in overseeing implementation efforts, effective governance, and alignment with objectives.
   c. Weekly Progress Reports from the ERP Management Office.
   d. Reviewing and commenting on contract deliverables prior to finalization, approval, and payment to vendor within the same terms applicable to Treasury as provided in sections 1.1h(b) and 1.13-of the contract between TREASURY and Deloitte Consulting, LLP for the creation and implementation of the ERP system as amended.
   e. FOMB will participate in developing and finalize the Future State Organization Configuration to support the new ERP operating environment.
2. Steering Committee:
   a. The full Steering Committee must meet at least monthly.
   b. Oversee project implementation and advise ERP PMO.
3. New Portfolio Manager with Oversight Board involvement needs to:
   a. resolve the following major implementation issues within the **first** month:
      i. Final decision regarding ERP Procurement Module, including the GSA JEDI integration, if any.
      ii. HCM functionality including Civil Service Reform integration, if any.
      iii. Review IT infrastructure of all financial programs, determine configurations that remain and those that are in conflict and must change in sixty (60) days.
      iv. Conduct a holistic impact analysis, including additional costs, functionality, timelines, etc., of all applications impacted by the ERP delay, which will no longer be turned off because of continual delays in sixty (60) days.
      v. Detailed status report and action plan for data clean up and conversion in thirty (30) days.
      vi. Review and provide a detailed assessment of the Budget Modules' functionality, configuration status, and gap analysis in sixty (60) days.
   b. Establish a Change Management Office to coordinate all the changes that must occur for the ERP to be implemented effectively and ensure user acceptance.
   c. Establish a Process Improvement Office to develop or update policies, procedures, legislation, and other related frameworks as needed to support the ERP implementation and the new operational processes.
   d. Ensure KPMG submits the monthly Real Time System Assessment to both the Puerto Rico Treasury Department and the Oversight Board simultaneously.
4. ERP Project Management Office:
   a. Responsible for the day-to-day management of the project, in consultation with the Steering Committee. Clearance on deliverables and reports directly to the Portfolio Manager.
   b. Evaluate and approve reconfiguration requests and deviations from ERP core functionalities.
   c. Implementer reports to PMO directly and escalates any significant issue to the Portfolio Manager and the Steering Committee through the PMO.
   d. Provide weekly progress reports to the Portfolio Manager and the Steering Committee.
   e. Consult with the Steering Committee and request guidance to resolve and mitigate cross-organizational conflicts, if necessary.
   f. Provide an implementation plan to address identified issues by KPMG.
   g. Ensure (i) all government entities are attentive to staffing needs of the project and (ii) adequate departmental involvement to support the projects' successful execution.

APPENDIX II

ERP GOVERNANCE STRUCTURE



1. The Oversight Board (FOMB) serves as a non-voting member of the Steering Committee.