



Members

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Executive Director

BY ELECTRONIC MAIL

August 11, 2025

Mr. Luis R. González Delgado
Executive President
Puerto Rico Aqueduct and Sewer Authority

Re: Truenorth Corp.

Dear Mr. González Delgado,

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 Aqueduct and Sewer Authority (“PRASA”) and Truenorth Corp. (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 Delgado

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 PRASA and solely with respect to the Proposed Contract.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jaime A. El Koury', with a stylized flourish at the end.

Jaime A. El Koury
General Counsel

APPENDIX A

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PRASA – TRUENORTH CORP.

Fiscal Plan Alignment

This review covers the Proposed Contract between PRASA and Truenorth Corp. (the “Contractor”), which contemplates the provision of management, support, advisory, and consulting services to PRASA’s Vice President of Strategic Planning through the Water Recovery Office (“WRO”). Specifically, the Contractor shall provide these services to the WRO for the development of master meters, pressure management, leak detection, and water balance analysis initiatives.

The Proposed Contract has a maximum payable amount of **\$1,988,200** and a term from its date of execution to **June 30, 2026**.

The Office of Management and Budget (“OMB”) certified that the Proposed Contract constitutes a renewal, and the services outlined therein are necessary to comply with the purpose of an original contract. As such, according to the OMB, the Proposed Contract is exempt from the requirement of a competitive procurement process pursuant to OMB’s Circular Letter No. 013-2021.¹

On June 24, 2024, the Oversight Board approved with observations the original contract that is now being renewed. In its approval letter, the Oversight Board requested that PRASA update the Knowledge & Skills Transfer Plan (the “Plan”) submitted to the Oversight Board on September 29, 2023,² and to submit the updated Plan to the Oversight Board by September 29, 2024 with specific attention to the 34 employment positions at the WRO. PRASA submitted the updated Plan on September 29, 2024.

During the course of its review of the Proposed Contract, the Oversight Board issued certain requests for information (“RFIs”) to PRASA to clarify the last time a competitive procurement process was conducted for the services under the Proposed Contract, and for an update on the progress of the Plan. In response to the RFIs, PRASA indicated that it has not conducted a competitive procurement process because, among other considerations, any new supplier would require an extensive period of time to learn the required tasks given the specificity and importance of the initiatives being carried out. As to the progress of the Plan, PRASA indicated that the WRO and field operations (except for the office director) are run by contractors, and expressed its intent to begin a recruitment process to replace the contractors.

We note that PRASA is currently revising its Classification and Remuneration Plan (the “CRP”) to align it with the Civil Service Reform established in the Fiscal Plan, including the use of updated salary data. As stated in the Certified 2025 PRASA Fiscal Plan, PRASA must finalize the CRP and submit it for the Oversight Board’s review and approval by September 30, 2025. Thereafter, PRASA must take affirmative steps to recruit personnel, advance the Plan, and limit or eliminate

¹ See OMB’s certification dated May 15, 2025.

² In pertinent part, the Plan states:

[T]hird-party contractor will be transferring the specific daily tasks and skills to adequately perform their KNOWLEDGE & SKILL TRANSFER PLAN assigned duties using the knowledge base created within SharePoint (specified on next pages). Specific scheduling for the knowledge & skill transfer will be developed per occurrence driven by the hiring of the specific PRASA resource.

APPENDIX A

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its dependency on contractors. If PRASA determines it requires contracting service providers beyond Fiscal Year 2026 instead of using its recruited personnel, the Oversight Board encourages PRASA to conduct a competitive procurement process.

Finally, PRASA has certified that the Proposed Contract shall be covered entirely with PRASA's own funds allocated in **Account No. 51112990**. As such, the Oversight Board's review indicates that PRASA has sufficient budgeted funds in Fiscal Year 2026 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 PRASA throughout the Proposed Contract's term. Consequently, we rely on PRASA's budget certification for purposes of this review. In the event that the Proposed Contract causes PRASA to exceed its Certified Fiscal Year 2026 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 same.

PRASA 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 PRASA. 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.