

FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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BY ELECTRONIC MAIL

August 12, 2021

Mr. Eliezer Ramos Parés
Interim Secretary
Puerto Rico Department of Education

Re: Proposed Purchase Order for Air Purifiers – Camera Mundi LLC

Dear Mr. Ramos Parés,

In accordance with the contract review policy of the Financial Oversight and Management Board for Puerto Rico (“FOMB”) established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed purchase order between the Puerto Rico Department of Education (the “Department”) and Camera Mundi LLC for the purchase of air purifiers for the Puerto Rico public school system (the “Proposed Purchase Order”).

After reviewing the Proposed Purchase Order, the FOMB concludes “Reject with Observations.” Observations related to the Proposed Purchase Order are set forth in Appendix A attached hereto.

Please note that our review is solely limited to the compliance of the Proposed Purchase Order with the applicable fiscal plan and no other matters. For the avoidance of doubt, the review performed by the FOMB does not cover 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 FOMB 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.

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 not available when the review was conducted. In addition, during the course of our review, we may receive information which we may determine to refer to the relevant authorities.

This letter is issued only to the Department and solely with respect to the Proposed Purchase Order.

Sincerely,

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

Jaime A. El Koury
General Counsel

CAMERA MUNDI LLC – PUERTO RICO DEPARTMENT OF EDUCATION

Fiscal Plan Alignment

This review covers the proposed purchase order between Camera Mundi LLC (“Camera Mundi”) and the Puerto Rico Department of Education (the “Department”) for the purchase of air purifiers for the Puerto Rico public school system (the “Proposed Purchase Order”). The Department identified the installation of air purifiers in classrooms as an urgent necessity for the process of reopening active public schools. As such, through the Proposed Purchase Order, the Department would be acquiring 28,000 air purifiers from Camera Mundi to be distributed throughout the public school system at a total cost of **\$36,375,360.00**.

Section 204(b)(2) of PROMESA provides that, in reviewing contracts that are proposed to be executed by a government entity or government-owned corporation, the Oversight Board must “ensure such proposed contracts promote market competition and are not inconsistent with the approved Fiscal Plan.”

The Proposed Purchase Order has been found inconsistent with Section 204 PROMESA for the following reason:

As further explained below, the Department’s selection of Camera Mundi as the supplier of air purifiers for the Puerto Rico public school system was made through a deficient procurement process that failed to promote market competition.

The Proposed Purchase Order stems from an emergency procurement process, issued on May 19, 2021, whereby Camera Mundi was selected by the Department on June 4, 2021. The Department has certified that such procurement process was executed in accordance with: (i) Executive Order No. OE-2021-021 (the “Executive Order”), which declares the process for the reopening of the Puerto Rico public school system a state of emergency and establishes a process to be followed for the award of emergency contracts, (ii) the General Services Administration’s (the “GSA”) Regulation 9230 (the “Regulation”), and (iii) Act 73 of 2019, known as the “General Services Administration Act for the Centralization of Purchases of the Government of Puerto Rico 2019” (the “Act”).

In compliance with the requirements of the Executive Order, the Regulation and the Act, the Department published a request for quote (the “RFQ”) that established certain specifications and requirements, with regards to the required characteristics of the air purifiers and the proponent’s capabilities concerning delivery, customer service, among others, which were used to qualify proponents. The Department certified that, after evaluating each of the proponents’ bids, it determined that Camera Mundi complied with all requirements and specifications and, as such, should be selected for the fulfillment of the Proposed Purchase Order.

However, the Oversight Board has found that the RFQ was deficient, and that Camera Mundi’s bid for the Proposed Purchase Order did not comply with all of the specifications established in the RFQ. As such, it is the Oversight Board’s determination that the deficient competitive procurement process which resulted in the selection of Camera Mundi as the supplier of air purifiers for the Puerto Rico public school system does not “promote market competition,” as

required by PROMESA.

For all the above, the Oversight Board rejects the Proposed Purchase Order. The Department must implement a procurement strategy that ensures transparency, maximizes market competition and is compliant with the applicable laws and regulations. Accordingly, in order to ensure full compliance with Section 204 of PROMESA , the Department should undertake a new competitive procurement process, prepare revised specifications, and make an award determination in strict compliance with the selected procurement process and specifications.

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