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BY ELECTRONIC MAIL

June 1, 2026

Mr. Roberto Lefranc Fortuño
Executive Director
Puerto Rico Industrial Development Company

Re: ROV Engineering Services, PSC (Metro Region)

Dear Mr. Lefranc Fortuño:

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 Industrial Development Company (“PRIDCO”) and ROV Engineering Services, PSC (the “Proposed Amendment”).

After reviewing the Proposed Amendment, the Oversight Board concludes “Approved with Observations.” 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**.

Date: 6/1/2026

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Recipient: Mr. Lefranc Fortuño

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 PRIDCO and solely with respect to the Proposed Amendment.

Sincerely,



Jaime A. El Koury
General Counsel

APPENDIX A

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PRIDCO – ROV ENGINEERING SERVICES, PSC

Fiscal Plan Alignment

This review covers the Proposed Amendment between PRIDCO and ROV Engineering Services (the “Contractor”), PSC for the provision of construction management and inspection services (the “Services”) regarding permanent repairs of PRIDCO’s buildings and infrastructure as part of an Island-wide project (the “Project”). The Project is divided into five regions: (i) north; (ii) south; (iii) west; (iv) east, and (v) metro. The Contractor’s Services will be concentrated in the metro region.

The original contract (2023-000098) was executed on March 13, 2023. It stems from competitive procurement process no. FEMA DR-4339 issued September 30, 2021. It has maximum payable amount of **\$1,950,060** and a term from its date of execution until **August 31, 2025** with allowable extensions. We remind PRIDCO that any extensions under the original contract must be submitted to the Oversight Board for review and approval prior to execution in accordance with the Policy.

The first amendment to the contract was executed on August 3, 2023. It increased the maximum payable amount by \$200,000 to **\$2,150,060** without modifying the term.

The second amendment to the contract was executed on February 6, 2025. It increased the maximum payable amount by \$281,412.50 to **\$2,431,472.50** without modifying the term.

The third amendment to the contract was executed on August 27, 2025. It extended the term until December 31, 2026 without modifying the maximum payable amount. It did not have any budgetary impact insofar the maximum payable amount remained **\$2,431,472.50**.

The Proposed Amendment, which constitutes the fourth amendment to the contract, increases the maximum payable amount by \$2,516,784.82 to **\$4,948,257.32** to ensure continuity of services. It does not modify the term.

PRIDCO has certified that the Proposed Amendment shall be covered entirely with federal funds from the Community Development Block Grant Program and the Federal Emergency Management Agency (FEMA). The funds are allocated in **Account No. 01-5440-882-4339**. As such, the Oversight Board’s review indicates that PRIDCO has sufficient budgeted funds in Fiscal Year 2026 to cover the cost of the Proposed Amendment as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by PRIDCO throughout the applicable term. Consequently, we rely on PRIDCO’s budget certification for purposes of this review. In the event of a federal funds shortfall, PRIDCO must find savings within its budget to cover the Proposed Amendment and submit a budget reprogramming request in order to ensure compliance with the Certified PRIDCO Budget.

PRIDCO 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.

APPENDIX A

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Finally, the following observations are based on 2 CFR 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and other relevant federal funding requirements:

Observation	Recommendation
1. The cumulative contract value increased from \$1,950,060 to \$4,948,257.32 (approximately 143%) without a consolidated cost/price analysis supporting the full contract value, including Amendment D.	PRIDCO should retain in the procurement file a formal cost/price analysis and reconciliation explaining: • Evolution of cost from procurement to current total • Basis for Amendment D amount • Price reasonableness determination
2. Amendment D is based on five previously inactive FEMA Project Worksheets (PW6868, PW7472, PW7480, PW7510, PW7550). The documentation does not fully demonstrate that all 20 PWs were included in the original request for proposal (RFP) scope.	PRIDCO should retain in the procurement file documentation confirming that: • All PWs were contemplated under the original procurement
3. The procurement file lacks key documentation, including: • Conflict of Interest certifications (not executed) • Initial Certification of Funds (original contract) • Consolidated cost analysis	PRIDCO should ensure completeness of the procurement file.
4. Evidence of notification to proponents was identified through email communications. A formal Notice of Intent to Award or comprehensive documentation showing distribution to all bidders was not provided.	PRIDCO should retain formal notification of documentation or consolidated documentation demonstrating that all proponents were properly notified.

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