

THE GOVERNMENT OF PUERTO RICO

30 June 2021

Puerto Rico Industrial Development Company

The amount of \$62,462,000 is budgeted for the expenditures of Puerto Rico Industrial Development Company (“PRIDCO”) herein for the fiscal year ending 30 June 2022.

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Section 1.- The following amounts are authorized for the expenditures of PRIDCO set forth herein for the fiscal year ending 30 June 2022 (“FY2022”):

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1	1. Puerto Rico Industrial Development Company		
2	A.	Payroll	5,432,000
3	i	Salaries	3,010,000
4	ii	Salaries for trust employees	-
5	iii	Overtime	7,000
6	iv	Christmas bonus	-
7	v	Healthcare	539,000
8	vi	Other benefits	317,000
9	vii	Early retirement benefits & voluntary transition program	1,061,000
10	viii	Other payroll	-
11	ix	Payroll reserved for the completion of the re-signing of	
12		leases at the current rate card	498,000
13	B.	Payments to PayGo	15,017,000
14	C.	Facilities and utility payments	1,517,000
15	i	Payments to PREPA	1,396,000
16	ii	Payments to PRASA	100,000
17	iii	Other facility costs	21,000
18	D.	Purchased services	11,527,000
19	i	Payments for PRIMAS	5,516,000
20	ii	Leases (excluding PBA)	663,000
21	iii	Maintenance & repairs	4,919,000
22	iv	Other purchased services	429,000
23	E.	Transportation	189,000
24	F.	Professional Services	1,909,000
25	i	Legal professional services	35,000
26	ii	Finance and accounting professional services	163,000
27	iii	Information technology (IT) professional services	100,000
28	iv	Other professional services	1,611,000
29	G.	Other operating expenses	10,506,000
30	i	DDEC shared services fee	9,784,000
31	ii	Other operating expenses	722,000
32	H.	Capital expenditures	4,000,000
33	I.	Payments of current & prior period obligations	1,931,000
34	i	Payments to PayGo	1,931,000
35	J.	Debt Service	10,148,000
36	i	PRICO Debt Service	10,148,000
37	K.	Materials and supplies	24,000
38	L.	Equipment purchases	30,000
39	M.	Media and advertisements	226,000
40	N.	Donations, subsidies and other distributions	6,000
41	O.	Social well-being for Puerto Rico	-
42	P.	Appropriations to non-governmental agencies	-
43	Total Puerto Rico Industrial Development Company		62,462,000

Section 2.- Any expenditure cannot exceed the lower of: (1) the amount authorized in this budget for the corresponding government entity and concept of expenditure or (2) the corresponding resources available to PRIDCO in FY2022.

Section 3.- All appropriations authorized in any prior fiscal year, including appropriations without a specific fiscal year, are eliminated and no disbursement of public funds may be covered by such appropriations, except the following which are redeployed as current appropriations, subject to Oversight Board adjustment at any time: (1) appropriations authorized in the fiscal year to carry out capital expenditures that have been encumbered, accounted for and kept on the books, but not exceeding two fiscal years on the books; (2) appropriations in the certified budget for equipment with procurement cycles that extend beyond the end of the fiscal year, which are encumbered on or before June 30, 2021 and (3) the portion of the appropriations authorized for the fiscal year that have been encumbered on or before June 30 of such fiscal year which shall be kept in the books for 60 days after the termination of that fiscal year and after those 60 days no amount shall be drawn against such portion for any reason. This restriction on the use of unused authorized prior fiscal year amounts shall not apply to: (i) program financed in whole or part with federal grants; and (ii) orders by the United States district court with jurisdiction over all matters under Title III of PROMESA.

Section 4.- The appropriations approved in this budget may only be reprogrammed with the prior approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item or expenditure provided in this budget, regardless of whether it is an intra-agency reprogramming. Reprogramming, also known as reapportionments, may be made into spend concepts and/or objects not explicitly listed in the FY2022 certified budget resolution as long as such requests are submitted to and approved by the Oversight Board.

Section 5.- Pursuant to Section 203 of PROMESA, PRIDCO must submit to the Oversight Board, no later than 15 days after the last day of each quarter of FY2022, a budget to actual report, along with an explanation of relevant variances from the 2021 Certified Fiscal Plan for PRIDCO. The Oversight Board may determine to provide PRIDCO a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by PRIDCO must be submitted consistent with such reporting template.

Section 6.- In conjunction with the reports required by Section 6, a certification to the Oversight Board must be included stating that no authorized budget amount of any previous fiscal year (except for those covered by the exceptions mentioned herein) has been used to cover any expenditure unless authorized by the approval of the Oversight Board.

Section 7.- The Executive Director of PRIDCO shall be responsible for not spending or encumbering during FY2022 any amount that exceeds the authorized budget amounts. This prohibition applies to every budget amount authorized herein, including amounts for payroll and related costs. The Executive Director of PRIDCO shall also certify to the Oversight Board by September 30, 2021 that no amount was spent or encumbered that exceeded the authorized budget amount in the certified budget for fiscal year 2021.

Section 8.- The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to PROMESA Section 202(a), setting forth a schedule for revising PRIDCO's budget.

Section 9.- The capital expenditure reserve fund ("Capex Reserve Fund") contribution in the amount of \$14,955,000 authorized in fiscal year 2021 remains unauthorized until PRIDCO completes the milestone outline in the 2021 Certified Fiscal Plan for PRIDCO. The milestone required to be achieved to release and use these funds is as follows: PRIDCO will conduct an initial assessment to arrive at a preliminary estimate of capital expenditures for all properties. The assessment will be based on site visits to a limited number of locations, extrapolated across the entire portfolio. The conclusion and findings thereof will be completed by August 31, 2021. The expanded study shall, at a minimum, include site visits of at least 50% of PRIDCO's properties, an analysis of the cost versus benefit of each investment, a prioritization of the proposed expenditures, and the aggregation of all information into a database to inform future operations. The expanded study should be completed no later than December 31, 2021.

Section 10.- Additional funds may be made available upon reaching certain, specified milestones and after written approval and authorization from the Oversight Board. Once the respective milestones are achieved, PRIDCO must provide a formal notice and submit supporting data corroborating such achievement for the Oversight Board's review. The subsection(s) below detail the relevant milestone(s) and incentive(s).

- a. **Milestone:** *Re-signing Leases as the Current Rate Card*
 - i. There are ~64 leases that have expired and tenants are currently paying on month-to-month basis below the current rate card. This presents an immediate opportunity to re-sign these leases at the current rate card and generate up to \$2 million in additional annual revenue. The 2021 Certified Fiscal Plan for PRIDCO sets a target to re-sign at least 50% of the leases, or ~\$1 million, by the end of FY2022.
 - ii. Incentive: The Oversight Board will approve additional payroll requests up to \$498,000 for re-signing tenants to the current rate card. A list of leases with the before and after lease rate must be presented.

Section 11.- The PRIDCO budget shall be adopted in English and Spanish. If in the interpretation or application of the budget a conflict arises between the English and Spanish texts, the English text shall govern.

Section 12.- The PRIDCO budget for FY2022 shall take effect on July 1, 2021.

THE GOVERNMENT OF PUERTO RICO

30 June 2021

Puerto Rico Sales Tax Corporation Budget

The amount of \$1,400,000 is budgeted for the expenditures of Puerto Rico Sale Tax Corporation (“COFINA” by its Spanish acronym”) herein for the fiscal year ending 30 June 2022.

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Section 1.- The following amounts are authorized for the expenditures of COFINA set forth herein for the fiscal year ending 30 June 2022 (“FY2022”):

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1	1. Puerto Rico Sales Tax Financing Corporation (COFINA)		
2	A.	Payroll	166,000
3	i	Salaries	132,000
4	ii	Salaries for trust employees	-
5	iii	Overtime	-
6	iv	Christmas bonus	-
7	v	Healthcare	-
8	vi	Other benefits	34,000
9	vii	Early retirement benefits & voluntary transition program	-
10	viii	Other payroll	-
11	B.	Payments to PayGo	-
12	C.	Facilities and utility payments	18,000
13	i	Payments to PREPA	-
14	ii	Payments to PRASA	-
15	iii	Payments to PBA	18,000
16	iv	Other facility costs	-
17	D.	Purchased services	362,400
18	i	Shared services provided by AAFAF	72,000
19	ii	Directors and officers insurance policy	290,400
20	E.	Transportation	20,000
21	F.	Professional Services	556,500
22	i	Legal professional services	100,000
23	ii	Finance and accounting professional services	216,500
24	iii	Trustee fees - BNYM	30,000
25	iv	Financial services implementation	170,000
26	v	Website expense	30,000
27	vi	Other professional services	10,000
28	G.	Other operating expenses	277,100
29	i	Board of director director fees	225,000
30	ii	Other Ooperating expenses	52,100
31	Total Puerto Rico Sales Tax Financing Corporation (COFINA)		1,400,000

Section 2.- Any expenditure cannot exceed the lower of: (1) the amount authorized in this budget for the corresponding government entity and concept of expenditure or (2) the corresponding resources available to COFINA in FY2022.

Section 3.- All authorized budget amounts, for any prior fiscal year that are not authorized or certified in this joint resolution, are eliminated and no carry over of such funds may be used, except for the following which the Oversight Board redeploys as current appropriations, subject to Oversight Board adjustment at any time: (1) appropriations authorized in the fiscal year to carry out capital expenditures that have been encumbered, accounted for and kept on the books, but not exceeding two fiscal years on the books; (2) appropriations in the certified budget for equipment with procurement cycles that extend beyond the end of the fiscal year, which are encumbered on or before June 30, 2021 and (3) the portion of the appropriations authorized for the fiscal year that have been encumbered on or before June 30 of such fiscal year which shall be kept in the books for 60 days after the termination of that fiscal year and after those 60 days no amount shall be drawn against such portion for any reason. This restriction on the use of unused authorized prior fiscal year amounts shall not apply to orders by the United States district court with jurisdiction over all matters under Title III of PROMESA.

Section 4.- COFINA is authorized to use prior year surpluses to the extent investment earnings are not sufficient to fund the FY2022 operating budget appropriations.

Section 5.- The appropriations approved in this budget may only be reprogrammed with the prior approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item or expenditure provided in this budget, regardless of whether it is an intra-agency reprogramming. Reprogramming, also known as reapportionments, may be made into spend concepts and/or objects not explicitly listed in the FY2022 certified budget resolution as long as such requests are submitted to and approved by the Oversight Board.

Section 6.- Pursuant to Section 203 of PROMESA, COFINA must submit to the Oversight Board, no later than 15 days after the last day of each quarter of FY2022, a budget to actual report, along with an explanation of relevant variances as provided in the certified Fiscal Plan. The Oversight Board may determine to provide COFINA a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by COFINA must be submitted consistent with such reporting template.

Section 7.- In conjunction with the reports required by Section 6, a certification to the Oversight Board must be included stating that no authorized budget amount of any previous fiscal year (except for those covered by the exceptions mentioned herein) has been used to cover any expenditure unless authorized by the approval of the Oversight Board.

Section 8.- The Executive Director of COFINA shall be responsible for not spending or encumbering during FY2022 any amount that exceeds the authorized budget amounts. This prohibition applies to every budget amount authorized herein, including amounts for payroll and related costs. The Executive Director of COFINA shall also certify to the Oversight Board by September 30, 2021 that no amount was spent or encumbered that exceeded the authorized budget amount in the certified budget for fiscal year 2021.

Section 9.- The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to PROMESA Section 202(a), setting forth a schedule for revising COFINA's budget.

Section 10.- The COFINA budget shall be adopted in English and Spanish. If in the interpretation or application of the budget a conflict arises between the English and Spanish texts, the English text shall govern.

Section 11.- The COFINA budget for FY2022 shall take effect on July 1, 2021.

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EXHIBIT 1: UPR FISCAL YEAR 2022 CERTIFIED BUDGET

Section 1.- The following amounts are presented as the appropriations and the expenses of the University of Puerto Rico of Puerto Rico (“UPR”) set forth herein for the fiscal year ending June 30, 2022 (“FY2022”):

In S Thousands

Revenues

Central Government Appropriations	
TSA General Fund Appropriations:	
TSA General Fund Appropriation (net measures)	407,136
TSA General Fund Appropriations (CAPEX)	-
TSA General Fund Appropriations (ARP Funds)	94,000
TSA General Fund Appropriation (Joint Resolutions)	29,273
TSA General Fund Appropriations	530,409
Other Special Appropriations:Executive Order No. 2017-021 (training and seminars)	10,000
Department of Education (training to teachers and tutoring)	10,000
Legislative Scholarships	9,500
Other Special Appropriations	29,500
Total Central Government Appropriations	559,909
Operating Receipts	
PR Slot Machine Receipts (Ley 36)	64,546
Undergraduate Tuition	142,213
Graduate Tuition	38,632
Campus-Generated Inflows	177,801
Fondos Especiales	867
Other Receipts (Plaza Universitaria)	2,000
Total Operating Receipts	426,059
Other Sources of Revenue	
Intra-Government Receipts	172,248
COVID Relief Funds	353,149
Total Other Sources of Revenues	525,397
Total Sources of Revenue	1,511,365

Expenditures

Operating Disbursements

Payroll & Related Costs	
Salaries - Full Time	
Salaries - Faculty	(255,687)
Salaries - Non-Faculty	(180,628)
Non Salaries - Transitory / Part Time Employees	
Christmas Bonus	-
Overtime	(1,414)
Other Compensation	(32,230)
Liquidations	(5,444)
Incentives	(857)
Medical Plan	(52,600)

Social Security Payment	(36,089)
State Insurance Fund	(6,893)
Unemployment Insurance	(195)
Other Marginal Benefits	-
Other Subsidies to Employees	-
Total Payroll & Related Costs	<u>(572,038)</u>
Materials and Supplies	(41,700)
Purchased Services	(40,442)
Federal Grants, Pell, and Donations	(71,383)
Joint Resolutions	(29,273)
Facilities and Payments for Public Services	(33,503)
Professional Services	(5,016)
Transportation Expenses	(8,782)
Other Operating Expenses	(89,657)
Total Operating Disbursements	<u>(891,793)</u>
Other Disbursements:	
Capital Expenditures	(25,867)
Lack of Graduate Implementation	(5,028)
Equipment	(11,553)
Pensions Payment	(121,600)
COVID Relief Required Disbursements	(353,149)
General Fund CAPEX Passthrough	-
Government Appropriations UPR Sustainability Initiative (ARP Funds Pass Through)	(94,000)
Total Other Disbursements	<u>(611,197)</u>
Total Disbursements	<u>(1,502,990)</u>
Net Cash Flow (before Debt Service and UPR Sustainability Initiative)	<u>8,375</u>
Contract Debt Service	<u>(48,252)</u>
Operational Reserve	<u>(39,877)</u>

Section 2.- No later than 45 days after the closing of each quarter of FY2022, the President and the Chief Financial Officer of the UPR shall update the projected net revenues for FY2022 (the “Quarterly Revision”) and provide notice of the updates to the Governor and the Oversight Board. The Quarterly Revision shall project future revenues based on actual revenues and include revisions to the assumptions used to generate the net revenue projections.

Section 3.- All expenditures authorized in any prior fiscal year are eliminated and no carry over of such funds may be used, except: (1) expenditures authorized in FY2021 certified budget to carry out permanent expenditures that have been encumbered and accounted for and kept on the books, but not exceeding two fiscal years on the books; (2) expenditures in the certified budget for equipment with procurement cycles that extend beyond the end of the fiscal year, which are encumbered on or before June 30, 2021; and (3) the portion of expenditures authorized for FY2021 that have been encumbered on or before June 30 of such fiscal year, which shall be kept in the books for 60 days after the termination of that fiscal year, and after those 60 days no amount shall

be drawn against such portion for any reason. This restriction on expenditures authorized in any prior fiscal year shall not apply to programs financed in whole or part with federal funds.

Section 4.- On or before July 31, 2021, the President and the Chief Financial Officer of UPR shall provide to the Oversight Board a certification indicating the amounts of unused appropriations for FY2021, for all items listed in Section 3. Shall the government fail to submit said certification the amount of unused funds in section 3 above will not carry over to the following fiscal year.

Section 5.- Authorized amounts of expenditures in this FY2022 budget may only be reprogrammed with the prior approval of the Oversight Board.

Section 6.- The President and the Chief Financial Officer of the UPR shall submit to the Oversight Board all reporting requirements set forth on Exhibit 40 of the 2021 UPR Certified Fiscal Plan (“Certified Fiscal Plan”) according to the reporting cadence described therein. In addition, if the Oversight Board approves a reprogramming pursuant to Section 5, the immediately subsequent report by the UPR must illustrate the specific implementation of such reprogramming.

Section 7.- The reports required pursuant to this Oversight Board Resolution are in addition to the reports that the UPR must submit to the Oversight Board in accordance with Section 203 of PROMESA.

Section 8.- In conjunction with the reports that the UPR must submit to the Oversight Board no later than 15 days after the last day of each quarter of FY2022 pursuant to Section 203 of PROMESA, the President and the Chief Financial Officer of the UPR shall each certify to the Oversight Board that no appropriation of any previous fiscal year (except for the appropriations covered by the exceptions in the Section 3 above) has been used to cover any expenditure in FY2022 unless authorized by the Oversight Board.

Section 9.- The President and Chief Financial Officer of the UPR are responsible for not spending or encumbering during FY2022 any amount that exceeds the appropriations authorized for FY2022. This prohibition applies to every line item set forth in a budget certified by the Oversight Board, including appropriations for payroll and related costs. The President and Chief Financial Officer of the UPR shall also certify to the Oversight Board by September 30, 2021, that no amount was spent or encumbered that exceeded the appropriations in the certified budget for FY2021.

Section 10.- For the avoidance of doubt, the Oversight Board has an active policy that includes review contracts of \$2 million or more. The objective of these reviews is, among other things, to determine the extent to which the contracts are in compliance with the applicable fiscal plan(s).

Section 11.- If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this document is annulled by an order of a court of competent jurisdiction, the Oversight Board Resolution, decision, or judgment entered to that effect will not affect, harm, or invalidate the remainder of this document. The effect of such judgment will be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part thereof that has been annulled. If the application to a person or circumstance of any clause, paragraph, subparagraph, sentence, word, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Resolution is invalidated by an order of a court of competent jurisdiction, the decision, opinion, or judgment entered to that effect will not affect or invalidate the application of the remainder of this Resolution to those persons or circumstances in which it can validly apply. It is the express and unequivocal will of UPR that the courts enforce the provisions and the application of this Oversight Board Resolution to the greatest extent possible, even if any of its parts is

set aside, annulled, invalidated, or impaired by an order of a court of competent jurisdiction, or even if its application to any person or circumstance is so annulled, invalidated, or impaired.

Section 12. – Pension Contribution for FY2022 includes a reform in which the defined benefit plan is frozen, accrued benefits are reduced, and a defined contribution plan is implemented. If UPR implements the freeze of the defined benefit plan but does not make any modification in accrued benefits, an additional contribution of \$2.5M per month will be needed. Similarly, if UPR does not implement the freeze or modify accrued benefits, UPR must find savings of \$5.2M per month. A reapportionment request must be submitted to the Oversight Board, which must include notable savings in other budgetary lines items to fund the necessary amount while maintaining budget compliance.

Section 13.- This Resolution will be known as “Budget for Fiscal Year 2022 for the UPR.” This budget assumes all measures in the Certified Fiscal Plan will be implemented. Please be advised that any measures not implemented will increase expenditures and non-compliance with the Certified Fiscal Plan.

Section 14.- Pursuant to conversations with UPR, the Oversight Board amended the exemptions calculation to align with UPR projection (increasing expense by \$8.5M) and reduced certain operational expense line items by a total of \$4.6M. Additionally, the Certified Budget includes an arithmetic adjustment in the restricted portion of the CAPEX budget (adjusted expense by \$5.0M) until UPR increases the cost of the graduate tuition credit in accordance with the Certified Fiscal Plan. Other minor adjustments that total \$1.5M are reflected in the UPR Certified Budget as proposed by UPR. These adjustments produce nominal variations in the projected numbers presented in the Certified Fiscal Plan.

EXHIBIT 1:
CENTER FOR MUNICIPAL REVENUE COLLECTION
FISCAL YEAR 2022 CERTIFIED BUDGET FOR THE GENERAL TRUST*

* Revenues of the municipalities required to be deposited by the CRIM in the General Trust fund established pursuant to Article 7.003(c) of Act 107 of August 14, 2020, (hereinafter referred to as "Trust Revenues"). Trust Revenues shall continue to be deposited in accordance with the provisions of Act 107-2020 as of the date hereof and without modification.

Dollars in Thousands

FY2022 Budget

Trust Revenues

Property Taxes

State Redemption Fund Tax	\$115,747
Special Additional Tax (CAE)	388,333
Basic Tax	574,724

Total Property Taxes **1,078,804**

Equalization Fund

Electronic Lottery Proceeds	45,912
Commonwealth Transfers	87,892

Total Equalization Fund **133,804**

Total Trust Revenues **\$1,212,608**

Trust Expenses

Distribution to Debt Funds

State Redemption Fund	(\$115,747)
CAE Redemption Fund	(388,333)

Total Distribution to Debt Funds **(504,080)**

Distribution to Municipalities and Other Disbursements

Distribution to Municipalities	(664,847)
<i>Other Expenses Paid on Behalf of Municipalities</i>	
CRIM Administrative Fee	(28,736)
Net Interest	(4,000)
Repayment of Act 42-2000 Line of Credit	(8,294)
Repayment of Act 146-2001 Line of Credit	(2,652)

Total Distribution to Municipalities and Other Disbursements **(708,528)**

Total Trust Expenses **(\$1,212,608)**

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EXHIBIT 2:
CENTER FOR MUNICIPAL REVENUE COLLECTION
FISCAL YEAR 2022 CERTIFIED OPERATING BUDGET

Dollars in Thousands**FY2022 Budget****Operating Revenues**

CRIM Administrative Fee	\$28,736
Service Charges to Banks	1,039
Sales of Certification and Maps	687
Rental Income	203
Interest and Miscellaneous Income	6
Total Operating Revenues	\$30,671

Operating ExpensesSalaries and Fringe Benefits

Regular Salary	(14,263)
PayGo	(5,058)
Healthcare Plan	(1,275)
Other Employer Contribution	(1,705)
Payroll for Additional Personnel	(221)
Christmas Bonus	-
Total Salaries and Fringe Benefits	(22,522)

Professional and Consulting Services

Professional Services	(1,582)
Professional Services - Valuation of A/R portfolio	(261)
Security Services	(352)
Non-Professional Services	(80)
Total Professional and Consulting Services	(2,275)

Travel and Representation

Mileage	(239)
Subsistence Allowance	(103)
Parking And Tolling	(13)
Other Travel and Representation	(8)
Total Travel and Representation	(363)

Expenses (cont'd)Supplies and Materials

Postage	(432)
Printed Forms	(267)
Equipment	(68)
Other Supplies and Materials	(36)
Total Supplies and Materials	(803)

Purchased Services

Repairs and Maintenance	(1,885)
Rent	(1,283)
Insurance and Premiums	(185)
Total Purchased Services	(3,353)

Utilities

PREPA	(625)
Telephone	(273)
PRASA	(135)
Total Utilities	(1,033)
Other Operating Expenses	(322)
Total Operating Expenses	(\$30,671)

EXHIBIT 3:
ENFORCEMENT OF THE CENTER FOR MUNICIPAL REVENUE COLLECTION'S
FISCAL YEAR 2022 CERTIFIED BUDGET

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Section 1.- Any expenditure cannot exceed the lower of: (1) the amount authorized in this budget for the corresponding government entity and concept of expenditure or (2) the corresponding resources available to CRIM in FY2022.

Section 2.- All authorized budget amounts, for any prior fiscal year that are not authorized or certified in this joint resolution, are eliminated and no carry over of such funds may be used, except for the following which the Oversight Board redeploys as current appropriations, subject to Oversight Board adjustment at any time: (1) appropriations authorized in the fiscal year to carry out capital expenditures that have been encumbered, accounted for and kept on the books, but not exceeding two fiscal years on the books; (2) appropriations in the certified budget for equipment with procurement cycles that extend beyond the end of the fiscal year, which are encumbered on or before June 30, 2022 and (3) the portion of the appropriations authorized for the fiscal year that have been encumbered on or before June 30 of such fiscal year which shall be kept in the books for 60 days after the termination of that fiscal year and after those 60 days no amount shall be drawn against such portion for any reason. This restriction on the use of unused authorized prior fiscal year amounts shall not apply to orders by the United States district court with jurisdiction over all matters under Title III of PROMESA.

Section 3.- Any power of OMB, AAFAF, or the Department of the Treasury, including the authorities granted under Act 230-1974, as amended, to authorize the reprogramming or extension of authorized budget amounts of prior fiscal years is hereby suspended. Authorized budget amounts in this FY2022 budget may only be reprogrammed with the approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item, or expenditure provided in this budget, regardless of whether it is an intra-agency reprogramming.

Section 4.- Pursuant to Section 203, CRIM must submit to the Oversight Board, no later than 15 days after the last day of each quarter of FY2022, a budget to actual report, along with an explanation of relevant variances as provided in the certified Fiscal Plan. The Oversight Board may determine to provide CRIM a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by CRIM must be submitted consistent with such reporting template.

Section 5.- In conjunction with the reports required by Section 4, a certification to the Oversight Board must be included stating that no authorized budget amount of any previous fiscal year (except for those covered by the exceptions in Section 3 above) has been used to cover any expenditure unless authorized by the approval of the Oversight Board.

Section 6.- The Executive Director of CRIM shall be responsible for not spending or encumbering during FY2022 any amount that exceeds the authorized budget amounts. This prohibition applies to every budget amount authorized herein, including amounts for payroll and related costs. The Executive Director of CRIM shall also certify to the Oversight Board by September 30, 2021, that no amount was spent or encumbered that exceeded the authorized budget amount in the certified budget for fiscal year 2021.

Section 7.- The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to Section 202(a), setting forth a schedule for revising CRIM's budget.

Section 8.- The CRIM budget shall be adopted in English and Spanish. If in the interpretation or application of the budget, a conflict arises between the English and Spanish texts, the English text shall govern.

Section 9.- The CRIM budget for FY2022 shall take effect on July 1, 2022.

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EXHIBIT 1: COSSEC FISCAL YEAR 2022 CERTIFIED BUDGET

Section 1.- The following amounts are presented as the appropriations and the expenses of the Public Corporation for the Supervision and Insurance of Cooperatives in Puerto Rico (“COSSEC”, for its Spanish acronym), set forth herein for the fiscal year ending June 30, 2022 (“FY22”):

Payroll	Employee Compensation and Benefits	\$6,646,800
	Christmas bonus	\$0
	Employer Contribution to Medical Plans	\$636,012
OpEx	Professional Services	\$708,200
	Travel and Mileage	\$464,950
	Office supplies	\$55,500
	Public Awareness	\$5,000
	Other operating expenses	\$3,229,862
	Total Expenses	\$11,746,324
Milestone Budgeting	Milestone Reserve	\$393,077

Section 2.- No later than 45 days after the closing of each quarter of FY22, the President and the Budget Director shall revise the projected net revenues for FY22 (the “Quarterly Revision”) and notify the revision to the Governor, and the Oversight Board. The Quarterly Revision shall project future revenues based on actual revenues and include revisions to the assumptions used to generate the net revenue projections.

Section 3.- All expenditures authorized in any prior fiscal year are terminated, and no disbursement of public funds may be covered by such expenditure authorizations, except: (1) expenditures to carry out permanent improvements that have been accounted for and kept on the books; (2) capital expenditures and equipment expenditures with procurement cycles that extend beyond the end of the fiscal year that have been accounted for and kept on the books; and (3) the portion of any other expenditures authorized in the Public Corporation for the Supervision and Insurance of Cooperatives in Puerto Rico (“COSSEC”, for its Spanish acronym) Certified Budget for the fiscal year 2021 that have been encumbered on or before June 30 of such fiscal year, which shall be kept in the books for 60 days after the termination of that fiscal year, and after those 60 days no amount shall be drawn against such portion for any reason. This restriction on expenditures authorized in any prior fiscal year shall not apply to: (i) programs financed in whole or part with federal funds; or to (ii) orders by the United States District Court with jurisdiction over all matters under Title III of PROMESA.

Section 4.- On or before July 31, 2021, the President and the Budget Director of COSSEC shall provide to the Oversight Board a certification indicating the amounts of unused FY21 appropriations for all items of the previous Section. If the government fails to submit said certification, the amount of unused funds in section 3 will not carry over to the following fiscal year.

Section 5.- The appropriations approved in this budget may be reprogrammed only with the prior approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item or expenditure provided in this budget, regardless of whether it is an intra-agency reprogramming. Reprogramming also known as reapportionments may be made into spend concepts and/or objects not explicitly listed in the FY22 certified budget resolution as long as such requests are submitted to and approved by the Oversight Board.

Section 6.- The budget includes \$393,077.00 in funds that are to be held and released only upon full implementation of certain requirements. Specifically, per the COSSEC Fiscal Plan, these funds can be released subject to the completion of the milestones.

Section 7.- The Governor shall submit to the Oversight Board all reporting requirements set forth on Exhibit 22 of the 2021 COSSEC Fiscal Plan according to the reporting cadence described therein.

Section 8.- The reports required pursuant to Section 7 are in addition to the reports that the Governor must

submit to the Oversight Board in accordance with Section 203 of PROMESA.

Section 9.- In conjunction with the reports that COSSEC must submit to the Oversight Board no later than 15 days after the last day of each quarter of FY22 pursuant to Section 203 of PROMESA, the President and the Chief Financial Officer of COSSEC shall each certify to the Oversight Board that no appropriation of any previous fiscal year (except for the appropriations covered by the exceptions in the Sections above) have been used to cover any expense.

Section 10.- The President and the Budget Director are responsible for not spending or encumbering during FY22 any amount that exceeds the appropriations authorized for FY22. This prohibition applies to every line item set forth in a budget certified by the Oversight Board, including appropriations for payroll and related costs. The President and Chief Financial Officer shall also certify to the Oversight Board by September 30, 2020 that no amount was spent or encumbered that exceeded the appropriations in the certified budget for FY21.

Section 11.- If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this document is annulled or declared unconstitutional, the resolution, decision, or judgment entered to that effect will not affect, harm, or invalidate the remainder of this document. The effect of such judgment will be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part thereof that has been annulled or declared unconstitutional. If the application to a person or circumstance of any clause, paragraph, subparagraph, sentence, word, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Joint Resolution is invalidated or declared unconstitutional, the decision, opinion, or judgment entered to that effect will not affect or invalidate the application of the remainder of this Joint Resolution to those persons or circumstances in which it can validly apply. It is the express and unequivocal will of the Oversight Board that the courts enforce the provisions and the application of this Joint Resolution to the greatest extent possible, even if any of its parts is set aside, annulled, invalidated, prejudiced, or declared unconstitutional, or even if its application to any person or circumstance is annulled, invalidated, or declared unconstitutional.

Section 12.- This document will be known as “Budget for Fiscal Year 2022 for COSSEC.” This budget assumes all measures in the Certified Fiscal Plan will be implemented. Please be advised that any measures not implemented will increase expenditures and non-compliance in the Certified Fiscal Plan.

EXHIBIT 1: PUERTO RICO ELECTRIC POWER AUTHORITY FISCAL YEAR
2022 COMPLIANT BUDGET AND BUDGETARY
RESOLUTIONS PROVISIONS

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I. EXHIBIT 1 - BUDGET - REVENUES

PUERTO RICO ELECTRIC POWER AUTHORITY

\$ Thousand	FY22 Budget
Basic Revenue	
Residential	408,335
Commercial	599,247
Industrial	125,033
Public Lighting	61,136
Agricultural	2,187
Others	2,242
Total	\$ 1,198,180
Fuel & Purchased Power	
Residential	801,016
Commercial	880,316
Industrial	243,460
Public Lighting	35,525
Agricultural	2,984
Others	4,507
Total	\$ 1,967,808
CILT	
Residential	32,058
Commercial	35,226
Industrial	9,745
Public Lighting	1,422
Agricultural	119
Others	180
Total	\$ 78,751
Subsidies	
Residential	75,642
Commercial	83,119
Industrial	22,995
Public Lighting	3,355
Agricultural	282
Others	426
Total	\$ 185,819
Total Gross Revenue	\$ 3,430,558
Other Income	30,914
Total Unconsolidated Revenue	\$ 3,461,472
Bad Debt Expense	(63,405)
CILT & Subsidies	(264,570)
Total Consolidated Revenue	\$ 3,133,498

II. EXHIBIT 1 BUDGET - EXPENSES (cont'd)
PUERTO RICO ELECTRIC POWER AUTHORITY

\$ Thousand	FY22 Budget
A. Fuel & Purchased Power	
Fuel	1,400,351
Purchased Power - Conventional	480,166
Purchased Power - Renewable	87,291
Total Fuel & Purchase Power Expenses	\$ 1,967,808
B. GenCo - Operations & Maintenance Expenses	
Labor	
Salaries & Wages	30,554
Marginal Benefits (excl. Healthcare, Pension and Ch. Bonus)	3,578
Christmas Bonus	-
Pension Benefits - Employer Contribution	20,763
Healthcare Expense	4,995
Overtime Pay	9,660
Overtime Benefits	1,092
GenCo Temporary Operating Positions	1,535
GenCo Emergency Operating Positions	3,364
GenCo Security Personnel	1,171
Total GenCo Labor Operating Expenses	76,711
Non-Labor / Other Operating	
Materials & Supplies	18,000
Transportation, Per Diem, and Mileage	1,500
Security	10,444
Utilities & Rents	5,568
Professional & Technical Outsourced Services	5,000
Other Miscellaneous Expenses	12,000
Total GenCo Non-Labor / Other Operating Expenses	52,513
Shared Services Agreement Impact	55,800
Total GenCo Operating Expenses	185,023
Maintenance	
Generation	106,389
Total GenCo Maintenance Projects Expense	106,389
Federal Funding Cost Share	-
Total GenCo Operating & Maintenance Expenses	\$ 291,412

EXHIBIT 1 BUDGET - EXPENSES (cont'd)
PUERTO RICO ELECTRIC POWER AUTHORITY

\$ Thousand	FY22 Budget
<i>C. HoldCo - Operations Expenses</i>	
Labor	
Salaries & Wages	8,737
Marginal Benefits (excl. Healthcare, Pension and Ch. Bonus)	1,023
Christmas Bonus	-
Pension Benefits - Employer Contribution	5,937
Healthcare Expense	1,428
Overtime Pay	506
Overtime Benefits	58
Total HoldCo Labor Operating Expenses	17,690
Non-Labor / Other Operating Expenses	
Materials & Supplies	166
Transportation, Per Diem, and Mileage	242
Retiree Medical Benefits	11,800
Utilities & Rents	1
Communications Expenses	2
Professional & Technical Outsourced Services	4,144
Other Miscellaneous Expenses	1,825
PREPA Restructuring & Title III	38,722
FOMB Advisor Costs allocated to PREPA	24,400
P3 Authority Transaction Costs	4,750
Total HoldCo Non-Labor / Other Operating Expenses	86,050
Total HoldCo Operating Expenses	\$ 103,740
<i>D. GridCo - Operating & Maintenance Expenses</i>	
GridCo Labor Operating Expenses	217,118
GridCo Non-Labor / Other Operating Expenses	352,089
Operator Service Fees	115,131
2% Reserve	10,290
Maintenance Projects Expenses	124,101
Shared Services Agreement Impact	(54,706)
Total GridCo Operating & Maintenance Expenses	\$ 764,024
Total Operating & Maintenance Expenses	\$ 3,126,984
Surplus / (Deficit) Before Legacy Pension and Debt Obligations	6,514

APPENDIX A

(Page A-1)

EXHIBIT 1 (cont'd)

III. ENFORCEMENT OF THE PUERTO RICO ELECTRIC POWER AUTHORITY FY22 BUDGET

Section 2.- All expenditures authorized in any prior fiscal year are terminated and no disbursement of public funds may be covered by such expenditure authorization, except: (1) expenditures to carry out capital improvements that have been accounted for and kept on the books; (2) capital and maintenance expenditures with procurement cycles that extend beyond the end of the fiscal year that have been accounted for and kept on the books; (3) the portion of any other expenditures authorized in the Puerto Rico Electric Power Authority (“PREPA”) Certified Budget for fiscal year 2021; and (4) the portion of the appropriations authorized for fiscal year 2021 that have been allocated, transferred or designated on or before June 30 of such fiscal year. This restriction on expenditures authorized in any prior fiscal year shall not apply to: (i) programs financed in whole or part with federal funds; (ii) orders by the United States district court with jurisdiction over all matters under Title III of PROMESA; and (iii) matters pertaining to any consent decree or injunction, or an administrative order or settlement entered into with a Federal Agency, with respect to Federal programs.

Section 3.- On or before August 30, 2022, the Executive Director of PREPA will provide to the Oversight Board a certification indicating whether there are any unused amounts of the fiscal year 2021 certified budget for items (1), (2), (3), and (4) of Section 2 and, if so, an itemization of such unused amounts.

Section 4.- Notwithstanding any other statement, no unused budget allotments from any previous fiscal year shall be used by PREPA to fund current fiscal year expenditures, except as otherwise expressly authorized by the Oversight Board in writing after June 30, 2021.

Section 5.- The Executive Director of PREPA shall be responsible for not spending or encumbering during fiscal year 2022 any amount that exceeds the expenditures authorized for GenCo and HoldCo herein for fiscal year 2022, other than amounts above those budgeted for fuel and purchased power, which may fluctuate based on market factors or increase due to unforeseen expenses necessary to maintain the electric system’s reliability and safety.

Section 6.- Except for additional expenditures related to fuel and purchased power, the expenditures approved in this budget, including payroll and related expenses, may only be reprogrammed with the prior express written approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item or expenditure provided in this budget. In the case of reprogramming to the fuel and purchased power budget, the Executive Director of PREPA must provide written notice to the Oversight Board of any change to such amounts within 5 days after any such change taking place.

Section 7.- Pursuant to Section 203 of PROMESA, PREPA must submit to the Oversight Board, no later than 15 days after the last day of each quarter of fiscal year 2022, a budget to actual report, along with an explanation of relevant variances as provided in the certified Fiscal Plan. The Oversight Board may determine to provide PREPA a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by PREPA must be submitted consistent with such reporting template.

Section 8.- The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to PROMESA Section 202(a), setting forth a schedule for revising PREPA’s budget.

APPENDIX A

(Page A-2)

Section 9.- The PREPA budget for FY2022 shall take effect on July 1, 2021.

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**EXHIBIT 1: PUERTO RICO AQUEDUCT & SEWER AUTHORITY
FISCAL YEAR 2022 CERTIFIED BUDGET**

EXHIBIT 1

Section 1 – The Budget. ^[1]

REVENUES

\$ Thousands	FY22 Budget
Total Service Revenues ^[2]	\$1,027,743
Miscellaneous Revenues (incl. insurance proceeds and interest revenues)	\$2,500
Total Authority Revenues	\$1,030,243
Total Senior and Senior Sub Debt	(\$270,633)
Payroll and Related, Net ^[2]	(\$287,660)
Electricity ^[2]	(\$126,175)
Maintenance & Repair ^[2]	(\$59,371)
Chemicals ^[2]	(\$46,661)
Other Expenses ^[2]	(\$186,081)
FEMA/Insurance Expense Reimbursement	\$20,000
Total Net Operating Expenses	(\$685,948)
Operating Reserve Fund	(\$1,402)
Capital Improvement Fund, Net	(\$192,101)
Federal Funds, Net	\$119,876
Total Capital Improvement Fund	(\$72,225)
Commonwealth Payments Fund	\$0
Balance	\$35

Notes:

[1] Includes net impact of revenue enhancing and cost saving measures that have been applied to the respective line items in the budget.

[2] Further detail and measures breakdown shown in the following pages.

TOTAL REVENUES ^[1]

\$ Thousands	FY22 Budget
Service Revenues - Regular	\$869,916
Service Revenues - Government	\$157,826
Total Service Revenues	\$1,027,743
Miscellaneous Revenues	\$2,500
Total Authority Revenues	\$1,030,243

Notes:

[1] Includes net impact of revenue enhancing measures that have been applied to the respective line items in the budget.

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PAYROLL ^[1]

\$ Thousands	FY22 Budget
Payroll & Related ^[2]	\$196,196
Net Additions ^[3]	\$4,421
Christmas Bonus	\$0
Health Medical Plan ^[4]	\$19,929
Pension Pay Go	\$93,469
Total Gross Payroll and related	\$314,015
Capitalized Cost	(\$26,355)
Total Net Payroll and related	\$287,660

Notes:

- [1] Includes net impact of cost saving measures that have been applied to the respective line items in the budget.
- [2] Includes Pre-Retirement expenses.
- [3] Net additions (i.e. net additions = new hires - employees leaving). This value is based on the best available information provided by PRASA at the time of reporting.
- [4] Excludes health medical plan costs for Net additions and Pre-Retirement participants which are accounted for under the respective line items.

MAINTENANCE & REPAIR ^[1]

\$ Thousands	FY22 Budget
Corrective Maintenance and Repair	\$52,054
Preventive Maintenance	\$7,316
Total Maintenance & Repair	\$59,370

Notes:

[1] Includes net impact of cost saving measures that have been applied to the respective line items in the budget.

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OTHER EXPENSES ^[1]

\$ Thousands	FY22 Budget
Operations ^[2]	\$36,641
Professional Services ^[3]	\$26,759
Technical Assistance ^[3]	\$19,751
Materials & Supplies	\$18,317
Billings & Collections	\$13,986
Rentals	\$13,935
IT Services / Licenses	\$11,323
Water Transport	\$8,391
Asphalt materials and services	\$6,793
Fuels and Oils	\$6,661
Waste Treatment & Disposal	\$6,619
Third Party Vendors	\$5,887
Telephone and Network	\$4,403
Other Expenses (office supplies + others)	\$4,279
Water Purchase	\$1,333
Contingencies & Fines	\$1,002
Total Other Expenses ^[3]	\$186,081

Notes:

- [1] Includes net impact of cost saving measure that have been applied to the respective line items in the budget.
- [2] Includes SuperAqueduct Operations, Insurance and Security expenses.
- [3] Further details in schedule below.

PROFESSIONAL SERVICES ^[1]

\$ Thousands	FY22 Budget
Legal Consulting Fee	\$2,087
Financial Audit and Consulting	\$400
Marketing and Advertising	\$292
Other Professional Services	\$23,980
Total Professional Services	\$26,759

TECHNICAL ASSISTANCE ^[1]

\$ Thousands	FY22 Budget
Technical Assistance	\$15,900
Bacteriological and Chemical Analysis	\$3,851
Total Technical Assistance	\$19,751

Notes:

[1] Includes net impact of cost saving measures that have been applied to the respective line items in the budget.

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CAPITAL IMPROVEMENT FUNDING BREAKDOWN

\$ Thousands	FY22 Budget
FEMA/Insurance	\$204,694
PRASA Operating Revenues - Escrow account & Others	\$119,050
State Revolving Fund (Grants & Loans)	\$110,254
PRASA Operating Revenues ^[1]	\$70,665
Rural Development (Grants & Loans)	\$9,622
PRASA Operating Revenues - FEMA Cost share ^[2]	\$1,560
Total Capital Improvement Plan Funding	\$515,845

CAPITAL IMPROVEMENT PLAN EXPENDITURES BREAKDOWN ^[3]

\$ Thousands	FY22 Budget
Reconstruction & Recovery	\$204,694
Renewal & Replacement	\$92,643
Mandatory Compliance	\$68,246
Non-Mandatory Compliance	\$37,449
Fleet & IT	\$29,216
Quality	\$26,805
Safety & Others	\$22,415
Electric Generators	\$15,602
Emergency & Contingencies	\$10,000
Meters	\$5,000
Growth	\$3,776
Total Capital Improvement Plan Expenditures	\$515,845

Notes:

[1] Special charges are already included as part of operating revenues.

[2] Based on funds received from FEMA requiring state match.

[3] Per PRASA's 2021 Certified Fiscal Plan.

EXHIBIT 1 (cont'd)

ENFORCEMENT OF THE PUERTO RICO AQUEDUCT AND SEWER AUTHORITY FY22
BUDGET

Section 2.- All expenditures authorized in any prior fiscal year are terminated and no disbursement of public funds may be covered by such expenditure authorization, except: (1) expenditures to carry out capital improvements that have been accounted for and kept on the books; (2) capital and maintenance expenditures with procurement cycles that extend beyond the end of the fiscal year that have been accounted for and kept on the books; (3) the portion of any other expenditures authorized in the Puerto Rico Aqueduct and Sewer Authority (“PRASA”) Certified Budget for fiscal year 2021; and (4) the portion of the appropriations authorized for fiscal year 2021 that have been allocated, transferred, or designated on or before June 30 of such fiscal year. This restriction on expenditures authorized in any prior fiscal year shall not apply to: (i) programs financed in whole or part with federal funds; to (ii) orders by the United States district court with jurisdiction over all matters under Title III of PROMESA; (iii) matters pertaining to any consent decree or injunction, or an administrative order or settlement entered into with a Federal Agency, with respect to Federal programs; and (iv) as otherwise required under PRASA’s Master Agreement of Trust.

Section 3.- On or before August 31, 2021, the Executive Director of PRASA will provide to the Oversight Board a certification indicating whether there are any unused amounts of the fiscal year 2021 certified budget for items (1), (2), (3), and (4) of Section 2 and, if so, an itemization of such unused amounts.

Section 4.- Notwithstanding any other statement, no unused budget allotments from any previous fiscal year shall be used by PRASA to fund current fiscal year expenditures, except as otherwise expressly authorized by the Oversight Board in writing after June 30, 2021.

Section 5.- Any amount remaining to the credit of the Surplus Fund in accordance with Section 5.13(e) of the MAT may only be applied to expenditures set forth in this certified Budget and subject to prior express written approval by the Oversight Board.

Section 6.- Prior express written approval from the Oversight Board shall be required for: (a) any reappropriation between the expense categories set forth on page 2 of this Exhibit; and (b) any reappropriation within (i) the Payroll category on page 4 of this Exhibit, (ii) the Professional Services category on page 7 of this Exhibit, and (iii) the Technical Assistance category on page 7 of this Exhibit if such Technical Assistance reappropriation exceeds the amount of \$5,000.

Section 7.- Reappropriations for (i) Maintenance and Repair and (ii) Chemicals, set forth on page 1 of this Exhibit, will not require approval from the Oversight Board, provided that on a monthly basis PRASA reports to the Oversight Board a detailed description of the event that required such reappropriation and the specific budget line items being modified.

Section 8.- Pursuant to Section 203 of PROMESA, PRASA must submit to the Oversight Board, no later than 15 days after the last day of each month of fiscal year 2022, a budget to actual report, along with an explanation of relevant variances as provided in the certified Fiscal Plan. The Oversight Board may determine to provide PRASA a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by PRASA must be submitted consistent with such reporting template.

Section 9.- The Executive Director of PRASA shall be responsible for not spending or encumbering during FY2022 any amount that exceeds the authorized budget amounts. This prohibition applies to every budget amount authorized herein, including amounts for payroll and related costs. The Executive Director of PRASA shall also certify to the Oversight Board by August 31, 2021 that no amount was spent or encumbered that exceeded the authorized budget amount in the certified budget for fiscal year 2021.

Section 10.- The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to PROMESA Section 202(a), setting forth a schedule for revising PRASA's budget.

Section 11.- The PRASA budget for FY2022 shall take effect on July 1, 2021.

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EXHIBIT 1: PUERTO RICO HIGHWAYS AND TRANSPORTATION
AUTHORITY'S FISCAL YEAR 2022 CERTIFIED BUDGET

APPENDIX A

(Page A-0)

EXHIBIT 1 – REVENUES BUDGET

PUERTO RICO HIGHWAY AND TRANSPORTATION AUTHORITY

Section I. – Budget Overview

	FY22 Budget (\$000's)
Toll Fare & Fine Revenues	165,863
Transit Revenues & Other Operating Income	18,039
Operating FTA Funds	20,000
Operating Commonwealth Transfer	-
Total Operating Revenues	203,903
Commonwealth CapEx Funds	236,045
Federal CapEx Funds	270,496
Total Capital Revenues	506,541
Commonwealth Transfer for Emergency Reserve	-
Total Commonwealth Reserve Transfer	-
Total Consolidated Revenues	710,443
Payroll & Pension Costs ¹	(56,384)
Tren Urbano & Feeder Bus Costs	(84,028)
Other Operating Costs ²	(102,422)
Total Operating Expenses	(242,833)
Federal Highway Construction Program Costs	(174,747)
Non-Federal Highway Construction Program Costs	(108,138)
Emergency Repair Construction Program Costs	(62,767)
Transit Construction Program Costs	(42,062)
Other Capital Costs ³	(46,867)
Total Capital Expenses	(434,581)
Reserve Deposits	(4,000)
Total Reserve Deposits	(4,000)
Total Consolidated Expenses	(681,414)
Balance	29,029

¹ 'Construction payroll' has been recategorized as a capital expense and is no longer included in this line item.

² 'Other construction program expenses' have been recategorized as capital expenses and are no longer included in this line item.

³ 'Construction payroll' and 'other construction program expenses' are included in this line item.

APPENDIX A

(Page A-1)

TOLL FARE & FINE REVENUES

	FY22 Budget (\$000's)
Toll fare revenue from current toll fare rates	\$132,285
Toll fare revenue from increase in toll fare rates	5,579
Toll fare revenue from new Dynamic Toll Lanes (DTL)	5,500
Toll fare revenue from bi-directional tolling	-
Total Toll Fare Revenues	143,364
Toll fine revenue from existing fine rates	18,342
Toll fine revenue from tiered fine rates	4,158
Total Toll Fine Revenues	22,500
Total Toll Fare & Fine Revenues	\$165,863

TRANSIT REVENUES & OTHER OPERATING INCOME

	FY22 Budget (\$000's)
Tren Urbano fare revenue	\$7,590
Feeder Bus fare revenue	733
Total Transit Revenues	8,323
Other operating income	9,716
Total Other Operating Income	9,716
Operating FTA funds	20,000
Total Operating FTA funds	20,000
Total Transit Revenues & Other Operating Income	\$38,039

COMMONWEALTH CAPEX FUNDS

	FY22 Budget (\$000's)
Commonwealth CapEx appropriation	\$53,020
Abriendo Caminos - Phase IV funds	87,000
Rollover state capex ⁴	90,000
Local emergency funds	6,025
Capital Commonwealth Transfer	-
Total Commonwealth CapEx Funds	\$236,045

⁴ It is estimated that \$42,931 of the rollover state capex funds may need to be reprogrammed to cover HTA's forecasted operational deficit. Such determination shall be made at a later time based on updated budget to actuals information.

APPENDIX A

(Page A-2)

FEDERAL CAPEX FUNDS

	FY22 Budget (\$000's)
Regular FHWA funds	\$174,747
Total Non-ER FHWA Funds	174,747
FHWA emergency funds	52,917
FEMA emergency funds	2,770
Total Federal Emergency Funds	55,687
Regular FTA funds	40,062
Total Transit Federal Funds	40,062
Total Federal CapEx Funds	\$270,496

PAYROLL & PENSION COSTS

	FY22 Budget (\$000's)
Main salaries (non-construction divisions)	\$(10,670)
Healthcare costs (non-construction divisions)	(1,286)
Christmas bonus (non-construction divisions)	-
Early retirement costs (non-construction divisions)	(6,737)
Other labor costs (non-construction divisions)	(1,274)
Total Non-Construction Salaries & Related Benefits	(19,967)
Pension contributions	(35,759)
Administrative costs	(658)
Total Pension Costs	(36,417)
Total Payroll & Pension Costs	\$(56,384)
<i>Total Payroll & Pension Cost – Including construction payroll</i>	<i>\$(80,670)</i>

TREN URBANO & FEEDER BUS COSTS

	FY22 Budget (\$000's)
Base fee for Tren Urbano operating contract	\$(48,225)
Other costs under Tren Urbano operating contract	(3,620)
Tren Urbano electricity costs	(8,500)
Tren Urbano insurance costs	(9,129)
Other regular Tren Urbano costs	(68)
COVID-19 special costs	(1,100)
Total Tren Urbano Costs	(70,642)
Base fee for Feeder Bus operating contract	(10,707)
Other costs under Feeder Bus operating contract	(1,408)
Bus rapid transit costs	(1,073)
COVID-19 special costs	(198)
Total Feeder Bus Costs	(13,386)
Total Tren Urbano & Feeder Bus Costs	\$(84,028)

APPENDIX A

(Page A-3)

OTHER OPERATING COSTS

	FY22 Budget (\$000's)
Operational ROW payments	(12,405)
Total Construction-Related Operating Expenses	(12,405)
Variable electronic toll collection fees	(19,082)
Highway electricity costs	(4,000)
Other toll highway administration & maintenance costs	(23,232)
Total Toll Highway Administration & Maintenance Costs	(46,314)
Non-Title III professional fees	(7,776)
Title III professional fees	(12,508)
Discretionary fund management team	(300)
Ancillary revenue management team	(404)
Electricity costs	(918)
Water supply costs	(500)
Other operating costs	(21,296)
Total Other Operating Expenses	(43,703)
Total Other Operating Costs	(102,422)

FEDERAL HIGHWAY CONSTRUCTION PROGRAM COSTS

	FY22 Budget (\$000's)
Hard costs for regular federal highway construction	\$(139,245)
Total Federal Highway Construction Hard Costs	(139,245)
Federal soft costs for planning & compliance	(35,503)
Total Federal Highway Construction Soft Costs	(35,503)
Total Federal Highway Construction Costs	\$(174,747)

NON-FEDERAL HIGHWAY CONSTRUCTION PROGRAM COSTS

	FY22 Budget (\$000's)
Hard costs for Abriendo Caminos projects – Phase III & IV	\$(43,900)
Hard costs for other non-federal highway construction projects	(6,256)
Local construction costs	(9,500)
Total Non-Federal Highway Construction Hard Costs	(59,656)
Soft costs for Abriendo Caminos projects – Phase III & IV	(3,063)
Non-federal funded project-linked soft costs	(29,221)
CDBG-DR/MIT state soft costs	(12,731)
Capital ROW payments	(3,467)
Total Non-Federal Highway Construction Soft Costs	(48,482)
Total Non-Federal Highway Construction Costs	\$(108,138)

APPENDIX A

(Page A-4)

EMERGENCY REPAIR CONSTRUCTION PROGRAM COSTS

	FY22 Budget (\$000's)
FHWA funded emergency repair costs	\$(52,917)
FEMA funded emergency repair costs	(3,826)
Local emergency repair costs	(6,025)
Total Emergency Relief Costs	\$(62,767)

TRANSIT CONSTRUCTION PROGRAM COSTS

	FY22 Budget (\$000's)
Transit construction projects	\$(42,062)
Total Transit Construction Program Costs	\$(42,062)

OTHER CAPITAL COSTS

	FY22 Budget (\$000's)
Toll optimization costs	\$(21,047)
Other construction program costs	(1,533)
Total Other Highway Construction Costs	(22,581)
Main salaries (construction divisions)	(17,869)
Healthcare costs (construction divisions)	(2,425)
Christmas bonus (construction divisions)	-
Early retirement costs (construction divisions)	-
Other labor costs (construction divisions)	(3,993)
Total Construction Salaries & Related Benefits	(24,286)
Total Other Capital Costs	\$(46,867)

RESERVE DEPOSITS

	FY22 Budget (\$000's)
Reserve deposits for unforeseen non-Title III litigation costs	\$(4,000)
Total Reserve Deposits	\$(4,000)

APPENDIX A

(Page A-5)

EXHIBIT 1 – REVENUES BUDGET (cont.)

**ENFORCEMENT OF THE PUERTO RICO HIGHWAY AND
TRANSPORTATION AUTHORITY FY22 BUDGET**

Section II - All appropriations and expenditures authorized in any prior fiscal year are terminated and no disbursement of public funds may be covered by such expenditure authorizations, except: (1) expenditures to carry out capital improvements that have been accounted for and kept on the books; (2) capital expenditures and equipment expenditures with procurement cycles that extend beyond the end of the fiscal year that have been accounted for and kept on the books; (3) the portion of any other expenditures authorized in the Puerto Rico Highway and Transportation Authority (“HTA”) Certified Budget for the fiscal year 2021; and (4) the portion of the appropriations authorized for fiscal year 2021 that have been encumbered on or before June 30 of such fiscal year. This restriction on expenditures authorized in any prior fiscal year shall not apply to: (i) programs financed in whole or part with federal funds; (ii) orders by the United States district court with jurisdiction over all matters under Title III of PROMESA; and (iii) matters pertaining to any consent decree or injunction, or an administrative order or settlement entered into with a Federal Agency, with respect to Federal programs.

Section III - The funds allocated to the “Reserve deposits for unforeseen non-Title III litigation costs” budget lines in Section 1 are to be kept in an interest-bearing account (separate from other accounts currently in use by HTA to conduct day-to-day operations). The Executive Director shall make monthly deposits (equal to 1/12th of the total amount) to fund the account as established in Section 1 up to the amounts provided therein. Any expenditure or use of the funds from the reserve account must be made in response to circumstances beyond HTA’s control which cause HTA to miss revenue targets and/or exceed expenditure targets. Such expenditures will require prior express and written authorization from the Oversight Board.

Section IV - The funds deposited to the “Reserve deposits for emergencies and unforeseen events” account (Section I of the FY2021 HTA Budget) are to be kept in an interest-bearing account (separate from other accounts currently in use by HTA to conduct day-to-day operations). Any expenditure or use of the funds from the reserve account must be made in response to circumstances beyond HTA’s control which cause HTA to miss revenue targets and/or exceed expenditure targets. Such expenditures will require prior express and written authorization from the Oversight Board.

Section V - On or before August 30, 2021, the Executive Director of HTA will provide to the Oversight Board a certification indicating whether there are any unused amounts of the fiscal year 2021 certified budget for items (1), (2), (3), and (4) of Section 2 and, if so, an itemization of such unused amounts.

Section VI - Notwithstanding any other statement, no unused budget allotments from any previous fiscal year shall be used by HTA to fund current fiscal year expenditures, except as otherwise expressly authorized in writing by the Oversight Board after June 30, 2021.

Section VII - The appropriations approved in this budget may only be reprogrammed with the prior express written approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item or expenditure provided in this budget,

APPENDIX A

(Page A-6)

regardless of whether it is an intra-agency reprogramming. Reprogramming, also known as reappropriations, may be made into spend concepts and/or objects not explicitly listed in the FY2022 certified budget resolution as long as such requests are submitted to and approved in writing by the Oversight Board.

Section VIII - Pursuant to Section 203 of PROMESA, HTA must submit to the Oversight Board, no later than 15 days after the last day of each month of FY2022, a budget to actual report, along with an explanation of relevant variances as provided in the certified Fiscal Plan. The Oversight Board may determine to provide HTA a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by HTA must be submitted consistent with such reporting template.

Section IX - The Executive Director of HTA shall be responsible for not spending or encumbering during FY2022 any amount that exceeds the authorized budget amounts. This prohibition applies to every budget amount authorized herein, including amounts for payroll and related costs. The Executive Director of HTA shall also certify to the Oversight Board by August 30, 2021, that no amount was spent or encumbered that exceeded the authorized budget amount in the certified budget for fiscal year 2021.

Section X - The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to PROMESA Section 202(a), setting forth a schedule for revising HTA's budget.

Section XI - In conjunction with the reports required in these sections, a certification to the Oversight Board must be included stating (1) that no authorized budget amount of any previous fiscal year (except for those covered by the exceptions mentioned herein) has been used to cover any expenditure unless authorized by the express written approval of the Oversight Board.

Section XII – The HTA Budget for FY2022 shall take effect on July 1, 2021.