



David A. Skeel Jr.
Chair

Members

Andrew G. Biggs
Arthur J. González
Antonio L. Medina
John E. Nixon
Justin M. Peterson
Betty A. Rosa

Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

June 30, 2023

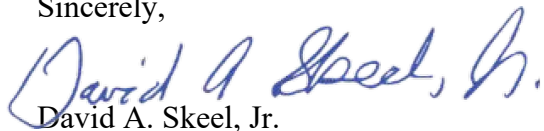
Honorable Pedro R. Pierluisi Urrutia
Governor of Puerto Rico

Dear Governor Pierluisi Urrutia:

Pursuant to a Resolution adopted by the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), a copy of which is attached hereto as **Exhibit A** (the “Resolution”), and Section 202(f) of the Puerto Rico Oversight, Management, and Economic Stability Act, the Oversight Board hereby issues to the Governor this compliance certification that the Fiscal Year 2024 budget of the Puerto Rico Industrial Development Company (“PRIDCO”), attached as **Exhibit 1** to the Resolution (the “Fiscal Year 2024 PRIDCO Budget”), is a compliant budget as set forth in the Resolution.

The Oversight Board looks forward to working with you and PRIDCO to implement fully the Fiscal Year 2024 PRIDCO Budget for the benefit of the people of Puerto Rico.

Sincerely,



David A. Skeel, Jr.

Andrew G. Biggs
Arthur J. González
Antonio L. Medina
John E. Nixon
Justin M. Peterson
Betty A. Rosa

Hon. Pierluisi Urrutia
June 30, 2023
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CC: Mr. Robert F. Mujica Jr.
Mr. Carlos J. Ríos Pierluisi
Hon. Manuel Cidre Miranda

EXHIBIT A

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**

June 29, 2023

**RESOLUTION CERTIFYING FISCAL YEAR 2024 BUDGET FOR
THE PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY**

WHEREAS, on June 30, 2016, the federal Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) was enacted;

WHEREAS, Section 101 of PROMESA created the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”);

WHEREAS, Section 202(c) of PROMESA establishes a multi-step procedure for the development, review, and approval of a budget for covered instrumentalities of the Commonwealth of Puerto Rico, such as the Puerto Rico Industrial Development Company (“PRIDCO”), providing that (i) the Governor must submit a proposed budget to the Oversight Board; (ii) the Oversight Board must review the proposed budget and determine, in the Oversight Board’s sole discretion, either that the proposed budget complies with the applicable fiscal plan or that it does not, in which case the Oversight Board must issue a notice of violation (“NoV”) and recommended revisions, giving the Governor an opportunity to correct the violations; (iii) the Governor may then submit a revised proposed budget; and (iv) if the Governor fails timely to submit a proposed budget that the Oversight Board determines in its sole discretion is a compliant budget, the Oversight Board shall develop and submit to the Governor its own compliant budget;

WHEREAS, by letter dated March 6, 2023, which was later revised on March 28, 2023, the Oversight Board, pursuant to Section 202(a) of PROMESA, provided notice of the schedule for developing, submitting, approving, and certifying the Fiscal Year 2024 budget for PRIDCO;

WHEREAS, on May 26, 2023, pursuant to Section 201(d)(2) of PROMESA, the Oversight Board certified a fiscal plan for PRIDCO (“2023 Fiscal Plan”);

WHEREAS, on May 29, 2023, pursuant to Section 202(b) of PROMESA, the Oversight Board provided to the Governor a forecast of revenues to be used in preparing the Fiscal Year 2024 budget for PRIDCO;

WHEREAS, on June 8, 2023, pursuant to Section 202(c)(1) of PROMESA, the Governor submitted a proposed Fiscal Year 2024 budget for PRIDCO;

WHEREAS, on June 12, 2023, the Oversight Board communicated to PRIDCO that it would not issue an NoV for the proposed Fiscal Year 2024 budget as it aligned materially with the budgetary amounts in the 2023 Fiscal Plan despite missing several items of supporting information;

WHEREAS, on June 16, 2023, the Oversight Board issued a revised budget to PRIDCO proposing minor adjustments and realignments of line items and requesting several items of information supporting the proposed budget that remained outstanding;

WHEREAS, on June 22, 2023, PRIDCO responded to the Oversight Board confirming that PRIDCO would adopt the changes recommended by the Oversight Board;

WHEREAS, the Oversight Board understands the June 22, 2023 communication from PRIDCO represents the Governor's certification that the budget "reflects a consensus among [the Governor and the Oversight Board]" pursuant to PROMESA Section 202(f);

WHEREAS, after reviewing the proposed Fiscal Year 2024 budget with the Oversight Board's staff and consultants, pursuant to Section 202(f) of PROMESA, the Oversight Board has determined that the proposed Fiscal Year 2024 budget for PRIDCO, jointly developed by the Oversight Board and the Governor, (i) is compliant with the 2023 Fiscal Plan; and (ii) reflects a consensus among the Oversight Board and the Governor (the "Fiscal Year 2024 Budget for PRIDCO");

NOW, THEREFORE, IT IS HEREBY RESOLVED that, pursuant to Section 202(f) of PROMESA, the Oversight Board shall submit to the Governor the Fiscal Year 2024 Budget for PRIDCO, and such budget shall be (i) deemed to be approved in consensus between the Oversight Board and the Governor; (ii) the subject of a compliance certification, which shall be issued by the Oversight Board to the Governor; and (iii) in full force and effect beginning on July 1, 2023.

EXHIBIT 1

THE GOVERNMENT OF PUERTO RICO

June 30, 2023

Puerto Rico Industrial Development Company

The amount of \$88,541,000 is budgeted for the expenditures of Puerto Rico Industrial Development Company ("PRIDCO") herein for the fiscal year ending June 30, 2024.

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1	Puerto Rico Industrial Development Company			
2	A.	Payroll		5,391,000
3	i	Salaries	1,650,000	
4	ii	Salaries for trust employees	947,000	
5	iii	Christmas bonus	35,000	
6	iv	Healthcare	529,000	
7	v	Other benefits	370,000	
8	vi	Early retirement benefits & voluntary transition program	652,000	
9	vii	Employees to be hired for identified necessities	1,208,000	
10	viii	Other payroll	-	
11	B.	Payments to PayGo		14,865,000
12	C.	Facilities and utility payments		739,000
13	i	Payments to PREPA	573,000	
14	ii	Payments to PRASA	91,000	
15	iii	Other facility costs	75,000	
16	D.	Purchased services		12,249,000
17	i	Payments for PRIMAS	5,980,000	
18	ii	Leases (excluding PBA)	663,000	
19	iii	Ordinary course maintenance & repair	3,723,000	
20	iv	Other purchased services	1,883,000	
21	E.	Transportation		257,000
22	F.	Professional Services		6,624,000
23	i	Information technology (IT) professional services	300,000	
24	ii	Other professional services	6,324,000	
25	G.	Other operating expenses		4,492,000
26	i	DDEC shared services fee	1,336,000	
27	ii	Environmental liability	2,149,000	
28	iii	Other operating expenses	1,007,000	
29	H.	Capital expenditures		36,779,000
30	i	Ordinary course capital expenditures	1,149,000	
31	ii	FEMA project - Coamo	2,500,000	
32	iii	FEMA projects	33,130,000	
33	I.	Payments of current & prior period obligations		1,931,000
34	i	Payments to PayGo	1,931,000	
35	J.	Debt Service		4,423,000
36	i	PRIICO mortgage debt service	4,423,000	
37	K.	Materials and supplies		45,000
38	L.	Equipment purchases		65,000
39	M.	Media and advertisements		240,000
40	N.	Budgetary Reserve		441,000
41	i	Reserve set aside to support achievement of the	441,000	
42		Expired Lease Measure		
43	Total Puerto Rico Industrial Development Company			88,541,000

Section 1.- The following amounts are authorized for the expenditures of PRIDCO set forth herein for the fiscal year ending June 30, 2024 (“FY2024”):

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Section 2.- Any expenditure or category of expenditure referenced above 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 earned and available to PRIDCO in FY2024.

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, 2024; 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) programs 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 FY2024 certified budget resolution only after such requests are submitted in writing to, and approved in writing by, the Oversight Board.

Section 5.- The capital expenditure reserve fund (“Capex Reserve Fund”) contribution in the amount of \$14,955,000 authorized in fiscal year 2022 shall be used in FY2024 for the demolition of 33 properties within PRIDCO’s portfolio as authorized by the Oversight Board’s letter to PRIDCO dated December 20, 2021.

Section 6.- 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 FY2024, a budget to actual report, along with an explanation of relevant variances from this certified budget for FY2024. 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 7.- In conjunction with the reports required by Section 6, PRIDCO must provide to the Oversight Board a certification 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 previously authorized by the Oversight Board.

Section 8.- The Executive Director of PRIDCO shall be responsible for not spending or encumbering during FY2024 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, 2023, that no amount was spent or encumbered that exceeded the authorized budget amount in the certified budget for fiscal year 2023.

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

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 to the Oversight Board for its review. The subsection below details the relevant milestone and incentive.

- a. **Milestone:** *Re-signing Leases as the Current Rate Card*
 - i. There are approximately 30 remaining leases that have expired for which tenants are currently paying month-to-month below the current rate card. Roughly 28 of these leases can be re-signed at no less than the existing rate card and generate up to \$441,000 in additional annual revenue as established in the 2023 Certified Fiscal Plan for PRIDCO.
 - ii. Incentive: The Oversight Board will approve additional payroll requests up to \$441,000 for re-signing tenants to the current rate card. However, for the Oversight Board to approve such a request, PRIDCO must present to the Oversight Board a list of leases including information regarding the before and after lease rates for the leases in question.
 - iii. Total Available Funds: \$441,000.

Section 11.- This PRIDCO FY2024 budget shall be adopted in both of Puerto Rico's official languages, Spanish and English. If any conflict arises between the English and Spanish texts, the English text shall govern.

Section 12.- The PRIDCO budget for FY2024 shall take effect on July 1, 2023.