BY ELECTRONIC MAIL

April 29, 2026

Mr. Orlando Rivera Berríos
Executive Director
Office of Management and Budget

Re: Response to FY2026 Municipal Service Reform and Outcomes Fund

Dear Mr. Rivera Berríos,

This letter is in response to the proposed allocation and model for the FY2026 Municipal Service Reform and Outcomes Fund ("MSROF") submitted by the Office of Management and Budget ("OMB") to the Financial Oversight and Management Board (the "Oversight Board") for review and approval on April 17, 2026.

After reviewing the request and the supporting documents, the Oversight Board makes the following observations and determination:

1. **Municipal requirements:** All participating municipalities must comply with the OMB special memorandum requiring improved capital investment planning, financial stewardship, and implementation of corrective actions, such as:
    a. Adopting a Uniform Accounting System and/or sharing timely financial data with OMB,
    b. Developing an integrated multi-year Capital Investment Plan,
    c. Confirming existence of and sharing a Municipal Staffing Plan aligned with the municipality's collections,
    d. Implementing corrective actions to address the Office of the Comptroller's audit findings and OMB's recommendations in a timely manner, and
    e. Reporting on progress and providing requested information to OMB on a periodic basis.

This will promote compliance and collaboration between the municipalities and the OMB, as well as improve fiscal administration practices aligned with revenue collection and short- and long-term planning.

2. **<u>Changes proposed by OMB to original Oversight Board allocation:</u>** OMB responded with specific changes to the Oversight Board's original formulaic allocation of $35,524,493.65 across 59 municipalities. OMB's changes include:
    a. Capping allocations at $800k rather than $900k, freeing a total of $953k across 13 municipalities;
    b. Identifying and additional five municipalities in need of support and allocating $200k to each, adding a total of $1M to the disbursement.

    As a result, the new distribution amounts to $35,571,493.65 across 64 municipalities, reflecting a total increase against the original allocation of $47k covering five additional municipalities.

    The approved distribution reflects OMB's targeted adjustments within the Oversight Board's original formulaic framework and is intended to balance equity considerations with the objectives of promoting improved fiscal administration, capital planning, and accountability at the municipal level.

Based on the review described above, pursuant to the Certified FY2026 Commonwealth Budget, and subject to compliance with the requirements set forth in this letter, the Oversight Board **authorizes** the MSROF distribution of $35.6M proposed by OMB, as detailed in **Exhibit A**.

The participating municipalities remain responsible for complying with all applicable requirements, including those related to financial reporting, capital investment planning, staffing alignment, and corrective actions. The Oversight Board expects OMB to continue monitoring municipal compliance and to take appropriate action where requirements are not met.

The Oversight Board reserves the right to request additional information, impose corrective actions, or revisit allocations as necessary to ensure consistency with the Fiscal Plan and the Certified FY2026 Commonwealth Budget.

We appreciate the OMB's support with this initiative and look forward to continuing our work together for the benefit of Puerto Rico's municipalities.

Sincerely,

Robert F. Mujica, Jr.
Executive Director

CC: Mr. Elvin M. Rosado Morales

Exhibit A

Municipal Services Reform and Outcomes Fund Allocation by Qualifying Municipality

Municipality	Total Allocation
Adjuntas	$706,000.00
Aguada	$737,894.35
Aguadilla	$244,000.00
Aguas Buenas	$662,000.00
Aibonito	$320,957.88
Añasco	$356,648.35
Arroyo	$797,000.00
Barranquitas	$581,194.79
Cabo Rojo	$ 672,643.97
Camuy	$800,000.00
Canóvanas	$200,000.00
Cataño	$325,491.12
Ceiba	$662,000.00
Ciales	$214,500.00
Cidra	$ 200,000.00
Coamo	$652,170.01
Comerío	$530,823.07
Corozal	$800,000.00
Culebra	$ 335,000.00
Fajardo	$399,775.71
Florida	$465,000.00
Guánica	$628,000.00
Guayama	$478,707.79
Guayanilla	$793,000.00
Gurabo	$599,000.00
Hormigueros	$211,226.56
Isabela	$572,760.37
Jayuya	$579,000.00
Juana Díaz	$742,206.31
Juncos	$292,000.00
Lajas	$800,000.00
Lares	$800,000.00
Las Marías	$599,000.00
Las Piedras	$200,000.00
Loíza	$643,500.00

Luquillo	$287,432.79
Manatí	$558,488.07
Maricao	$292,000.00
Maunabo	$617,000.00
Moca	$321,200.00
Morovis	$587,202.53
Naguabo	$800,000.00
Naranjito	$658,095.82
Orocovis	$685,000.00
Patillas	$800,000.00
Peñuelas	$779,000.00
Quebradillas	$439,449.63
Rincón	$281,796.46
Río Grande	$604,486.24
Sabana Grande	$774,000.00
Salinas	$800,000.00
San Germán	$800,000.00
San Lorenzo	$800,000.00
San Sebastián	$764,268.50
Santa Isabel	$228,077.53
Toa Alta	$200,000.00
Trujillo Alto	$200,000.00
Utuado	$703,568.74
Vega Alta	$800,000.00
Vega Baja	$539,000.00
Vieques	$249,927.06
Villalba	$800,000.00
Yabucoa	$800,000.00
Yauco	$800,000.00
Total	**$35,571,493.65**