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BY ELECTRONIC MAIL

June 26, 2025

Mr. Francisco J. Domenech Fernández
Executive Director
Puerto Rico Fiscal Agency and Financial Advisory Authority

Dear Mr. Domenech Fernández:

We write regarding Act 215-2024 (“Act 215” or the “Act”), which amends Act 107-2020, also known as the “Municipal Code of Puerto Rico” (the “Municipal Code”), primarily to modify certain aspects of municipal procurement processes and property tax collections.

The procurement of government contracts, including on the municipal level, is a cornerstone of fiscal responsibility. When proposed contracts are subject to public bids, taxpayers save. The lack of transparent bidding processes, or no bidding at all, contributed to Puerto Rico’s financial crisis and opened the door to corruption.

Act 215 would reverse some of the progress made to improve government procurement in Puerto Rico. It would reduce the number of contracts subject to competitive bidding, raise the thresholds for municipal no-bid purchases, eliminate oversight by municipal legislatures for most contracts, and grant Mayors’ discretion to permit contracts that violate the law to remain in effect.

Act 215, among other things:

1. Amends Article 2.035 of the Municipal Code to increase the threshold by which municipalities must invite sealed requests for proposals (“Sealed RFPs”) for works from \$100,000 to \$200,000;
2. Amends Article 2.036 of the Municipal Code to modify the \$3,000 threshold for “micro-purchases” (*i.e.*, purchases of supplies or services using simplified acquisition procedures), such that micro-purchases include not only items at or below \$3,000, but also those that

fall within the generally higher micro-purchase thresholds established under federal regulations (defined in 48 C.F.R. Part 2/Subpart 2.1);

3. Amends Article 1.008 of the Municipal Code to modify the requirement that all service contracts – such as contracts for construction, maintenance, and repair – must be approved by municipal legislatures, such that the approval of municipal legislatures will only be required for those contracts that implicate the use of municipal facilities or property; and
4. Amends Article 2.014 of the Municipal Code to provide that contracts violating certain safeguard provisions established in Article 2.014 are not automatically void, as was the case prior to Act 215’s enactment.

The Act’s Explanatory Statement does not adequately explain the need for any of these changes. It simply notes:

[T]his Legislative Assembly understands that it is necessary to address certain provisions of municipal administration that, in practice, have not had the expected procedural effect, particularly from the perspective of municipal autonomy, and that have resulted in excessive and unnecessary bureaucracy for the municipalities. For this reason, it is necessary to amend and clarify certain provisions of the Municipal Code, in order to continue promoting municipal autonomy and ensure that the processes are carried out in harmony and in the best interest of the municipalities and citizens.

The Oversight Board is aware of no study or analysis regarding the significance of the concerns set forth in the Act’s Explanatory Statement, why the measures provided for in the Act will address such concerns, or what the costs of the measures will be.¹ This apparent lack of analysis is concerning, as are the specific measures called for in the Act, as they impair or defeat PROMESA’s purposes, including achieving fiscal responsibility and promoting market competition.

For example:

1. By raising the Sealed RFP threshold for works from \$100,000 to \$200,000, Act 215 doubles the value of works that can be procured without competitive bidding processes. As noted in our January 21, 2025 letter regarding Act 141-2024, raising competitive procurement thresholds disincentivizes market competition and increases the likelihood municipalities will incur higher costs.² The inadvisability of this change is demonstrated by the fact the \$200,000 threshold is higher than that in *virtually all U.S. states*: only

¹ We are aware that both the Office of Management and Budget (“OMB”) and the Department of Treasury (“Treasury”) have prepared documents indicating there would be no costs associated with the Act, but those analyses are deficient, as discussed in Appendix A to this letter. The Positive Report issued on June 24, 2024 by the Municipal Autonomy, Decentralization and Regionalization Commission of the House of Representatives and the Federation of Mayors (the “Positive Report”) on House Bill 2072 (which eventually became Act 215) reaches the same conclusion, but – like OMB and Treasury – provides no support for the conclusion.

² See Oversight Board Letter to AAFAF dated January 21, 2025, at 2, available at <https://drive.google.com/file/d/1QopBamWnyeqrgt-TZnXf7oxW6Em1NANB/view>.

Colorado, Virginia, and Utah have equivalent or higher no-bid thresholds for works procurements.³ Similarly, large U.S. cities, such as New York City and Philadelphia, do not permit non-competitive procedures for procurements over \$100,000.⁴

2. By adopting federal no-bid procurement thresholds for micro-purchases, the Act increases the threshold from \$3,000 to \$10,000 for most municipal micro-purchases, more than tripling the value of purchases that can be made without competitive procurement processes.⁵ The Act's adoption of federal procurement thresholds for micro-purchases for municipalities is inappropriate. Due to the extensive number of purchases required to manage federal operations, the size of federal budgets, and the experience of federal agencies with such purchases, smaller dollar purchases (*e.g.*, those under \$10,000) are often exempt from federal competitive bidding requirements to alleviate administrative burdens. Municipalities are not comparable to the federal government in terms of budget or procurement activity, which counsels in favor of significantly lower no-bid procurement

³ Samples of competitive thresholds from *Competitive Thresholds*, National Association of Procurement Officials (NASPO):

State	Standard Competitive Threshold* (\$)
Colorado	\$250,000
Virginia	\$200,000**
Utah	\$200,000
Idaho	\$150,000
Indiana	\$150,000
Oregon	\$150,000
Delaware	\$100,000
Hawaii	\$100,000**
New York	\$85,000
Arkansas	\$75,000
Massachusetts	\$50,000
California	\$25,000
New Hampshire	\$10,000

* Means procurement thresholds to supply commodities, services, and works.

** Means the state has different thresholds for construction projects. Virginia also has a separate threshold for professional services, set at \$80,000.

⁴ Marsha R.B. Schachtel & Shreya Pillai, *Procurement Approval Process Study for Baltimore Efficiency and Economy Foundation* at 37, 42, Johns Hopkins Inst. for Pol'y Studies (Dec. 2009), <https://finance.baltimorecity.gov/sites/default/files/BEEFPPR.pdf>; *see also* New York City Code § 3-08; Philadelphia Code § 8-200.

⁵ The threshold established in 48 C.F.R. Part 2/Subpart 2.1 is currently \$10,000, with some exceptions.

thresholds. Relative to the size of their average budgets, \$10,000 purchases represent large expenditures for municipalities and therefore should not be exempt wholesale from competitive procurement practices, absent some compelling rationale and adequate safeguards.

The provisions discussed above reduce the number of contracts subject to competitive procurement processes. Competitive bids tend to result in contracts that are less costly as compared to sole source procurement, as competitive bidders need to compete on price. Indeed, numerous studies have shown that competitive procurement results in lower costs compared to sole-source-purchasing. For example, a study performed for the U.S. Conference of Mayors in 2018 showed that local governments in the U.S. with competitive procurement policies lowered the costs for purchasing certain equipment between 26 and 39 percent compared to non-competitive procurements.⁶ Another research study of procurement in Germany found that competitive bids can reduce costs by 20 percent compared to non-competitive procurements.⁷ And a research study on procurement in Spain found that a more competitive environment reduces the costs of procured contracts an average of 9.9 percent and reduces costs by 2.1 percent for every additional participant in a tender.⁸ As such, Act 215 will almost assuredly increase the costs of municipal contracts that no longer require competitive bids.

Moreover, it is important to consider Puerto Rico's troubling history of municipal corruption in the area of procurement. In the past five years alone, at least seven Puerto Rico Mayors have been criminally charged for procurement-related misconduct, including crimes involving kickbacks, corruption, and fraud, many connected to construction and public improvement projects.⁹ These examples underscore the risks of weakening procurement safeguards and counsel against loosening procurement rules. It is well established that single-source procurement "poses perhaps the highest risk of corruption and favoritism" and should be permitted "only under exceptional circumstances."¹⁰ By expanding the scope of no-bid municipal contracts, Act 215 can only

⁶ Richard F. Anderson, *Municipal Procurement: Competitive Bidding for Pipes Demonstrates Significant Local Cost-Savings*, U.S. Conference of Mayors (Sept. 2018) at 8, available at <https://www.unibell.org/portals/0/ResourceFile/municipal-procurement-competitive-bidding-for-pipes-demonstrates-significant-local-cost-savings.pdf>.

⁷ Rafael Lalive, Armin Schmutzler & Christine Zulehner, "Auctions vs Negotiations in Public Procurement: Which Works Better?" (Univ. of Zurich, Dep't of Econ., Working Paper No. 209, 2015), available at SSRN 1919531.

⁸ Mariano Matilla-García & Pilar Vega, *An Empirical Analysis of the Impacts of Competition on Procurement costs*, Applied Economics (2024), available at <https://doi.org/10.1080/00036846.2024.2382934>.

⁹ For example, the former Mayor of Guayama pled guilty in 2022 for receiving bribes in exchange for executing municipal contracts for an asphalt and paving company. See <https://www.justice.gov/usao-pr/pr/former-mayor-guayama-puerto-rico-sentenced-accepting-bribes>. Also, the former Mayor of Humacao—pled guilty in 2023 for engaging in a bribery scheme in which he received cash payments in exchange for awarding municipal contracts to or awarding municipal contracts to companies handling asphalt and paving, as well as debris removal. See <http://justice.gov/archives/opa/pr/former-puerto-rico-mayor-sentenced-accepting-bribes>.

¹⁰ *Guidebook on Anti-Corruption in Public Procurement and the Management of Public Finances – Good Practices in Ensuring Compliance with Article 9 of the United Nations Convention Against Corruption* at 5, U.N. Off. on Drugs & Crime (2013), https://www.unodc.org/documents/corruption/Publications/2013/Guidebook_on_anti-corruption_in_public_procurement_and_the_management_of_public_finances.pdf; see also *Bribery in Public Procurement – Methods, Actors and Counter-Measures* at 20–21, Org. for Econ. Co-Operation & Dev. (2007), <https://www.oecd.org/investment/anti-bribery/anti-briberyconvention/44956834.pdf>.

increase the temptation to engage in and exacerbate the consequences of public corruption and undermine the public's confidence in government contracting processes.

The Government should strive to enact laws that follow best practices and ensure competitive and fiscally responsible procurement across Puerto Rico, including its municipalities. By raising the Sealed RFP threshold for municipal works and altering the micro-purchase threshold, Act 215 impairs or defeats the purposes of PROMESA, including achieving fiscal responsibility and promoting marketing competition.

Other provisions in the Act are also problematic, particularly when combined with the increased no-bid thresholds. For instance, removing the requirement for municipal legislature approval of contracts for all but those that will use municipal property effectively eliminates oversight for most contracts, contravening best practices. It is common practice to require city council or local legislature approval for contracts of a particular value. For example, the cities of Atlanta, New York City, and Philadelphia require some level of city or agency approval for no-bid contracts valued at or above \$500, \$1,000, and \$5,000, respectively.¹¹

Similarly, changing existing law so that contracts violating certain provisions established in Article 2.014 are not automatically void creates the risk those provisions will be ignored. Prior to the Act, contracts for (a) training provided by private entities that could otherwise be provided by municipal or government agencies, (b) audit services that do not comply with enumerated guidelines concerning the qualifications of an external auditor, and required information for audit statements, and (c) the execution of public works and improvements without the contractor's demonstration of an insurance policy, deposit of payment for wages and materials, and delivery of any other guarantee required by the Auction Board, were automatically void. Under Act 215, such contracts are only voidable, meaning a Mayor can determine whether or not to void such contracts, which injects discretion into the procurement process and can only encourage non-compliance with those safeguards.

Accordingly, not only does the Act reduce the number of contracts subject to competitive bidding, it also amplifies the risk by lessening oversight and the consequences for violating legal requirements. Ultimately, the Act reduces municipal procurement safeguards, increases the opportunity for corruption and the appearance of corruption, increases the costs of contracts, and undoubtedly will undermine the public's faith in the Government's contracting processes. As the Revised Certified 2024 Commonwealth Fiscal Plan recognizes, "[c]ompetitive bidding is critical for the integrity of the government contracting process and Puerto Rico's fiscal stability overall."¹²

Finally, as detailed in Appendix A, former Governor Pedro R. Pierluisi's submission pursuant to PROMESA § 204(a) regarding Act 215 fails to comply with PROMESA's requirements. Therefore, pursuant to PROMESA § 204(a)(3)(A–B), the Oversight Board notifies the Governor and the Legislative Assembly that the submission failed to include a compliant formal estimate or certification as required by § 204(a)(2), and directs the Governor, pursuant to PROMESA § 204(a)(4)(A), to provide the missing materials by **July 10, 2025**. Please also confirm by that date

¹¹ Schachtel & Pillai, *supra* note 4 at 30, 37, 42.

¹² Revised Certified 2024 Commonwealth Fiscal Plan at 88.

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June 26, 2025

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that Act 215 is not and will not be implemented by the Commonwealth and any municipality unless and until the Oversight Board agrees it complies with PROMESA.

Please note the Oversight Board reserves the right to take such actions it deems necessary, consistent with PROMESA §§ 104(k), 108(a), and 204, including seeking remedies to prevent implementation and enforcement of Act 215.

We look forward to continuing to work together for the benefit of the people of Puerto Rico.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Mujica, Jr.", is written over the printed name.

Robert F. Mujica, Jr.
Executive Director

CC: Hon. Jenniffer A. González Colón
Hon. Carlos J. Méndez Núñez
Hon. Thomas Rivera Schatz

APPENDIX A – ASSESSMENT OF PROMESA § 204(a) SUBMISSION FOR ACT 215-2024

DESCRIPTION OF ACT 215-2024 AND THE SUBMISSION

Act 215-2024 (“Act 215” or the “Act”) amends Act 107-2020, also known as the “Municipal Code of Puerto Rico,” primarily to modify certain aspects of municipal procurement processes and property tax collection. Among other things, Act 215 increases the threshold for which the municipalities must invite sealed requests for proposal for works from \$100,000 to \$200,000, and it modifies the \$3,000 threshold for “micro-purchases” (*i.e.*, purchases of supplies or services using simplified acquisition procedures), such that micro-purchases include not only items at or below \$3,000, but also those that fall within the generally higher micro-purchase thresholds established under federal procurement regulations.

On September 26, 2024, the Oversight Board received then-Governor Pierluisi’s PROMESA § 204(a) submission for Act 215 (the “Submission”). The Submission consists of:

- A Spanish-language copy of Act 215;
- A document entitled “Section 204(a) Certification, Act 215-2024, Enacted on September 17, 2024” prepared by AAFAF (the “AAFAF Certification”), with two attachments:
 - Attachment A, a certification of fiscal impact prepared by OMB (the “OMB Attachment”); and
 - Attachment B, a certification of compliance with Section 204(a) of PROMESA, prepared by the Treasury (the “Treasury Attachment”).

After reviewing the Submission, for the reasons set forth below, the Oversight Board has determined the Submission does not include a formal estimate or certification that complies with the requirements of § 204(a)(2) of PROMESA.

THE SUBMISSION DOES NOT COMPLY WITH THE FORMAL ESTIMATE REQUIREMENT

The Submission does not include a compliant formal estimate. Section 204(a)(2)(A) of PROMESA requires the Governor to submit with any new law a “formal estimate” of the impact the law will have on expenditures and revenues. A compliant formal estimate must, at minimum, (i) analyze the impact on both revenues and expenditures,¹³ (ii) cover the entire period of the applicable fiscal plan,¹⁴ and (iii) provide an explanation regarding how the estimating entity reached its conclusions.¹⁵ Further, the formal estimate must be “prepared by an appropriate entity of the

¹³ See *Pierluisi v. Fin. Oversight & Mgmt. Bd. for P.R. (In re Fin. Oversight & Mgmt. Bd. for P.R.)*, 37 F.4th 746, 747 (1st Cir. 2022) (“*Five Laws Appeal*”) (the “formal estimate” requirement “means a complete and accurate estimate covering revenue and expenditure effects of new legislation over the entire period of the fiscal plan.”).

¹⁴ See *id.*

¹⁵ See *Vázquez Garced v. Fin. Oversight & Mgmt. Bd. for P.R.*, 511 F. Supp. 3d 90, 126, 128–29 (D.P.R. 2020) (“*Five Laws Decision*”) (holding estimates must be prepared with “methodological [and] computational detail,” and demonstrate a “rigorous protocol for calculating fiscal impacts of new laws,” and finding the Government’s estimates, which were “conclusory” and did not “provide the requisite analytical support,” did not meet PROMESA § 204(a)’s formal estimate requirement).

territorial government with expertise in budgets and financial management.”¹⁶ While several documents in the Submission purport to constitute formal estimates, each is deficient.

The OMB Attachment states that Act 215 will not have a budgetary impact.¹⁷ It offers no explanation of how it came to its conclusion. Rather, after summarizing the Act’s provisions, the OMB Attachment concludes that the Act:

establishes mechanisms that will help in municipal economic development, allowing municipalities to continue assuming the fundamental function of providing services of excellence, as well as allowing them to continue their development and growth processes. Thus, we conclude that the approval of the aforementioned piece of legislation would not have an impact on the certified budget for the fiscal year 2024-2025.

As noted above, such conclusory statements do not satisfy § 204(a)’s formal estimate requirement. Indeed, the lack of detail makes it impossible to know the basis for OMB’s conclusion. However, it appears OMB only considered Act 215’s impact on the “Expenditure Budget of the Government of Puerto Rico,” and did not consider the impact of the law on municipal expenditures and revenues. This is insufficient, as the § 204(a) formal estimate requirement is not limited to assessing a new law’s impact on the Commonwealth Government’s expenditures and revenues.¹⁸ As such, given the Act’s scope, a proper formal estimate needs to consider the likelihood decreasing competition for public contracts will result in higher costs for municipalities.¹⁹ Finally, the OMB Attachment also fails to comply with the formal estimate requirement because it is

¹⁶ PROMESA § 204(a)(2)(A).

¹⁷ OMB Attachment at 1.

¹⁸ We noted the same issue with respect to the § 204(a) submission for Act 141-2024 which, like Act 215, raised municipal no-bid thresholds. See Oversight Board Letter to AAFAF dated January 21, 2025, <https://drive.google.com/file/d/1QopBamWnyeqrgt-TZnXf7oxW6Em1NANB/view?usp=sharing>. In response, the Government submitted a revised § 204(a) submission for Act 141, which acknowledged the need to assess the law’s impact on municipalities, although its analysis of that impact was deficient. See Ex. A to revised § 204(a) submission for Act 141, submitted by AAFAF to the Oversight Board on February 14, 2025.

¹⁹ Numerous studies have shown that competitive procurement processes result in lower costs compared to sole source purchasing processes. For example, a study performed for the United States Conference of Mayors in 2018, showed that municipalities in the United States with competitive procurement policies lowered the costs for purchasing certain equipment between 26 to 39 percent relative to non-competitive procurements. Richard F. Anderson, *Municipal Procurement: Competitive Bidding for Pipes Demonstrates Significant Local Cost-Savings*, U.S. Conference of Mayors (Sept. 2018) at 8, available at <https://www.uni-bell.org/portals/0/ResourceFile/municipal-procurement-competitive-bidding-for-pipes-demonstrates-significant-local-cost-savings.pdf>. A research study of procurement in Germany shows that competitive bids can reduce costs by 20 percent compared to non-competitive procurements. See Rafael Lalive, Armin Schmutzler & Christine Zulehner, “Auctions vs Negotiations in Public Procurement: Which Works Better?” (Univ. of Zurich, Dep’t of Econ., Working Paper No. 209, 2015), available at SSRN 1919531. Another research study conducted on Spanish procurement found that a more competitive environment reduces costs of procurements on average by 9.9 percent and every additional participant in a tender reduced the procurement price by 2.1 percent. See Mariano Matilla-García & Pilar Vega, *An Empirical Analysis of the Impacts of Competition on Procurement costs*, Applied Economics (2024), available at <https://doi.org/10.1080/00036846.2024.2382934>.

limited to “fiscal year 2024-2025” as opposed to the full term of the Fiscal Plan,²⁰ as required by § 204(a).²¹

As for the Treasury Attachment, it also states Act 215 will have no fiscal impact. But the document provides even less detail than the OMB Attachment regarding how Treasury reached its conclusion. The Treasury Attachment merely checks boxes indicating that Act 215 “does not have a fiscal impact” on the “Expenditure Budget of the Government of Puerto Rico,” indicating that its analysis, like OMB’s, did not assess the Act’s impact on municipal budgets. And while the Treasury Attachment references an “evaluation and analysis” of Act 215, it provides no detail or documentation of such work. Accordingly, it is impossible to assess Treasury’s estimate, and it fails to comply with PROMESA’s formal estimate requirement. Additionally, the Treasury Attachment also fails to comply with the formal estimate requirement because it is limited to “fiscal year 2024-2025” as opposed to the full term of the Fiscal Plan,²² as required by § 204(a).²³

For these reasons, the Submission does not include a “formal estimate” meeting the requirements of PROMESA § 204(a)(2)(A).²⁴

THE SUBMISSION DOES NOT COMPLY WITH THE CERTIFICATION REQUIREMENT

Section 204(a)(2)(B–C) of PROMESA requires the Governor to submit a certification finding that a new law either is or is not “significantly inconsistent with the Fiscal Plan.” This certification must be issued by the same “appropriate entity of the territorial government with expertise in budgets and financial management” that prepared the formal estimate of the law’s impact on revenues and expenditures. *Id.*

²⁰ If an estimating agency has estimated a law will only have a fiscal impact in one fiscal year, it must state so. The Oversight Board cannot assume silence means the agency examined and found no fiscal impact in future years.

²¹ See *Pierluisi v. Fin. Oversight & Mgmt. Bd. For P.R. (In re Fin. Oversight & Mgmt. Bd. For P.R.)*, 37 F.4th 746, 747 (1st Cir. 2022) (“*Five Laws Appeal*”) (the “formal estimate” requirement “means a complete and accurate estimate covering revenue and expenditure effects of new legislation over the entire period of the fiscal plan”). The AAFAF Certification states that the OMB Attachment’s conclusion covers the current fiscal year as well as “upcoming certified budgets for the fiscal years covered by the 2024 Fiscal Plan for Puerto Rico.” AAFAF Certification at 6. As noted above, that statement is inconsistent with the content of the OMB Attachment.

²² See *supra* note 20.

²³ See *Five Laws Appeal*, 37 F.4th at 747.

²⁴ In a letter dated June 16, 2023, AAFAF’s Deputy Executive Director explained that pursuant to Executive Order 2019-057 (the “Executive Order”), “Treasury and/or OMB conduct the [§ 204(a)] cost estimate analysis because those entities (not AAFAF) have the best information and expertise to determine a new law’s effects on Government expenditures and revenues.” Accordingly, the Oversight Board understands the AAFAF Certification is not a § 204(a)(2)(A) formal estimate. We are aware the former Governor took a contrary position in recent litigation concerning Act 10-2024, but for reasons set forth in the Oversight Board’s filings in that matter, those arguments are inconsistent with the terms of the Executive Order and AAFAF’s guidance. Adv. Proc. No. 24-00062-LTS (D.P.R. filed Jul. 26, 2024), ECF No. 86 at 24–26. Further, even if AAFAF could be a § 204(a) estimating agency, the AAFAF Certification relies entirely on the OMB and Treasury Attachments for its “fiscal impact” assessment. As such, to the extent the AAFAF Certification could be deemed to be a formal estimate, it is non-compliant because it is completely dependent on the OMB and Treasury’s deficient analyses.

The Submission fails to comply with this basic requirement. As an initial matter, the absence of a proper formal estimate (discussed above) necessarily means that any certification is also deficient as “there is no dispute that the certification must rely on an appropriate formal estimate.”²⁵ Indeed, it is not possible to assess a law’s consistency with the applicable fiscal plan if a valid estimate of the law’s impact on revenues and expenditures has not been conducted.²⁶

But even if the submitted estimates were compliant, the Submission does not include the required certification statement from either of the estimating agencies (OMB and Treasury). The OMB Attachment and the Treasury Attachment are silent as to whether Act 215 is or is not significantly inconsistent with the Fiscal Plan. And while AAFAF states in its report that “the Government has determined that Act 215 is not significantly inconsistent with the Certified Fiscal Plan,”²⁷ that statement does not satisfy the § 204(a) certification requirement because AAFAF did not prepare a formal estimate²⁸ and § 204(a) requires that the certification be prepared by the agency that prepared the formal estimate. PROMESA § 204(a)(2)(B–C).²⁹

Accordingly, the Submission fails to include a certification that meets the basic requirements set forth in PROMESA § 204(a)(2)(B–C).

²⁵ *Fin. Oversight & Mgmt. Bd. for P.R. v. Pierluigi Urrutia*, 77 F.4th 49, 63 (1st Cir. 2023); see also *In re Fin. Oversight & Mgmt. Bd. for P.R.*, 650 B.R. 334, 357 (D.P.R. 2023) (finding certification deficient in part because it relied on deficient estimates).

²⁶ *In re Fin. Oversight & Mgmt. Bd. for P.R.*, 650 B.R. 334, 357 (D.P.R. 2023).

²⁷ AAFAF Certification at 6. The Submission also includes AAFAF’s boilerplate language regarding the definition of “significant.” *Id.* at 6 n.1. As previously shared with AAFAF, the Oversight Board does not endorse that articulation of the “significantly inconsistent” standard, which is both unclear and insufficient, and refers AAFAF to its prior briefing on this subject. See Memorandum of Law in Support of the Oversight Board’s Motion for Summary Judgment, *Vázquez Garced v. Fin. Oversight & Mgmt. Bd. (In re Fin. Oversight and Mgmt. Bd. for P.R.)*, Case No. 20-0080, ECF No. 49 at 5–9 (D.P.R. 2020).

²⁸ See *supra* note 24.

²⁹ Further, AAFAF’s certification is based on its conclusion that the Act will “promote more efficient and transparent management of municipal resources enabling the municipalities to respond more effectively to its residents,” stating that the Fiscal Plan is “centered on the importance of delivering efficient and effective public services.” AAFAF Certification at 6, 7. But AAFAF does not support its claim that expanding the scope of no-bid procurement will make municipalities more efficient or effective, particularly given the evidence demonstrating no-bid contracts result in higher costs. AAFAF relies on the Positive Report issued on June 24, 2024, by the Municipal Autonomy, Decentralization and Regionalization Commission of the House of Representatives and the Federation of Mayors (the “Positive Report”) on House Bill 2072 (which eventually became Act 215), which explains the effects they anticipate each amendment in Act 215 will have. However, the Positive Report does not provide any statistical or economic analyses to support its claimed effects. Additionally, AAFAF does not address the Fiscal Plan’s emphasis on competitive bidding and Act 215’s inconsistency with that principle. Fiscal Plan at 88 (noting that competitive procurement is “critical for the integrity of the government contracting process and Puerto Rico’s fiscal stability overall”).