



Arthur J. Gonzalez  
Chair and Board Member

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Robert F. Mujica Jr.  
**Executive Director**

**BY ELECTRONIC MAIL**

April 17, 2026

The Honorable Aníbal José Torres  
Mayor  
Municipality of Dorado

The Honorable Miguel Romero Lugo  
Mayor  
Municipality of San Juan

The Honorable Marcos Cruz Molina  
Mayor  
Municipality of Vega Baja

Dear Mayor Torres, Mayor Romero Lugo, and Mayor Cruz Molina,

We write regarding the implementation of Act 141-2024 (“Act 141”) and Act 215-2024 (“Act 215”) and, collectively, the “Acts”),<sup>1</sup> by the Municipalities of San Juan, Dorado, and Vega Baja (the “Municipalities”).

The Oversight Board has engaged with the Government regarding the compliance of Acts 141 and 215 with the applicable Certified Fiscal Plans and PROMESA, including procedural compliance with the steps required by Section 204(a) of PROMESA.

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<sup>1</sup> Act 141 more than doubles the threshold (from \$200,000 to \$500,000) to trigger a public auction or competitive public procurement for any construction or public improvement project. It also allows contracts valued at up to \$1 million to bypass the public auction requirement during a declared emergency.

Act 215 doubles the sealed RFP threshold for municipal works (from \$100,000 to \$200,000) and more than triples the municipal micro-purchase threshold (from \$3,000 to \$10,000) for most micro-purchases. In addition, Act 215 amended the Puerto Rico Municipal Code to provide that the existing exemption from paying construction excise taxes shall not apply to construction activities carried out by a taxpayer on behalf of a legal person or a public or private entity even if such person/entity, as the owner of the project, is exempt from such taxes.

On January 21, 2025, the Oversight Board informed the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), Governor Jenniffer González Colón and the leaders of the Legislative Assembly that Act 141 contravenes procurement best practices and undermines market competition and efforts to achieve fiscal responsibility called for by PROMESA. By raising no-bid competitive procurement thresholds, Act 141 makes Puerto Rico’s municipal construction and public improvements threshold double that of the highest U.S. states,<sup>2</sup> and significantly higher than the no-bid thresholds of major U.S. cities like Atlanta, New York City, and Philadelphia.<sup>3</sup> Act 141 thus sets no-bid thresholds well beyond levels viewed as best practices, and in so doing could reduce market competition, increase the likelihood that municipalities will incur unnecessarily high costs, and create opportunities for favoritism, improvidence, fraud, and public corruption.<sup>4</sup>

Regarding Act 215, the Oversight Board explained in a June 26, 2025 letter to AAFAF<sup>5</sup> that Act 215 violates the Fiscal Plan’s emphasis on competitive bidding by “doubl[ing] the value of works that can be procured” outside of the sealed RFP process from \$100,000 to \$200,000, and more than tripling the no-bid procurement threshold for micro-purchases from \$3,000 to \$10,000.<sup>6</sup> Among other matters, the Oversight Board commented on the lack of demonstrated need for such increases, and noted that the micro-purchase threshold in Act 215 is based on the threshold applicable to the federal government, which is “not comparable to” municipalities “in terms of budget or procurement activity.”<sup>7</sup>

Further, Act 215’s provision permitting municipalities to charge construction excise taxes for projects carried out by a taxpayer -on behalf of an entity exempt from such taxes- undermines the Fiscal Plan’s efforts to achieve economic growth. This, by allowing municipalities to impose and collect municipal construction excise taxes on projects financed through Commonwealth or federal funds that previously were not subject to such taxes. Levying such taxes will increase the costs of such projects, threatening to reduce the number or scope of vital infrastructure and energy transformation projects by making them less profitable or viable.<sup>8</sup>

Despite these serious concerns, the Oversight Board continues engaging with the Government to address legitimate municipal procurement issues in a manner consistent with PROMESA. As a condition of doing so in this matter, the Oversight Board required confirmation that the Acts would

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

<sup>3</sup> Marsha R.B. Schachtel & Shreya Pillai, *Procurement Approval Process Study for Baltimore Efficiency and Economy Foundation*, pp.30, 37, 42, JOHNS HOPKINS INST. FOR POL’Y STUDIES (Dec. 2009), <https://finance.baltimorecity.gov/sites/default/files/BEEFPPR.pdf>.

<sup>4</sup> See August 14, 2025 Oversight Board letter at 2, available at: <https://drive.google.com/file/d/1hvuB7-bcFtlBAtcsbJV7ES-r3oRcNNV/view>.

<sup>5</sup> The letter was also sent to the Governor and the Legislative Assembly’s leadership.

<sup>6</sup> See June 26, 2025 Oversight Board letter at 2-3, available at: <https://drive.google.com/file/d/1XZvsYsAKYfX6Hm6mLAuBmt2lpKpSkqzq/view>.

<sup>7</sup> *Id.* at 3

<sup>8</sup> See December 30, 2025 Oversight Board letter at 2, available at: <https://drive.google.com/file/d/1SeQcXgUel5nhqJQdFsMNDiyJch6hxMBw/view>.

not be implemented until such efforts were completed or the Oversight Board concluded the Acts comply with PROMESA.

The Government, through AAFAF, confirmed that Act 141 would not be implemented until the Oversight Board completed the PROMESA § 204(a) process.<sup>9</sup> However, on January 9, 2026, AAFAF communicated that it would not provide the Oversight Board with information on municipal implementation of the Acts. Though AAFAF is responsible for facilitating exchanges between the Oversight Board and all entities of the Government of Puerto Rico,<sup>10</sup> the Oversight Board is engaging directly with the Municipalities regarding the Acts to avoid further delay in complying with the applicable processes under PROMESA, and any alternatives that may be considered.

This is particularly important since it has come to our attention that, despite the Oversight Board's stated concerns regarding the Acts and the ongoing PROMESA § 204(a) process, the Municipalities have issued municipal ordinances to align their municipal bidding and procurement rules and bidding thresholds with the Acts.

Accordingly, pursuant to PROMESA § 104(c), please provide the following documents no later than **April 30, 2026**:

1. All records regarding your municipality's implementation of either Act, including any municipal ordinances, regulations, rules, laws, or other governing authority pertaining to such implementation;
2. All contracts for construction or public improvement projects granted by your municipality that exceeded \$200,000 and were awarded without a public auction or public procurement processes since August 8, 2024;
3. All documents and records regarding micro-purchases exceeding \$3,000 made without any public auction or public procurement processes since September 20, 2024;
  1. All requests for proposals or bids ("Requests") for works exceeding \$100,000 that were awarded outside of a sealed RFP process since September 20, 2024, and copies of the contracts awarded as a result of such Requests; and

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<sup>9</sup> See June 6, 2025 AAFAF letter at 1. Note that the Oversight Board has not formally completed the PROMESA § 204(a) process for either Act due to its efforts to engage with the Government to resolve its concerns collaboratively. Through the PROMESA § 204(a) process, the Oversight Board has conveyed the deficiencies in the Governor's PROMESA § 204(a) submissions and directed they be corrected. To date, the Oversight Board has not received submissions adequately addressing the identified deficiencies.

<sup>10</sup> Under Act 2-2017, known as the "Puerto Rico Fiscal Agency and Financial Advisory Authority Act," AAFAF serves as "fiscal agent, financial advisor, and reporting agent of all entities of the Government of Puerto Rico," which include municipalities. Act 2-2017 defines the "Government of Puerto Rico" to include all entities comprising the Government of Puerto Rico "including, but not limited to, its public corporations, instrumentalities, commissions, boards, and political subdivisions," and instructs that the term be interpreted "as broadly as possible" to include, but not be limited to, "**any entities that receive funds . . . and issue public debt**" (emphasis added). Pursuant to this definition, municipalities clearly fall within the list of entities comprising the Government of Puerto Rico.

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2. All documents and records regarding construction excise taxes levied or tax revenue collected from taxpayers related to construction projects financed through Commonwealth or federal funds (i.e., construction excise taxes that were only available because of Act 215) since September 20, 2024.

Please be advised that, pursuant to federal law, neither Act 141 nor Act 215 may be implemented by you or any municipality unless and until the Oversight Board confirms such implementation would comply with the applicable fiscal plans and PROMESA.

Notwithstanding its concerns with the Acts, the Oversight Board remains willing to discuss issues related to municipal procurement and potential changes to existing requirements, but such discussions are contingent on the Municipalities (and all municipalities) halting any efforts to implement the Acts and reversing any actions taken to implement them.

The Oversight Board reserves the right to take the actions it considers necessary, consistent with PROMESA §§ 104(k), 108(a), and 204, including actions to nullify and/or prevent the implementation and enforcement of the Acts.

Sincerely,



Robert F. Mujica, Jr.  
Executive Director

CC:

Mr. Francisco J. Domenech Fernández  
Mr. Javier García Cintrón  
The Honorable Gabriel Hernández Rodríguez  
The Honorable Jorge González Otero