



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  
Commonwealth of Puerto Rico

Dear Governor Pierluisi:

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(e)(4) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), the Oversight Board hereby issues this compliance certification that the fiscal year 2024 budget for the Puerto Rico Highways and Transportation Authority (“HTA”), attached as **Exhibit 1** to the Resolution (the “Fiscal Year 2024 HTA Budget”), is a compliant budget for the reasons set forth in the Resolution.

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

Sincerely,

Robert F. Mujica Jr.  
Executive Director

Hon. Pierluisi Urrutia

June 30, 2023

Page 2 of 2

CC: Hon. Omar Marrero Díaz  
HTA Governing Board  
Mr. Edwin González Montalvo  
Hon. Francisco Parés Alicea

**EXHIBIT A**

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

**June 29, 2023**

**RESOLUTION CERTIFYING FISCAL YEAR 2024 BUDGET FOR THE PUERTO  
RICO HIGHWAYS & TRANSPORTATION AUTHORITY**

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

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

WHEREAS, Section 202(c) of PROMESA establishes a multi-step procedure for the development, review, and approval of budgets for covered instrumentalities of the Commonwealth of Puerto Rico, such as the Puerto Rico Highways and Transportation Authority (“HTA”), 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; and

WHEREAS, by letter dated May 2, 2023, the Oversight Board, pursuant to Section 202(a) of PROMESA, provided notice of the schedule for developing, submitting, approving, and certifying a revised fiscal year 2024 budget for HTA; and

WHEREAS, on May 19, 2023, pursuant to Section 202(c)(1)(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 HTA; and

WHEREAS, on May 30, 2023, pursuant to Section 202(c)(1) of PROMESA, the Governor submitted to the Oversight Board a proposed fiscal year 2024 budget for HTA; and

WHEREAS, on June 9, 2023, pursuant to Section 202(b) of PROMESA, the Oversight Board provided the Governor a NoV informing the Governor that the proposed fiscal year 2024 budget for HTA was not compliant with the fiscal plan for HTA and included a description of the corrective actions and required revisions necessary for the Oversight Board to certify it as compliant with the requirements of PROMESA; and

WHEREAS, on June 20, 2023, pursuant to Section 202(c)(2) of PROMESA, the Governor submitted a revised proposed fiscal year 2024 budget for HTA; and

WHEREAS, the Oversight Board determined that the Governor's proposed revised fiscal year 2024 budget for HTA did not reflect a compliant budget as required by Section 202(c)(2) of PROMESA; and

WHEREAS, the Oversight Board developed a fiscal year 2024 budget for HTA and, on June 29, 2023, after substantial deliberations, the Oversight Board determined that its fiscal year 2024 budget for HTA is a compliant budget as required by Sections 202(c)(2) and 202(e)(4) of PROMESA, which budget is attached hereto as Exhibit 1 (the "Compliant FY2024 HTA Budget"); and

NOW, THEREFORE, IT IS HEREBY RESOLVED that, pursuant to Sections 202(c)(2) and 202(e)(4) of PROMESA, the Oversight Board shall submit to the Governor the Compliant FY2024 HTA Budget, and such budget shall be: (i) deemed to be approved by the Governor; (ii) the subject of a compliance certification to be issued by the Oversight Board to the Governor; and (iii) in full force and effect beginning on July 1, 2023.



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**

**EXHIBIT 1 – BUDGET**  
**PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY**

**Section I. – Budget Overview**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Toll fare revenues	188,544
Toll fine revenues	40,347
Transit revenues	6,829
Operating FTA funds	37,470
Other operating income	63,604
Operating CW transfer	138,109
<b>Total Operating Revenues</b>	<b>474,903</b>
CW CapEx funds	186,743
Federal CapEx funds	278,008
<b>Total Capital Revenues</b>	<b>464,751</b>
<b>Total Consolidated Revenues</b>	<b>939,654</b>
Payroll & pension costs	54,662
Toll highways administration and maintenance costs	50,073
Tren Urbano & Feeder Bus costs	104,882
Other operating costs	43,064
<b>Total Operating Expenses</b>	<b>252,682</b>
Federal highway construction costs	207,206
Non-federal highway construction costs	220,915
Emergency repair costs	29,119
Transit construction program costs	46,083
Other capital costs	60,528
<b>Total Capital Expenses</b>	<b>563,851</b>
<b>Total Consolidated Expenses</b>	<b>816,533</b>
<b>Total Surplus / (Deficit)</b>	<b>123,121</b>
Senior lien debt payment	30,000

CW loan payment	18,169
<b>Total Debt Payment</b>	<b>48,169</b>
<b>Total Remaining Surplus / (Deficit)</b>	<b>74,952</b>
<b>Total Reserve Deposits</b>	<b>25,771</b>
<b>Total Balance</b>	<b>49,181</b>

#### **Toll fare revenues**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Toll fare revenue from existing toll rates	137,865
Toll Revenue Optimization	13,078
Toll fare revenue from increased toll rates	28,301
Toll fare revenues from dynamic toll lanes (“DTL”)	5,633
Toll fare revenues from bi-directional tolling	3,666
<b>Total toll fare revenues</b>	<b>188,544</b>

#### **Toll fine revenues**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Toll fine revenue from existing fine rates	27,435
Toll fine revenue from tiered fine rates	12,913
<b>Total toll fine revenues</b>	<b>40,347</b>

#### **Transit revenues**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Tren Urbano fare revenue	6,054
Feeder Bus fare revenue	676
Bus Rapid Transit “BRT” fare revenue	98
<b>Total transit revenue</b>	<b>6,829</b>

#### **Operating FTA funds**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Operating FTA funds	37,470
<b>Total operating FTA funds</b>	<b>37,470</b>

#### **Other operating income**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Other Operating income	10,981
American Rescue Plan Act (“ARPA”) Reimbursement	39,217
FEMA Property Reconstruction	13,406
<b>Total other operating income</b>	<b>63,604</b>

### Operating Commonwealth (“CW”) transfer

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Operating CW transfer	138,109
<b>Total other operating income</b>	<b>138,109</b>

### Commonwealth (“CW”) CapEx funds

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
CW CapEx appropriation	54,370
<b>Total CW CapEx appropriation</b>	<b>54,370</b>
Puerto Rico Trust Fund – Calle Loiza (PR 37)	40,000
Puerto Rico Trust Fund – PR 05	26,000
<b>Total Puerto Rico Trust Fund</b>	<b>66,000</b>
Rollover Abriendo Caminos funds	11,702
Rollover non – federal highways funds	46,362
Rollover CDBG funds	1,638
Rollover Emergency funds	6,671
<b>Total Rollover Funds</b>	<b>66,373</b>
<b>Total CW Capex Funds</b>	<b>186,743</b>

### Federal CapEx funds

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
FHWA Regular Funds	207,206
<b>Total Non-ER FHWA Funds</b>	<b>207,206</b>
FHWA Emergency Funds	24,719
<b>Total Federal Emergency Funds</b>	<b>24,719</b>
FTA Regular Funds	46,083
<b>Total Transit Federal Funds</b>	<b>46,083</b>
<b>Total Federal CapEx Funds</b>	<b>278,008</b>

### Payroll & Pension costs

In \$ thousands	Fiscal Plan Projections
Main salaries – non-construction	9,789
Healthcare costs – non-construction	2,894
Christmas bonus – non-construction	162
Early retirement costs – non-construction	4,552
Other labor costs – non-construction	1,268
<b>Total non-construction salaries &amp; related benefits</b>	<b>18,665</b>
Main salaries – transit	109
Healthcare costs – transit	21
Christmas bonus – transit	1
Other labor costs – transit	192
<b>Total transit Salaries &amp; Related Benefits</b>	<b>324</b>
Pensions contributions	35,673
<b>Total pensions costs</b>	<b>35,673</b>
<b>Total payroll &amp; pension costs</b>	<b>54,662</b>

### Toll highways administration and maintenance costs

In \$ thousands	Fiscal Plan Projections
Variable electronic toll collection fees	25,780
Highway Insurance Cost	3,508
Other toll highway administration & maintenance costs	20,786
<b>Total toll highways administration and maintenance costs</b>	<b>50,073</b>

### Tren Urbano & Feeder Bus costs

In \$ thousands	Fiscal Plan Projections
Base fee for Tren Urbano operating contract	49,566
Other costs under Tren Urbano operating contract	1,500
Tren Urbano insurance costs	8,730
Tren Urbano electricity costs	11,789
Other regular Tren Urbano costs	51
Tren Urbano transit heavy maintenance & bridge inspection	20,470
<b>Total Tren Urbano costs</b>	<b>92,106</b>
Base fee for Feeder Bus operating contract	9,748
Other costs under Feeder Bus operating contract	1,841
Bus Rapid transit costs	984
COVID-19 special costs	203
<b>Total Feeder Bus costs</b>	<b>12,776</b>

<b>Total Tren Urbano &amp; Feeder Bus costs</b>	<b>104,882</b>
---	----------------

**Other operating costs**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Non-Title III Professional Service Fees	8,681
Title III Professional Service Fees	8,000
Discretionary fund management team	324
FEMA Property Reconstruction	13,406
Other operating costs	12,653
<b>Total other operating costs</b>	<b>43,064</b>

**Federal highway construction costs**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Hard costs for regular federal highway construction	175,939
<b>Total federal highway construction hard costs</b>	<b>175,939</b>
Federal soft costs for planning & compliance	31,267
<b>Total federal highway construction soft costs</b>	<b>31,267</b>
<b>Total federal highway construction costs</b>	<b>207,206</b>

**Non-federal highway construction costs**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Hard costs for Abriendo Caminos Projects	11,341
Hard costs for other non-federal highway construction projects	76,474
Puerto Rico Trust Fund - Rehab. of Calle Loiza (PR 37)	26,000
Local construction costs	1,500
<b>Total non-federal highway construction hard costs</b>	<b>115,315</b>
Soft costs for Abriendo Caminos Projects	361
Non – federal funded project soft costs	99,754
CDBG-DR/MIT state soft costs	1,638
Capital ROW payments	3,847
<b>Total non-federal highway construction soft costs</b>	<b>105,600</b>
<b>Total non-federal highway construction costs</b>	<b>220,915</b>

**Emergency repair costs**

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
FHWA funded emergency repair costs	24,719
Local emergency repair costs	4,400
<b>Total emergency repair costs</b>	<b>29,119</b>

### Transit construction program

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Transit construction costs	46,083
<b>Total transit construction costs</b>	<b>46,083</b>

### Other capital costs

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Main salaries - construction	17,027
Healthcare costs - construction	5,670
Christmas bonus - construction	317
Other labor costs - construction	2,893
Critical workers program	1,022
Student internship program	45
<b>Total construction salaries &amp; related benefits</b>	<b>26,975</b>
Toll optimization costs	30,979
<b>Total toll optimization costs</b>	<b>30,979</b>
Other construction program costs	2,574
<b>Total other Highway construction program costs</b>	<b>2,574</b>
<b>Total other capital costs</b>	<b>60,528</b>

### Reserve deposits

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
General Reserve Fund	16,749
Reserve deposits for revision to employee classification	9,022
<b>Total Reserve Deposits</b>	<b>25,771</b>

### Debt Service Payments

<b>In \$ thousands</b>	<b>Fiscal Plan Projections</b>
Senior lien debt payment	30,000
Commonwealth loan payment	18,169
<b>Total Reserve Deposits</b>	<b>48,169</b>

## **EXHIBIT 1 – BUDGET (cont.)**

### **ENFORCEMENT OF THE PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY FY23 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 2022; and (4) the portion of the appropriations authorized for fiscal year 2022 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 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** – The funds allocated for “Reserve deposits for revision to employee classifications,” including any new funds allocated for fiscal year 2024, are to be kept in an interest-bearing account, separate from all other accounts currently in use by HTA, for the sole purpose of funding HTA’s Employee Reclassification Program. Any expenditure or use of the funds within such separate account will require prior express and written authorization from the Oversight Board.

**Section VI** - The funds allocated for the "General Reserve fund" will only be available to HTA upon compliance with the covenants and reserve requirements of the HTA Plan of

Adjustment and New HTA Bonds Indenture. The funds in this account must be used solely in accordance with the provisions outlined in the New HTA Bonds Indenture, as applicable. The Executive Director of HTA shall provide written notice to the Oversight Board within ten (10) days of any amounts in the General Reserve Fund being made available to HTA (“Surplus Funds”). In addition, the Executive Director of HTA shall obtain prior written authorization from the Oversight Board prior to any expenditure or use of Surplus Funds.

**Section VII** – 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, 2023.

**Section VIII** – 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, 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 FY2023 certified budget resolution as long as such requests are submitted to and approved in writing by the Oversight Board.

**Section IX** – 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 FY2023, 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 X** – The Executive Director of HTA shall be responsible for not spending or encumbering during FY2023 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 31, 2023, that no amount was spent or encumbered that exceeded the authorized budget amount in the certified budget for fiscal year 2023.

**Section XI** – 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 XII** – 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 XIII** – The HTA Budget for FY2023 shall take effect on July 1, 2023.