

PROCUREMENT POLICY

~ CHAPTER I ~ LEGAL BASIS AND APPLICABILITY

Article 1.1 - Legal Basis: These Procurement Policy is approved pursuant to the deed number 2 of March 14, 2022, executed before the notary Edgardo Nieves Quiles creating the Pension Reserve Trust, as amended by deed number [] of [], 2024, executed before notary [], and the “Guidelines for the Governance and Administration of the Puerto Rico Plan of Adjustment Pension Reserve Trust and Monitoring of Plan of Adjustment Pension Benefits”, as amended (both, as amended, under Documents No. 20353 and [], Civil Case No. 17-BK-3283-LTS).

Article 1.2 - Applicability: The provisions of this Policy will apply to the procurement of Non-Professional Services and Goods by the Pension Benefits Council and the Pension Reserve Board (“Trust Entities”). In addition, it will apply to Bidders, participants in the purchasing processes, suppliers and Members, employees, and representatives of the Trust Entities. The procurement of Professional Services by each of the Trust Entities will be governed by the provisions of the Guidelines.

~ CHAPTER II ~ DEFINITIONS

Article 2.1 – Definitions: The terms used in this Procurement Policy will have the meanings that are expressed below, except where the context clearly indicates another definition. The terms in the singular include the plural and terms in the masculine includes the feminine:

- A. General Services Administration - General Services Administration of the Commonwealth created under Act No. 73 of July 19, 2019, as amended, and better known as the "General Services Administration Act for the Centralization of the Purchases of the Commonwealth of Puerto Rico of 2019".
- B. Goods - Set of things and rights capable of being used or of producing value. They can be movable or immovable as well as credits, rights and actions. Also, those items necessary for the performance of a service or to perform a work.
- C. Exceptional Purchase - any purchase that is exempt from being processed pursuant to this Policy.
- D. Pension Benefits Council - The Pension Benefits Council incorporated on May 9, 2022, as the Commonwealth Plan of Adjustment Pension Benefits Council Corp.
- E. Emergency – Circumstance that requires immediate or short-term acquisition of equipment, materials or non-professional services to avoid adversely affecting the interests of any of the Trust Entities. Also, an emergency shall be understood as any circumstance that threatens to interrupt the operation of any of the Trust Entities or that

- puts at risk the lives of the members, trustees, employees, property or funds of any of the Trust Entities.
- F. Trust Entities – The Pension Benefits Council and the Pension Reserve Board.
 - G. Deed of Trust - The deed number 2 of March 14, 2022, executed before the notary Edgardo Nieves Quiles creating the Pension Reserve Trust established in the Plan of Adjustment.
 - H. Trust – the Pension Reserve Trust created on March 14, 2022 pursuant to the Deed of Trust.
 - I. Guidelines - The Guidelines for the Governance and Administration of the Puerto Rico Plan of Adjustment Pension Reserve Trust and Monitoring of Plan of Adjustment Pension Benefits.
 - J. Commonwealth – The Commonwealth of Puerto Rico.
 - K. Pension Reserve Board - The Board of Trustees of the Pension Reserve Trust.
 - L. Financial Oversight Board – The Financial Oversight and Management Board for Puerto Rico.
 - M. Member(s) - The members of the Pension Benefits Council as established under the Guidelines and the Deed of Trust.
 - N. Plan of Adjustment – the Eight Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et. al., dated January 14, 2022 (Docket Entry No. 19784) in Case No. 17-BK-3283-LTS.
 - O. Non-Professional Services - Those services that are not offered by a natural or legal person with specialized knowledge or skills who is required to have a university degree or license that accredits him as a specialized professional.
 - P. Professional services - Those services that are offered by a natural or legal person with specialized knowledge or skills who is required to possess a university degree or license that accredits him or her as a specialized professional; or whose main service consists of the product of intellectual, creative or artistic work, or in the management of highly technical or specialized skills.
 - Q. Trustee – The trustees of the Pension Reserve Trust, who are also members of the Pension Reserve Board.
 - R. Title III Court – The United States District Court for the District of Puerto Rico, before which the petition of the Commonwealth filed under Title III of the Puerto Rico Oversight, Management and Economic Stability Act of 2016 is pending consideration in Case No. 17-BK-3283-LTS.

~ CHAPTER III ~ FORMS OF ACQUISITION

Article 3.1 – General: Each Trust Entity can obtain Non-professional Services and Goods under the norms established in this Policy. Furthermore, the Trust Entities may (a) approve internal procedures to supplement the purchase of Non-professional Services and Goods established herein and (b) create internal administrative structures or retain professionals to administer the purchases of Non-Professional Goods and Services, as established in this Policy.

This Policy will only be applicable to the procurement of Goods, Works and Non-Professional Services. The procurement of Professional Services by any of the Trust Entities will be governed by the provisions of the Guidelines.

Article 3.2 - Purchase Methods: The procedures for purchases and auctions of Goods, Works and Non-Professional Services of ten thousand dollars (\$10,000.00) (adjusted for actual inflation rate) and over, will be carried out using one of the purchase or bidding methods established below:

Section 3.2.1 - Informal Purchase: Procurement method to be used when acquiring Goods, Non-professional Services and Works whose cost exceeds ten thousand dollars (\$10,000.00) but does not exceed seventy-five thousand dollars (\$75,000.00) (adjusted for actual inflation rate). No auction is necessary for Informal Purchases.

- A. The Trust Entities or its authorized representative, will request a minimum of three (3) Quotes from providers. The requirement of (3) Bidders will be subject to the existence of sufficient providers and receiving the Quotes.
- B. If the minimum number of Quotes are not obtained, that will not preclude to proceed with the purchase. The Quotes must be received on or before the date and time indicated in the request for Quote.
- C. The best Quote will be chosen taking into account the totality of the circumstances and the best interests of the applicable Trust Entity.

Section 3.2.2 - Informal Auction: Purchase method to be used when obtaining Goods, Works and Non-professional Services whose cost exceeds seventy-five thousand dollars (\$75,000.00), but do not exceed the amount of two hundred fifty thousand dollars (\$250,000.00) (adjusted for actual inflation rate). The procedure to be followed in Informal Auctions will be the one provided in Article IV of this Policy.

Section 3.2.3 - Formal Auction: Purchase method to be used when obtaining Goods, Non-professional Services and Works whose cost exceeds the amount of two hundred fifty thousand dollars (\$250,000.00). The procedure to be followed in Formal Auctions will be the one provided in Article V of this Policy.

Section 3.2.4 - Exceptional Purchases: All excepted purchases will be known as exceptional purchases that are exempt from being processed pursuant to this Policy. The following purchases will be considered exceptional:

- A. When the minimum prices are set by the competent law or government authority;
- B. When the purchase is made to the Government of the United States of America, one of their states or through their agencies and instrumentalities or departments, corporations quasi-public, its subsidiaries and affiliates, or to any governmental entity of the Commonwealth;
- C. When using a supplier that has a contract with the General Services Administration;
- D. When there is only one source of supply and this is established by means of manufacturer's certification that the company in Puerto Rico is the exclusive

- representative and the entity is the only one that can provide the good or provide the service, as applicable;
- E. When an Emergency situation exists in any of the Trust Entities;
 - F. When replacement parts, accessories, additional Equipment or services are needed for Equipment whose repair or service is under Contract;
 - G. When it is necessary to acquire the Goods, Works and Non-Professional Services outside from Puerto Rico for not having qualified suppliers in the local market, or the conditions offered in those markets represents a greater advantage than those of the local market;
 - H. When no offers are received after requests for Quotes have been issued or invitation to auction;
 - I. When all Quotes, offers and proposals received are rejected because they do not comply with the Specifications, conditions or because their price is unreasonable;
 - J. When the purchase is made under the terms of contracts or auctions carried out previously, as long as it is for the benefit of the applicable Trust Entity;
 - K. When Non-Professional Services, articles, Materials, Equipment or Works to be acquired are of a specialized nature, or it is desired to buy a certain type or brand in particular, for the good service proven that analog units have rendered, for the economy involved in maintaining uniformity in multiple units or by superiority in type and quality of service to be obtained in the purchased unit and its conservation, all of which it must be justified in writing in the requisition.

Article 3.3 – Administration and Procurement:

Section 3.3.1 – Powers: Each of the Trust Entities will have the authority to establish the administrative structures and internal regulation for the implementation of this Purchasing and Procurement Policy.

Section 3.3.2- Registry of Bidders: The Trust Entities will have the authority to establish their own registry of bidders, including the requirements to be a participant of such registry, and also utilize providers included in the registry of bidders of the Commonwealth of Puerto Rico or the Federal Government.

Article 3.4 - Purchases that require the approval of the Financial Oversight Board: All purchases in excess of the aggregate amount of ten million dollars (\$10,000,000.00) will be subject to review and approval of the Financial Oversight Board prior to the execution of a formal contract, in compliance with its Contract Review Policy effective as of November 6, 2017, as amended. Additionally, the Financial Oversight Board shall have the right to select, on a random basis or otherwise in its sole discretion, any contract below the threshold of ten million dollars (\$10,000,000.00) to assure that such contracts promote market competition and that they are not inconsistent with the approved fiscal plan.

For new contracts for the purchases in excess of the aggregate amount of ten million dollars (\$10,000,000.00), the Trust Entity must submit to the Financial Oversight Board the required documents under the Contract Review Policy within a minimum of fifteen (15) business days prior to the contract's proposed execution date. For proposed amendments to existing contracts, the

Trust Entity must submit the required documents under the Contract Review Policy within a minimum of thirty (30) calendar days prior to the proposed execution date of such amendment.

~ CHAPTER IV ~ INFORMAL AUCTION

Article 4.1 - Informal Auction: Purchase method to be used when obtaining Goods, Works and Non-Professional Services whose cost exceeds seventy-five thousand dollars (\$75,000.00), but does not exceed the amount of two hundred fifty thousand dollars (\$250,000.00) (adjusted for actual inflation rate).

Article 4.2 - Procedure for Informal Auctions: This type of auction will be done through the request for Quotes in writing to a minimum of three (3) suppliers. If the minimum number of Quotes is not obtained, that will not be an obstacle to proceed with the purchase, however, the reasons for not obtaining the three (3) Quotes must be documented. The Trust Entities will approve internal regulations to establish the procedure and requirements for Informal Auctions including but not limited to the invitation to an informal auction, review of offers and adjudication.

~ CHAPTER V ~ FORMAL AUCTION

Article 5.1 - Formal Auctions: Purchase method to be used when obtaining Goods, Non-Professional Services and Works whose cost exceeds the amount of two hundred fifty thousand dollars (\$250,000.00). It is the means to acquire a good or service through which the largest number of Bidders who meet the requirements established in these Policy are requested to offer prices and terms according to the specifications and conditions requested, thus stimulating commercial competition. The Trust Entities will approve internal regulations to establish the procedure and requirements for Formal Auctions, including but not limited to the notification of the invitation to a formal auction, the requirements of the formal auction, the presentation of offers, types of acceptable offers, modifications of offers, withdrawal of offers, award of formal auctions, guarantees and reconsiderations.

Article 5.2 - Reconsideration: A party affected by a determination under Article 5.1 of this Procurement Policy may request review of the Trust Entity's determination within a period of ten (10) calendar days from receiving the determination, before an arbitrator under the Arbitration Rules approved by the Trust Entities. The arbitrator's decision will be in accordance with the law and his ruling will be final and binding on the parties. The Pension Reserve Trust shall bear the expenses of the arbitration process incurred by the Trust Entities and the arbitrator. The soliciting party shall be responsible for the cost of their own representation in the arbitration process.

Article 5.3 - Other Purchases: The reconsideration and review process will not be available for Informal Purchases, Informal Auctions and Exceptional Purchases.

~ CHAPTER VI ~
GENERAL PROVISIONS

Article 6.1 - Separability: If any provision of this Policy is declared unconstitutional or incompatible with the Plan of Adjustment, the Guidelines, the Deed of Trust or the laws of Puerto Rico, in whole or in part, by a court with jurisdiction, the ruling will not affect, nor will it invalidate, revoke or amend the remaining provisions of this Policy and its effect will be limited to the clause, paragraph, article or part declared unconstitutional or incompatible.

Article 6.2 – Adjustment for Inflation: the minimum amount of a purchase to be regulated under this Purchase Policy, the minimum and maximum amounts for informal purchases, informal auction and formal auction shall be adjusted for inflation to reflect the most current costs of the goods and services under procurement.

Article 6.3 - Validity: This Procurement Policy will come into force immediately after being approved by the Title III Court and adopted by each of the Trust Entities.