BY ELECTRONIC MAIL

June 26, 2026

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

Dear Mr. Domenech Fernández:

The Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") acknowledges receipt of a letter and supporting documentation from the Fiscal Agency and Financial Advisory Authority ("AAFAF," for its Spanish acronym) dated June 9, 2026, requesting the Oversight Board's review and approval for the proposed debt transactions described therein (the "Proposed Debt Transactions").

We appreciate your submission of the Proposed Debt Transactions and the representations made by AAFAF (together with the letter and documentation, the "Supporting Materials") prior to the execution of the Proposed Debt Transactions. The Oversight Board **approves** the Proposed Debt Transactions on the terms described in the Supporting Materials pursuant to Section 207 of PROMESA.

Transaction 1: Debt Reprofiling - $232,678,067 GO Notes

The Proposed Debt Transaction, as described and represented in the Supporting Materials, consists of a request for authorization for the Municipality of San Juan (the "Municipality") to enter into a $232,678,067 credit agreement with Banco Popular de Puerto Rico ("BPPR") to: (i) issue four Municipal Refinancing General Obligation Notes (the "Refinancing Notes") to refinance $207,113,065 of the Municipality's outstanding bank debt, plus approximately $2,548,151 in related legal and financing costs; and (ii) issue a $23,016,851 General Obligation Note, Series A (the "2026 GO Note Series A") to partially finance capital improvement projects and to cover related financing and legal expenses. The Refinancing Notes represents a significant debt management initiative for the Municipality. It is structured to accomplish two objectives simultaneously: (i) refinance the unpaid principal balance of thirteen existing Municipality loans held by the GDB Debt Recovery Authority, BPPR, FirstBank Puerto Rico, and Oriental Bank; and (ii) replace high-cost, above-market debt with fixed market-rate financing, reducing the Municipality's estimated weighted average interest cost of capital by approximately 108 basis points. The 2026 GO Note Series A will support investment in the Municipality's Capital Improvement Program.

The Refinancing Notes and the 2026 GO Note Series A will be repaid in seven principal annual payments due and payable on July 1 of each year, commencing on July 1, 2026, and ending on July 1, 2033, with a balloon payment. The 2026 GO Note Series A provides for an applicable interest rate based on the higher of: (i) a 6.35% fixed rate or (ii) a fixed rate equal to the 7-year United States Treasury Yield plus a spread of 2.14% equivalent to 6.341% as of April 30, 2026. The interest rate should be determined three business days prior to the issuance date. The Refinancing Notes with a 15-year amortization schedule and the 2026 GO Note Series A with a 20-year amortization schedule will be repaid with revenues from the Municipality's Special Additional Tax (known as "CAE," for its Spanish acronym).

Transaction 2: Debt Issuance - $123,525,000 GO Bond

The Proposed Debt Transaction, as described and represented in the Supporting Materials, consists of a request for authorization for the Municipality to issue and sell to PRMF Fund, LLC ("PRMF") as initial purchaser and RBC Capital Markets, LLC ("RBC"), as underwriter, a $123,525,000 Municipal General Obligation Bond of 2026 (the "2026 GO Bond"). The Municipality will use the proceeds of the 2026 GO Bond to finance various public improvement projects, and to pay $3,114,442 in fees and closing costs incurred with the issuance of the 2026 GO Bond.

RBC will sell the bonds to qualified institutional investors and/or accredited institutional investors through a Limited Offering Memorandum. The RBC bond issuance has a preliminary bond investor, PRMF, based in San Juan, Puerto Rico, which has provided a letter of intent indicating its willingness to purchase all or a portion of the RBC bond issuance. As authorized by Resolution 2026-29 adopted by AAFAF's Board of Directors, if the Municipality manages to obtain an investment credit rating, the bonds might be sold through a public offering.

The Proposed Debt Transaction represents the first direct municipal capital markets access post the enactment of PROMESA, as the Municipality seeks an official credit rating. This would be the first time in over a decade that a municipality of Puerto Rico has access to the U.S. municipal bond market.

The 2026 GO Bond will be repaid in 25 annual principal payments that will be due on July 1 of each year after the issuance of the 2026 GO Bond, commencing on July 1, 2027, and ending on July 1, 2051. The 2026 GO Bond provides for variable over term interest rate, All-In True Interest Cost, not to exceed 5.585% per annum, and will be repaid with revenues from the Municipality's CAE.

The combined new money proceeds from the 2026 GO Series A and the 2026 GO Bond will provide aggregate capital funding of $145,108,000 for 14 public improvement projects across six categories: health, infrastructure, social development, education, recreation and sports, and municipal facilities.

We look forward to continuing our work with AAFAF and the municipalities to accomplish the requirements and goals of PROMESA for the benefit of Puerto Rico

Sincerely,

Robert F. Mujica Jr.
Executive Director

CC: The Honorable Miguel A. Romero Lugo
Mr. Raúl M. Angleró Graña
Ms. Glendaly Russe Meléndez