



GOVERNMENT OF PUERTO RICO
Puerto Rico Public-Private Partnerships Authority

July 26, 2019

VIA EMAIL:

Mr. Bryan Koon
Vice President
International Homeland Security and Emergency Management
Innovative Emergency Management, Inc. ("IEM")

Re: IEM Potential Conflicts of Interest Notification – July 10 Letter

Dear Mr. Koon:

On behalf of the Puerto Rico Public Private Partnerships Authority (the "Authority") and the Partnership Committee appointed by the Board of Directors of the Authority through Resolution 2018-71 for the Puerto Rico Electric Power ("PREPA") Transmission and Distribution System transformation process, we hereby acknowledge receipt of IEM's letter dated July 10, 2019 (the "July 10 Letter"). In the July 10 Letter, IEM (1) discloses, pursuant to Section 5.7 of the PREPA Transmission and Distribution System Request for Proposal ("PREPA T&D RFP"), that IEM participated in the Central Office of Recovery, Reconstruction and Resiliency's ("COR3") Federal Emergency Management Agency ("FEMA") Hazard Mitigation Assistance Program Support and Technical Assistance Request for Proposals (COR3-RFP-001) (the "HMA RFP") process and has purportedly been selected as the awardee for the same; and (2) lays out IEM's analysis of any actual or potential organizational conflicts of interest that may arise from IEM's participation in the PREPA T&D RFP transaction while simultaneously performing the duties required under the HMA RFP.

To begin, the Authority takes this opportunity to clarify some of the statements made in the July 10 Letter. First, the purpose of the Authority's communication of July 2, 2019 was to alert IEM that the Authority received information from COR3 that IEM had participated in the HMA RFP. As of then, the Authority had not received any communication from the Quanta Services, Inc., ATCO Ltd. and IEM Consortium (the "Consortium") notifying of IEM's participation in the HMA RFP. Under Section 5.7 of the T&D RFP, the Consortium has a continuous obligation to declare "all Conflicts of Interest or any situation *that may be reasonably perceived as a Conflict of Interest that exists now or may exist in the future*".¹

¹ See Section 5.7 of the PREPA T&D RFP for the definition of the term Conflicts of Interest.





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During our conversation, IEM was informed that the Authority, on behalf of COR3, was not in a position to issue an award on the HMA RFP until the Consortium had made the required disclosure under the PREPA T&D RFP. This, because the Authority needed to evaluate whether IEM's participation on the HMA RFP and/or potential award of the same constituted a Conflicts of Interest and, if so, whether the Authority was required to address the matter in its PREPA T&D RFP.

Having established on record the Authority's and Partnership Committee's intent to maintain the integrity of its procurement processes, the Partnership Committee proceeds to discuss the issues raised in your letter.

The Partnership Committee has reviewed the analysis provided and consulted the relevant internal guidelines regarding ethical responsibilities and evaluation of conflicts of interest in the procurement of public-private partnership contracts. Based on such review, and on the fact that IEM has not had the opportunity, up to this point, to avail itself of non-public information or to influence the PREPA T&D RFP process, the Partnership Committee believes that there does not appear to be any actual organizational conflict of interest present. The Partnership Committee notes, however, that this situation may evolve if IEM is awarded the HMA RFP and, during the performance of its obligations, has access to non-public information from the COR3.

In addition, the Partnership Committee notes that in the event the Consortium is selected as the Selected Proponent under the PREPA T&D RFP, potential organizational conflicts of interest may arise, including in connection to subsequent procurement processes the Consortium may want to participate in in their capacity as the Selected Proponent. With this in mind, the Authority and the Partnership Committee reserve the right to reassess whether there are any actual, perceived, or potential conflicts of interest.

Moreover, in order to avoid and/or minimize any potential conflict of interest that may arise going forward, the Partnership Committee requires that, if IEM is awarded the HMA RFP, IEM immediately institute separate teams to staff the HMA RFP work and the PREPA T&D RFP project and implement a communications firewall protocol between such teams. Furthermore, the Partnership Committee requests that IEM (1) indicate to the Authority the names of the IEM representatives who will be working on the PREPA T&D RFP project and the names of the IEM representatives who will be working under the HMA RFP; and (2) provide a detailed description of the firewall protocols IEM will have in place. In addition, please note that for purposes of subsequent evaluations of the proponents under the PREPA T&D RFP process, the Partnership Committee will only take into consideration those IEM team members who are certified as being firewalled off the HMA project staff.

Furthermore, please note that in the event the Consortium is awarded the PREPA T&D contract, IEM should assure that COR3 – through its staff or any subcontractor – directly handles any work related to pass-through FEMA-funded 404 Hazard Mitigation Grant Program, Pre-





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Disaster Mitigation or Flood Mitigation Assistance grants. To this effect, the Authority will expect that IEM train the COR3 staff, or any designated subcontractor, so that they can effectively perform this work if the Consortium is awarded the PREPA T&D RFP contract.

We also request that you communicate with COR3 to inform them of the potential conflicts of interest arising under your potential performance under the HMA RFP and to discuss with them the relevant mitigation protocols and any other mitigation protocols COR3 may deem appropriate.

Cordially,

A handwritten signature in blue ink, reading "Fermín E. Fontanés Gómez".

Fermín E. Fontanés Gómez
Puerto Rico Public Private Partnerships Authority

cc: Quanta Services, Inc.
ATCO Ltd.



