

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



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BY ELECTRONIC MAIL

April 15, 2020

The Honorable Wanda Vázquez Garced
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez
Speaker of the House of Representatives of Puerto Rico

Dear Governor Vázquez Garced, President Rivera Schatz, Speaker Méndez Núñez:

We have become aware that Senate Joint Resolution 507 (“SJR 507”) was recently approved by the Legislature. SJR 507 proposes to order the Puerto Rico Department of the Treasury to grant economic incentives to all private health care centers, such as hospitals, Centers for Diagnosis and Treatment, and Family Health Centers, as support during the public health emergency caused by COVID-19. The bill proposes also to exempt these institutions from the payment of water and electricity services for the months of April, May and June 2020. Under SJR 507, funding for these initiatives shall come from the Emergency Fund created under Act 91-1966, as amended, and any other state or federal fund that may need to be identified to comply with the resolution.

Alongside the Government of Puerto Rico, the Oversight Board has already taken several measures to alleviate the consequences of the COVID-19 emergency, including certification of the Emergency Measures Support Package on March 28, 2020. This package provides support to the Puerto Rican people in general, health and other frontline workers, educators and students, and small businesses. In particular, it provided one-time bonuses for nurses in the private sector and in professional services of \$3,000 and \$3,500, respectively.

In addition, substantial private sector support is available via the recently passed CARES Act. It has made \$100 billion available to hospitals and other healthcare providers. Currently, \$30 billion of this amount is being distributed, of which facilities in Puerto Rico can expect \$42 million (see attached U.S. Health and Human Services list of recipients). The remaining \$70 billion is yet to

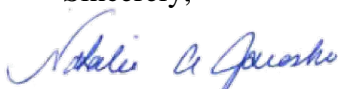
Honorable Wanda Vázquez Garced
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be disbursed and we have written to U.S. Secretary of Health Azar to ensure that the distribution takes into account the characteristics of the private healthcare sector in Puerto Rico (see attached letter). In addition, small businesses and individual healthcare providers have access to the programs made available under the CARES Act via the Small Business Administration (SBA), including Payment Protection Program loans and Economic Injury Disaster Loans. We would expect Puerto Rico's healthcare providers to share in these outstanding substantial amounts of Federal assistance.

Accordingly, the Oversight Board recommends that SJR 507 not be signed by the Governor as it is duplicative of measures taken so far to assist the private health sector in Puerto Rico. Moreover, SJR 507 would be inconsistent with the Emergency Measures Support Package given that Oversight Board authorization to spend has already been granted under a separate legislative act (Joint Resolution 23-2020). The Oversight Board also believes that Joint Resolution 23-2020 supersedes the legislative intent of SJR 507. In addition, the source of funds indicated in SJR 507, that is, the Emergency Fund created under Act 91-1966, as amended, is not available as such funds constitute prior year appropriations and are not included in the Certified FY 2020 Budget. For the avoidance of doubt, please note that the Emergency Fund created under Act 91-1966, as amended, is different from the one established by the Certified Fiscal Plan. Additionally, although the Oversight Board and the Government agreed that no disconnection of service will be made during the emergency to customers of PREPA and PRASA, amounts due for that period will be required to be paid after the emergency is over. Please be further advised that the Oversight Board reserves all its rights to nullify and enjoin enforcement of legislation pursuant to PROMESA sections 204(a), 108(a)(2) and 207.

The Oversight Board believes that the health and safety of the people of Puerto Rico must be the number one priority at this time, and will provide appropriate and needed support for those affected by COVID-19, those fighting the virus at the frontlines, and those affected by the Government's response to the emergency. The Oversight Board will continue to work closely with the Governor, the Legislature, and the private sector to mitigate the crisis to the extent possible.

Sincerely,


Natalie A. Jaresko

CC: Mr. Omar Marrero Díaz