

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



José B. Carrión III
Chair

Members

Andrew G. Biggs
Carlos M. García
Arthur J. González
José R. González
Ana J. Matosantos
David A. Skeel, Jr.

Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

April 29, 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 House Joint Resolution 640 (“HJR 640”) was recently approved by the Legislature. HJR 640 proposes to create a \$3 million fund in response to the emergency that is affecting municipal police officers, the Municipal Office for Emergency Management and Disaster Administration, municipal medical emergency personnel and other health-related personnel. The source of the funds would be the Emergency Fund created under Act 91-1966, as amended. The funds will be used to: 1) provide the equipment and materials necessary to protect such personnel from COVID-19 while performing their duties; 2) to the extent such personnel has incurred expenses in purchasing such equipment or material, they will be entitled to a refund of up to \$100 upon presentation of appropriate proof of purchase; and, 3) such personnel will be entitled to additional compensation equivalent to month’s pay, exempt from income tax and withholding.

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 people of Puerto Rico in general, health and other frontline workers, educators and students, and small businesses. In particular, the provision of equipment and material necessary to protect the mentioned personnel while performing their duties has been provided with federal funds and \$20 million allocated to the Department of Public Safety through the Emergency Measures Support Package. In relation to the proposed additional compensation, the Emergency Measures Support Package provides for one-time bonuses for municipal police officers in the amount of \$3,500,

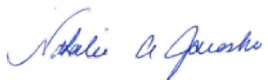
Honorable Wanda Vázquez Garced
Honorable Thomas Rivera Schatz
Honorable Carlos J. Méndez Núñez
April 29, 2020
Page 2 of 2

which we believe have yet to be paid by the Government of Puerto Rico. Moreover, the Emergency Measures Support Package also provides \$100 million in support to the municipalities, which can be used to provide the compensation proposed in HJR 640 to the municipal emergency management and health related personnel. The Oversight Board authorization to spend has already been granted under a separate legislative act (Joint Resolution 23-2020). Thus, the Oversight Board believes that Joint Resolution 23-2020 supersedes the legislative intent of HJR 640. Moreover, the \$2.2 billion allocated to Puerto Rico through the CARES Act may be an eligible source of funding to provide the equipment and materials necessary to protect such personnel from COVID-19 while performing their duties. We also encourage the Government to analyze whether these funds could also reimburse expenses to the extent personnel has incurred expenses in purchasing such equipment or material.

Accordingly, the Oversight Board recommends that HJR 640 not be signed by the Governor as it is duplicative of measures taken so far to assist municipalities and their front-line workers. Moreover, the source of funds indicated in HJR 640, 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.

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 municipalities to mitigate the crisis to the extent possible. 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.

Sincerely,



Natalie A. Jaresko

CC: Mr. Omar Marrero Díaz