

FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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BY ELECTRONIC MAIL

September 14, 2022

Dr. Carlos Mellado López
Secretary
Department of Health

Re: Edwin Cardona & Asociados, Inc.

Dear Secretary Mellado López:

In accordance with the contract review policy of the Financial Oversight and Management Board for Puerto Rico (“FOMB”) established pursuant to Section 204(b)(2) of PROMESA (the “Policy”), we have reviewed the proposed amendment to the contract between the Department of Health (the “Department”) and Edwin Cardona & Asociados, Inc. (the “Proposed Amendment”).

After reviewing the Proposed Amendment, the FOMB concludes “Approved with Observations.” Observations related to the Proposed Amendment are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Amendment with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the FOMB does not cover a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the FOMB has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Amendment or the original contract must be submitted to the FOMB for review and approval **prior to execution**.

This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information not available when the review was

Dr. Carlos Mellado López

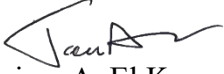
September 14, 2022

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conducted. In addition, during the course of our review, we may receive information which we may refer to the relevant authorities.

This letter is issued only to the Department and solely with respect to the Proposed Amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "Jaime A. El Koury". The signature is stylized with a large initial "J" and a long horizontal stroke.

Jaime A. El Koury

General Counsel

APPENDIX A

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DEPARTMENT OF HEALTH – EDWIN CARDONA & ASOCIADOS, INC.

Fiscal Plan Alignment

This review covers the Proposed Amendment between the Department and Edwin Cardona & Asociados, Inc. (the “Contractor”).

The original contract (2021-DS1403), approved with observations by the FOMB on June 11, 2021, contemplates the planning and administration of up to 60,000 COVID-19 vaccination doses. The Contractor will administer the vaccines in 160 vaccination events for the general population, long-term care homes, and to bedridden persons, people with disabilities or severe limitations who cannot attend a vaccination event, and other vulnerable populations. The original contract had a maximum payable amount of \$2,150,432.96 and a term from its date of execution of June 15, 2021 to September 30, 2021.

The original contract has been amended four times, extending its term until **December 31, 2022** without altering the maximum payable amount. None of the amendments were submitted to the FOMB for review and approval prior to their execution, in violation of the Policy. We reiterate that the Policy applies to all contracts or series of related contracts, inclusive of any amendments, modifications, or extensions, with an aggregate expected value of \$10 million or more. Further, for purposes of the Policy, the threshold is reached if an agency has awarded **\$10 million or more** in contracts to a **specific contractor, regardless of the nature of the services**.

The Proposed Amendment increases the maximum payable amount by **\$741,109.50** to **\$2,891,542.46** and reduces the term by two days, to **December 29, 2022**, pursuant to the timeline set forth in Project Worksheet 090 received from the Federal Emergency Management Agency.

The Proposed Amendment shall be fully payable with Federal Funds allocated in the following accounts:

- 222-0710000-0000-081-2020-071FEMA4493SUB (PRIFAS); E1290-222-0710000-06F-H0714493SU00090-2020 (PS 8.4) - **\$666,998.55**
- 1290-201-0710000-0000-082-2020-071FEMA4493SUB (PRIFAS); E1290-201-0710000-082-H0714493SU00090-2020 (PS 8.4) - **\$74,110.95**

The Department has certified that the funds required for payments under the Proposed Amendment are allocated in the corresponding accounts. As such, the FOMB’s review indicates that the Department has sufficient budgeted funds to cover the cost of the Proposed Amendment, as of the date of this letter. However, this determination does not consider the extent to which total available funds will be subsequently encumbered by the Department throughout the Proposed Amendment’s term. Consequently, we rely on the Department’s budget certification for the purposes of this review.

The Department is expected to inform the FOMB of **any budgetary differences** other than those specified in Appendix A (Contract Submission Questionnaire) and to request a re-review of the Proposed Amendment should any changes occur.

APPENDIX A

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This amendment review was conducted on the basis of information submitted by the Department. The FOMB has not independently verified the information included in the Proposed Amendments. Should the FOMB become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.