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BY ELECTRONIC MAIL

July 5, 2023

Dr. Carlos Mellado López
Secretary
Department of Health

Re: Edwin Cardona & Asociados, Inc. (Pediatric University Hospital)

Dear Dr. Mellado López,

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

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

Our review is solely limited to compliance of the Proposed Contracts 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 Oversight Board does not constitute 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 Oversight Board 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

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under the applicable contract. Any material changes to the Proposed Contracts must be submitted to the Oversight Board 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 the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

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

Sincerely,



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 Contracts between the Department and Edwin Cardona & Asociados, Inc. for the provision of medical personnel to several healthcare institutions (each a “Proposed Contract” and, collectively, the “Proposed Contracts”).

The Proposed Contracts contemplate the provision of medical personnel to three Centers for Diagnosis and Treatment (“CDT”) in the municipalities of Vieques, Adjuntas, and Loíza, and the Río Piedras Medical Certification Unit.

I. Vieques

The Proposed Contract contemplates the provision of nursing personnel for on call services to the CDT in Vieques for a maximum payable amount of **\$208,020** and a term from July 1, 2023 to **June 30, 2024**, which may be renewed for additional periods upon written agreement. As such, we remind the Department that, in the event it intends to exercise an extension of the Proposed Contract, such extension must be submitted to the Oversight Board for review and approval prior to execution.

It shall be payable with General Revenue Funds allocated under the following account: **E1290-111-0710946-1630-006-2024 (PS 8.4); E1290-111-0710000-1630-006-2024 (PRIFAS).**

II. Adjuntas

The Proposed Contract contemplates the provision of nursing personnel for on call services to the CDT in Adjuntas for a maximum payable amount of **\$222,000** and a term from July 1, 2023 to **June 30, 2024**, which may be renewed for additional periods upon written agreement. We remind the Department that, in the event it intends to exercise an extension of the Proposed Contract, such extension must be submitted to the Oversight Board for review and approval prior to execution.

It shall be payable with General Revenue Funds allocated under the following account: **E1290-141-0710903-1630-006-2024 (PS 8.4); E1290-141-0710000-1630-006-2024 (PRIFAS).**

III. Loíza

The Proposed Contract contemplates the provision of personnel for nursing, office, and maintenance services to the CDT in Loiza for a maximum payable amount of **\$407,055** and a term from July 1, 2023 to **June 30, 2024**, which may be renewed for additional periods upon written agreement. We remind the Department that that, in the event it intends to exercise an extension of the Proposed Contract, such extension must be submitted to the Oversight for review and approval prior to execution.

It shall be payable with General Revenue Funds allocated under the following account: **E1290-141-0710903-1630-006-2024 (PS 8.4); E1290-141-0710000-1630-006-2024 (PRIFAS).**

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IV. Río Piedras Medical Certification Unit

The Proposed Contract contemplates the provision of personnel for nursing, medical technician, and laboratory director services to the Center for Medical Certifications-Metro Fajardo Region for a maximum payable amount of **\$116,724** and a term from July 1, 2023 to **June 30, 2024**, which may be renewed for additional periods upon written agreement. We remind the Department that, in the event it intends to exercise an extension of the Proposed Contract, such extension must be submitted to the Oversight Board for review and approval prior to execution.

It shall be payable with General Revenue Funds allocated under the following account: **E1290-111-0710947-1630-006-2024 (PS 8.4); E1290-111-0710000-1630-006-2024 (PRIFAS)**. As such, the Oversight Board's review indicates that the Department has sufficient budgeted funds to cover the cost of the Proposed Contract as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by the Department throughout the Proposed Contracts' term. Consequently, we rely on the Department's budget certification for purposes of this review. In the event that the Proposed Contracts cause the Department to exceed its budget, it must identify savings in other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the Oversight Board in order to ensure compliance with the Fiscal Year 2024 Commonwealth Certified Budget.

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

Finally, the Oversight Board notes that the Proposed Contracts were submitted for the Oversight Board's review and approval on **June 28, 2023** with the services set to expire on **June 30, 2023**. As the Department is well aware given our numerous reminders, the Policy clearly and unequivocally states that "[f]or **new contracts**, the Commonwealth or covered instrumentality, as applicable, **must** submit the required documentation within a minimum of **15 business days** prior to the contract's proposed execution date" (emphasis added). This is the second consecutive year that the Department has submitted these contracts **two days prior to their expiration**.¹ We once again urge the Department to improve its internal contracting policies to avoid such untimely submissions and comply with its responsibilities under the Policy.

These reviews were conducted on the basis of information submitted by the Department. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.

¹ The contracts for these services pertaining to FY 2023 were also submitted on June 28, 2022.