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Executive Director

BY ELECTRONIC MAIL

April 12, 2024

Mr. Jorge Matta
Executive Director
Puerto Rico Medical Services Administration

Re: General Workers Union Collective Bargaining Agreement

Dear Mr. Matta,

In accordance with the Contract Review 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 collective bargaining agreement between the Puerto Rico Medical Services Administration (“ASEM,” for its Spanish acronym) and the General Workers Union (“UGT,” for its Spanish acronym) (the “Proposed Contract”).¹

After reviewing the Proposed Contract, the Oversight Board concludes “Approved with **Conditions.**” Conditions and observations related to the Proposed Contract are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Contract 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 under the applicable contract. Any material changes to the Proposed Contract must be submitted to the Oversight

¹ The Proposed Contract refers to the most recent version submitted by ASEM on March 25, 2024 with the modified Article 30.

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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 ASEM and solely with respect to the Proposed Contract.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jaime A. El Koury', with a stylized flourish at the end.

Jaime A. El Koury
General Counsel

APPENDIX A

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ASEM – UGT

Fiscal Plan Alignment

This review covers the Proposed Contract between ASEM and UGT, which contains the terms and conditions agreed to between the parties, and has a term lasting from January 1, 2024 to **December 31, 2026**.

The Proposed Contract has a maximum payable amount of **\$20,517,175** solely for covered employees, which shall be divided across the following fiscal years:

Fiscal Year	Cost for Covered Employees
FY 2024	\$4,072,704
FY 2025	\$8,149,520
FY 2026	\$8,294,951
Total	\$20,517,175

Regarding availability of funds, the Proposed Contract requires the approval of an interagency transfer request, which has not yet been submitted to the Oversight Board. The Oversight Board’s review indicates that, upon approval of the interagency transfer request, ASEM shall have sufficient funds to cover the cost of the Proposed Contract. Approval of the Proposed Contract is therefore **conditioned** upon the receipt and approval of the interagency transfer request, which shall be the subject of a separate letter from the Oversight Board. Further, approval of the Proposed Contract is conditioned upon the submission of a signed copy of the Proposed Contract upon its execution by the parties, no later than **April 30, 2024**.

This determination does not consider the extent to which total available funds will be subsequently encumbered by ASEM throughout the Proposed Contract’s term. In the event that the Proposed Contract causes ASEM 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 Certified Budget.

Insofar as the Proposed Contract will be funded with future certified budgets, ASEM must ensure that such budgets incorporate all costs related to the Proposed Contract.

ASEM 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 Contract should any changes occur.

This review was conducted on the basis of information submitted by ASEM. 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.