

Assistance Program to the Tourism Industry *CORONAVIRUS RELIEF FUND*

Program Guidelines

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GOVERNMENT OF PUERTO RICO

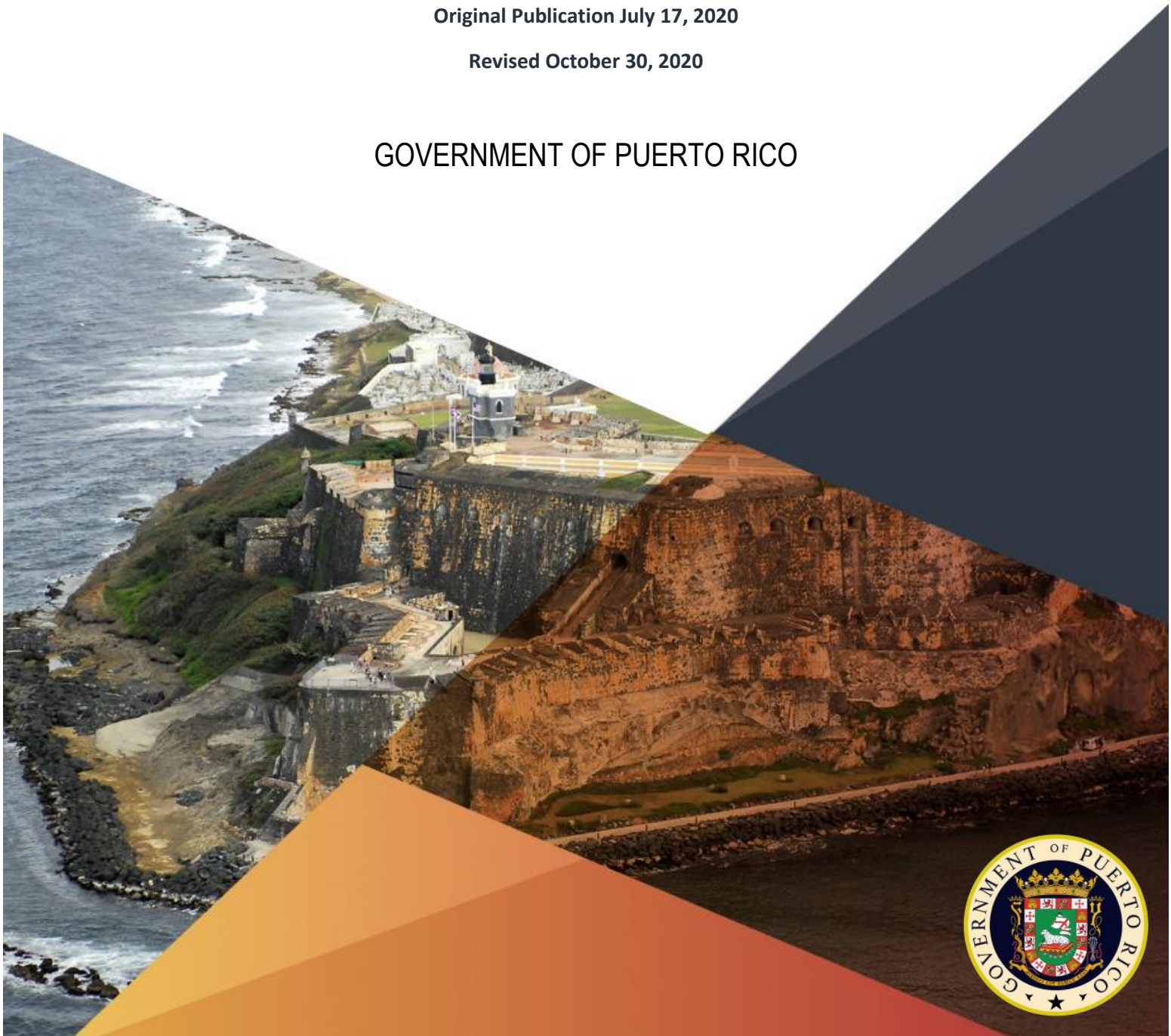


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PROGRAM GUIDELINES

Program Overview

Background

In response to the sudden decline in economic output following the Coronavirus disease 2019 (COVID-19) outbreak, Congress signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law on March 27, 2020. The CARES Act established the Coronavirus Relief Fund (CRF), which provides \$150 billion in direct assistance for domestic governments, territories, and tribal areas to disburse in accordance with its provisions.

To ensure the expeditious processing of apportioned funds from the CARES Act, the Government of Puerto Rico established the Disbursement Oversight Committee, consisting of a representative of the Secretary of the Department of the Treasury, a representative of the Director of the Office of Management and Budget (OGP), and a representative of the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF).

Program Description

On May 14, 2020, Governor Wanda Vázquez Garced (Governor) announced the Assistance Program to the Tourism Industry (Program), which makes up to \$50 million in immediate CRF funds available to the tourism industry for necessary expenditures related to the COVID-19 emergency. On October 30, 2020, the Disbursement Oversight Committee announced a reallocation of \$50 million from the Reserve Fund to the Program thus increasing the total Program allocation to \$100 million. This aid is subject to terms and conditions to ensure that its use is limited to businesses that have been impacted by the COVID-19 emergency. The allocation to each intuition will be based on a necessity standard in the form of a Grant.

Disbursement of Program funds will be subject to the strictest standards to ensure compliance with federal regulations and best practices. Therefore, each request for disbursement will be duly documented and subject to control and audit.

Points of Contact

The Program will be supervised by the Disbursement Oversight Committee and administered by the Department of the Treasury of Puerto Rico in conjunction with the Department of Economic Development and Commerce ("DDEC"), the Puerto Rico Tourism Company ("PRTC"), OGP and AAFAF.

Eligibility Criteria

Eligible Applicants must meet all the following criteria:

- Be an active, non-governmental for-profit business or 501(c)(3) non-profit, excluding public-private corporations or public-private partnerships, that was operating for the entire period between February 15, 2020 and March 13, 2020;
- Be dedicated to rendering services in the travel and tourism industry in the Commonwealth of Puerto Rico, including, but not limited to, hotels, resorts, time-sharing, glamping, hostels, bed and breakfasts, condo-hotels, guesthouses, tourism villas, *Posadas*, Paradores, tour operators, tour guides, agro-tourism businesses, certified nautical tourism business, and special projects but excluding short-term rental or property managers;
 - Lodging Property Applicants must have a valid and current Innkeeper Registration Number from the PRTC;

- Tour Guides must be lawfully certified by the PRTC, present a valid certification identification, and must show proof of having rendered services as a tour guide in Puerto Rico during the period from July 2019 through March 2020;
- Travel Agencies and Wholesalers must be lawfully registered at the PRTC and have a valid license to operate;
- Tour Operators and attractions must be endorsed by the PRTC;
- The Disbursement Oversight Committee will identify and approve Strategic Projects based on public policy, pursuant to determinations of necessity. There will be no open application for these funds;
- Be properly registered in Puerto Rico at the Department of State by February 15, 2020, if required;
- Be planning on resuming operations by October 1, 2020;
- Be in compliance with required Health and Safety Guidelines as required by Puerto Rico OSHA and PRTC;
- Have not engaged in any activity that is illegal under Federal, any state, or local Puerto Rico law;
- Have no owner of 20 percent or more of the equity of the applicant business that is incarcerated, on probation, on parole or that is presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or that has been convicted of a felony within the last five (5) years;
- Have incurred or planned necessary expenditures related to the COVID-19 emergency and maintain documentation that reliably demonstrates the expenses;
- Submit a complete and accurate Application;
- Commit to abiding by the terms and conditions of the Program, including requests for documentation and auditing requests;
- Agree to return the Grant funds, if it is determined that they did not comply with any of the Program eligibility requirements or if the Grant funds were not spent on eligible expenses by December 30, 2020;
- and
- Agree that while receipt of other funds for COVID-19 related assistance does not preclude an Applicant from receiving Grant funds under the Program, expenses are only eligible that 1) have not been covered or reimbursed and 2) will not be covered in the future by other state, federal, or private programs.

Available Awards

The Program provides emergency assistance in the form of a Grant of up to the following levels:

Eligible Entity Type	Maximum Grant Level
Endorsed and Non-Endorsed Hotels (1-25 Rooms)	\$100,000
Endorsed and Non-Endorsed Hotels (26-75 Rooms)	\$150,000
Endorsed and Non-Endorsed Hotels (76-200 Rooms)	\$400,000
Endorsed and Non-Endorsed Hotels (201-300 Rooms)	\$600,000
Endorsed and Non-Endorsed Hotels (301+ Rooms)	\$1,000,000
Hotels with Casinos (1-25 Rooms)	\$150,000
Hotels with Casinos (26-75 Rooms)	\$225,000
Hotels with Casinos (76-200 Rooms)	\$600,000
Hotels with Casinos (201-300 Rooms)	\$900,000
Hotels with Casinos (301+ Rooms)	\$1,500,000

Endorsed Excursion Companies	\$30,000
Tour Guides	\$10,000
Travel Agencies	\$30,000
Travel Wholesalers	\$30,000
Certified Nautical Tourism Business	\$30,000
Strategic Projects Based on Public Policy Determinations	Necessity basis

Hotels will be categorized by the number of rooms available and in market as of February 15, 2020.

Other CRF Programs

In addition to the Program detailed above, the Governor allocated funds for additional programs to address both government needs (mainly associated with attending to the public health emergency and continuing government operations) and those of the private sector, which has been severely affected by interruption of operations. Please visit <http://www.aafaf.pr.gov/covid-19-resource-center/> for additional information about these programs.

Allowable Expenditures

Allowable expenses under this award must be:

- Necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- Expenses not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government;
and
- Expenses incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

Allowable expenses include, but are not limited to:

- Business interruption caused by Puerto Rico’s response to COVID-19 outlined in Executive Order OE-2020-23 implementing required closures and the subsequent Executive Orders extending such closures. Lost revenues cannot be included as a business interruption expense.
- Business operational support for expenses incurred as a result of COVID-19.
- Eligible and necessary expenditures incurred due to the public health emergency with respect to COVID-19 as permitted by Title V of the CARES Act, the Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, and any applicable law or regulation.

For further guidance regarding allowable expenses please refer to the Guidance published by the U.S. Treasury at <https://home.treasury.gov/policy-issues/cares/state-and-local-governments> and the Frequently Asked Questions published by the U.S. Treasury at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>. More information regarding Puerto Rico Executive Orders related to Puerto Rico’s COVID-19 response can be found at: <https://www.estado.pr.gov/en/executive-orders/>.

Ineligible Expenditures

Ineligible expenses will be determined by AAFAF, the U.S. Department of the Treasury, the Office of the Inspector General (OIG), and other regulatory bodies, and under this award include, but are not limited to:

- Necessary expenses that have been covered or reimbursed, or that will be covered in the future, by other state, federal, or private programs that the Applicant may have, including funds received through the CARES Act's Public Health and Social Services Emergency Fund;
- Expenses arising from an improper procurement process, as well as those that are deemed unreasonable or fraudulent;
- Payroll or benefits expenses for employees whose jobs are not substantially dedicated to mitigating or responding to the COVID-19 emergency;
- Reimbursement to donors for donations of goods or services;
- Health and Safety expenses for casino operations;
- Legal settlements;
- Employee bonuses, except for overtime and hazard pay;
- Severance pay;
- and
- Executive bonuses, debt financing, or other expenses that are determined to be unnecessary for continued operations in the COVID-19 environment.

For further guidance please refer to the Guidance published by the U.S. Treasury at <https://home.treasury.gov/policy-issues/cares/state-and-local-governments> and the Frequently Asked Questions published by the U.S. Treasury at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>.

Process Overview

The following is intended to outline the process by which funds from the CRF will be distributed to Applicants of the Program.

May 14, 2020	Program Announced
July 20, 2020	Application Period Opens
Beginning July 20, 2020	Applications Received on a First Come, First Served Basis
Funds Expended	Application Period Closes
December 30, 2020	Deadline for Award Funds to be Used by Recipient
February 1 – April 30, 2021	The Program Audits Use of Funds Compliance and Recovery
May 1, 2021	Program Close

Application

Applications will be submitted by electronic form using the SURI Program administered by the Puerto Rico Department of the Treasury. Upon submission, Applicants will receive a confirmation via electronic mail. More information on forms, documents, and eligibility can be for on the web at <http://www.aafaf.pr.gov/covid-19-resource-center/>.

It is estimated that the Program will open for applications around July 20, 2020 and will remain open until funds are expended. All submissions will be accepted on a first-come, first-served basis and evaluated on a rolling basis in accordance with criteria set forth by the Program.

Evaluation

Applicant will certify eligibility with terms and conditions of the Program at the moment of submitting an application through the SURI system.

The Disbursement Oversight Committee will receive a final report of funding decisions.

Award and Funding

Applicants will be notified through the SURI system of funding decisions. Subsequent Grant funding opportunities (including expansion of eligible institutions and use of funds) will be determined based on availability of Grant funds remaining after completion of initial awards.

Upon notification of an affirmative funding decision, the Grantee will have to agree to the Program's terms and conditions. The acceptance of the terms and conditions as well as the subsequent receipt of the Grant funds will constitute a legally binding agreement between the Grantee and the Government of Puerto Rico and lays out the terms and restrictions for the use of Grant funds.

Compliance

Any Grantee that receives Grant funds from the Program will be required to retain evidence of eligible expenses reimbursed by the Grant funds for a period of five (5) years. Furthermore, by accepting CRF funds, the Grantee is required to certify proper and legal use of the funds and agrees to cooperate in any audit proceedings requested by the Government of Puerto Rico or other governing entity responsible for the compliant use of Grant funds.