GOVERNMENT OF PUERTO RICO

Department of Housing

COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR)

AGREEMENT FOR ACCOUNTING SERVICES FOR FINANCE AND OPERATIONS PROCESSES BETWEEN THE PUERTO RICO DEPARTMENT OF HOUSING AND LLM&D, PSC

DEPTO. VIVIENDA REGISTRADO NOV 13 2019 2020-DM 00245 DIVISION CONTRATOS

THIS AGREEMENT FOR ACCOUNTING SERVICES FOR FINANCE AND OPERATIONS PROCESSES, (hereinafter referred to as the "Agreement") is entered into in San Juan, Puerto Rico, this 12th of November, 2019, by and between the **PUERTO RICO DEPARTMENT OF HOUSING** (hereinafter, PRDOH), a public agency created under Law No. 97 of June 10, 1972, as amended, 3 LPRA § 441 *et seq.*, known as the Department of Housing Governing Act with principal offices at 606 Barbosa Avenue, San Juan, Puerto Rico, herein represented by Hon. Fernando A. Gil-Enseñat, lawyer, of legal age, married and resident of Guaynabo, Puerto Rico, in his capacity as Secretary; and **LLM&D, PSC** (hereinafter, the "CONTRACTOR"), with principal offices in 165 Ponce de León Avenue, San Juan, Puerto Rico, herein represented by Eduardo Herencia, in his capacity as Authorized Representative, of legal age, married, and resident of San Juan, Puerto Rico duly authorized by Resolution by the CONTRACTOR.

WHEREAS, on September 2017, Hurricanes Irma and María made landfall in Puerto Rico causing catastrophic island wide damage, knocking out power, water, and telecommunications for the entire island and its island municipalities. Hurricane María caused major structure and infrastructure damage to family homes, businesses and government facilities triggering the displacement of thousands of residents of the Island from their homes and jobs.

WHEREAS, under the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, signed into law September 8, 2017 (Pub. L. 115-56), $1.5 billion were allocated by the U.S. Department of Housing and Urban Development (HUD) for disaster recovery assistance to the Government of Puerto Rico under the CDBG-DR. These funds are intended to provide financial assistance to address unmet needs that arise and that are not covered by other sources of financial aid.

WHEREAS, on February 9, 2018, a Notice was published in the Federal Register, Vol. 83, No. 28 (83 FR 5844), that allocated $1.5 billion for disaster recovery assistance to the Government of Puerto Rico.

WHEREAS, pursuant to a letter dated February 23, 2018 sent by the former Governor of Puerto Rico to the Secretary of HUD, the PRDOH is the governmental agency designated as grantee of the CDBG-DR funds allocated to the Government of Puerto Rico.

WHEREAS, under the Bipartisan Budget Act of 2018, signed into law February 9, 2018 (Pub. L. 115-123), an additional $8.22 billion were allocated by HUD for disaster recovery assistance to the Government of Puerto Rico under CDBG-DR.

WHEREAS, on August 14, 2018, a Notice was published in the Federal Register Vol. 83, No. 157, (83 FR 40314) that made an additional allocation to Puerto Rico of $8.22 billion for recovery. With these allocations of funding, the PRDOH aims to lead a transparent, comprehensive recovery to benefit the residents of Puerto Rico. PRDOH holds

accountability and is committed to the responsible, efficient, and transparent administration of CDBG-DR grant funding.

WHEREAS, On September 20, 2018, the Governor of Puerto Rico and the Secretary of HUD signed the Grant Agreement.

WHEREAS, PRDOH issued a Small Purchase Solicitation to procure Accounting Services for Finance and Operations Processes for various CDBG-DR programs. Among the services required by the PRDOH, a complete Cost Allocation Plan (CAP) with all relevant Standard Operating Procedures and Indirect Cost Proposal (ICP) are the primary required deliverables.

WHEREAS, on April 23, 2019 the PRDOH requested quotations from Accounting Services Firms.

WHEREAS, the PRDOH recommends awarding the Accounting Services for Finance and Operations Processes Small Purchase Solicitation under CDBG-DR to **LLM&D, PCS**, who represents the best value and meets the needs for the PRDOH CDBG-DR program.

WHEREAS, the PRDOH desires to enter into an agreement with **LLM&D, PCS** to secure its services and accepts the CONTRACTOR's Proposal and costs, and the CONTRACTOR by its acceptance of the terms and conditions of this Agreement is ready, willing and able to provide the requested services contemplated under this Agreement (**Attachment A and B**).

NOW THEREFORE, in consideration of the mutual promises and the terms and conditions set forth herein, the PRDOH and the CONTRACTOR agree as follows:

I. TYPE OF CONTRACT

Contract Type: This is a fixed fee and hourly contract. Under this Agreement, CONTRACTOR shall submit monthly invoices to the PRDOH based on the Proposal (**Attachment A**) and Scope of Services (**Attachment B**) and as the services are rendered. Any and all changes and/or modifications to this Agreement shall be in writing and must be signed by both parties.

Attachments Incorporated: The following attachments are incorporated into this Agreement by reference and are hereby made part of this Agreement:

Attachment A	Proposal
Attachment B	Scope of Services
Attachment C	Quotations Evaluation and Recommendation Community Development Block Grant – Disaster Recovery (CDBG-DR) Accounting Services for Finance and Operation Processes
Attachment D	HUD General Provisions

All Attachments hereto are fully incorporated herewith such that the terms and conditions of the Attachments shall be as binding as any terms and conditions of this executed written Agreement. Should any inconsistency appear between the Attachments and this Agreement, the Agreement shall prevail.

II. TERM OF AGREEMENT

A. This Agreement shall be in effect and enforceable between the parties from the date of its execution. The Term of this Agreement will be for a performance period of **twelve (12) months**, ending in November, 11th, 2020.

B. **Contract Extensions:** PRDOH may, at its sole discretion, extend the Agreement's term for an additional term of **twenty four (24) months**, or expressed in days, **seven hundred and thirty (730) days** upon mutual written agreement of the parties.

C. The term of this Agreement shall not exceed a period of **five (5) years**, including options for renewal or extension. Likewise, the term of this Agreement cannot exceed the lifetime of the initial Grant Agreement, unless the term of the initial Grant Agreement is extended by HUD.

III. SCOPE OF SERVICES

The CONTRACTOR will provide the services described in **Attachment A** and **Attachment B** of the Agreement. The parties agree that the CONTRACTOR shall furnish all permits, consents, licenses, equipment, software and supplies necessary to perform the Services, at CONTRACTOR's sole cost.

IV. COMPENSATION AND PAYMENT

A. The PRDOH agrees to pay the CONTRACTOR for allowable Services rendered under this Agreement in accordance with the rates and amounts described in **Attachment A** of this Agreement.

D. The PRDOH will pay the CONTRACTOR, for allowable services performed during the term of this Agreement, a maximum amount not to exceed **THIRTY EIGHT THOUSAND FIVE HUNDERED DOLLARS ($38,500.00); Account Number R01A01ADM-DOH-NA/4170-01-0000.**

B. Such payment shall be compensation for all allowable services required, performed and accepted under this Agreement included in **Attachment A** and **Attachment B.**

C. Any additional funds to complete the services requested by the PRDOH to the CONTRACTOR will be subject to evaluation before acceptance as well as funds availability and will require an amendment to this Agreement.

D. The CONTRACTOR shall submit an invoice to PRDOH on a monthly basis. Said invoice must be submitted including all required invoice supporting documents, including but not limited to monthly reports, timesheets, invoice and photos evidence, expense plan and/or work projections. If PRDOH determines that the submitted invoice and supporting documents are acceptable, then the invoice will be approved for payment.

E. An authorized representative of the PRDOH will review each invoice and, if adequate, will approve and process its payment. Payments to the CONTRACTOR shall be made by electronic funds transfer (EFT). PRDOH reserves the right to conduct any audits it deems necessary. The CONTRACTOR agrees to cooperate fully with any such audit or audits.

F. While providing the services under this Agreement, the CONTRACTOR must adhere to applicable requirements of the CDBG-DR grant. If the CONTRACTOR performs ineligible activities under the CDBG-DR grant or program, the CONTRACTOR cannot include them in the invoice for payment to the CONTRACTOR.

G. In order for the CONTRACTOR to receive payment for any work performed hereunder, the following certification must be included in each application for payment or invoice submitted to the PRDOH for payment:

> **"Under penalty of absolute nullity, I certify that no public servant of the government entity is a party to or has an interest in the profits or benefits that are the product of the contract subject of this invoice, and to be a party to or have an interest in the profits or benefits of resulting from the contract, under this invoice a prior dispensation has been issued. The sole consideration to furnish the contracted goods or services subject of the contract is the payment agreed upon with the authorized representative of the parties. The amount that appears in the invoice is fair and correct. The work has been performed, the products have been delivered and the services rendered, and no payment has been received for them."**

V. REIMBURSABLE EXPENSES

The PRDOH will not reimburse any costs incurred by the CONTRACTOR not included in the approved Proposal or in an executed written amendment.

VI. ADDITIONAL SERVICES

Should additional services be needed by the PRDOH, such additional services shall be agreed upon by the parties in a written document signed by both parties, prior to the issuance of a notice to proceed with the performance of such additional services.

VII. OWNERSHIP AND USE OF DOCUMENTS

A. With the exception of the CONTRACTOR's working papers, the CONTRACTOR acknowledges the PRDOH's ownership of all information, drafts, documents, reports, papers and other materials developed and prepared by the CONTRACTOR, its agents or representatives, for purposes of performing key obligations hereunder. In the event of any termination, the CONTRACTOR shall deliver such information, drafts, reports, papers and other materials to the PRDOH, in document form or as computer program data, and the CONTRACTOR recognizes the PRDOH's right to request such documentation or computer program data. If the CONTRACTOR fails to deliver said information, the PRDOH may seek a judicial order to enforce its rights.

B. Proof of expenditures incurred by the CONTRACTOR on behalf of PRDOH shall be made available to PRDOH. The CONTRACTOR agrees to maintain accurate records and files of all contract documents, correspondence, book estimates, bills and other information related to the CONTRACTOR account. These documents shall be open for the PRDOH examination at all reasonable times during the term of this Agreement, and up to **five (5) years** from closeout of the grant to the state, or the period required by other local applicable laws and regulations.

VIII. DOCUMENTATION AND RECORKEEPING

A. **Records to be Maintained:** The CONTRACTOR shall maintain records of the state and units of general local government, including supporting documentation, which shall be retained for the greater of **five (5) years** from closeout of the grant to the state, or the period required by other local applicable laws and regulations. Such records include but are not limited to: Records providing a full description of each activity undertaken; Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR program; Records required to determine the eligibility of activities; Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG-DR assistance; Records documenting compliance with the fair housing and equal opportunity requirements of the CDBG-DR program regulations; Financial records as required by 24 C.F.R. § 570.502, and 2 C.F.R. part 200, including records necessary to demonstrate compliance with all applicable procurement requirements; and other records necessary to document compliance with this agreement, any other applicable Federal statutes and regulations, and the terms and conditions of PRDOH's Federal award.

B. **Access to Records:** The CONTRACTOR shall permit the PRDOH and auditors to have access to the CONTRACTOR's records and financial statements as necessary for the PRDOH to meet its audit requirements under the Federal award.

C. **Record Retention and Transmission of Records to the PRDOH:** Prior to close out of this Agreement, the CONTRACTOR must transmit to the PRDOH records sufficient for the PRDOH to demonstrate that all costs under this Agreement met the requirements of the Federal award.

D. **CONTRACTOR's Data and Privileged Information:** The CONTRACTOR is required to maintain data demonstrating client eligibility for activities provided under this agreement. Such data may include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of activities provided.

IX. ACCESS TO RECORDS

A. The CONTRACTOR agrees to provide the Government of Puerto Rico, PRDOH, HUD's Secretary, the Comptroller General of the United States, or any of their authorized representative's access to any books, documents, papers, and records of the CONTRACTOR which are directly pertinent to this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions.

B. The CONTRACTOR agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

X. NON-DISCLOSURE AND CONFIDENTIALITY

A. **Confidential Information; Definition:** The term Confidential Information as used throughout this Section, means any information concerning PRDOH operations and that of its CONTRACTOR (e.g., the projects, computer processing systems, object and source codes and other PRDOH business and financial affairs). The term Confidential Information shall also deem to include all notes, analysis, compilation, studies and interpretation or other documents prepared by CONTRACTOR, its agents or representatives, in connection with PRDOH operations.

B. **Non-Disclosure:** CONTRACTOR agrees to take all reasonable steps or measures to keep confidential all Confidential Information and will not, at any time, present or future, without PRDOH express written authorization, signed by the Secretary of the PRDOH, use or sell, market or disclose any Confidential Information to any third party, CONTRACTOR, corporation, or association for any purpose whatsoever. CONTRACTOR further agrees that, except as they relate to the normal course of the service, the CONTRACTOR will not make copies of the Confidential Information except upon PRDOH express written authorization, signed by an authorized representative of PRDOH, and will not remove any copy or sample of Confidential Information without prior written authorization from PRDOH. CONTRACTOR retains the right to control its work papers subject to these confidentiality provisions.

C. **Return Documents:** Upon receipt of written request from the PRDOH, CONTRACTOR will return to PRDOH all copies or samples of Confidential Information which, at the time of the notice are in CONTRACTOR's or its agent's possession. CONTRACTOR reserves the right to retain a set of its work papers.

D. **Equitable Relief:** The CONTRACTOR acknowledges and agrees that a breach of the provision of subparagraph B and C of this Section will cause PRDOH to suffer irreparable damage that could not be remedied or compensated adequately only by mere monetary retribution. The CONTRACTOR further agrees that money damages may not be a sufficient remedy for any breach of this Section. Accordingly, the CONTRACTOR agrees that PRDOH shall have the right to seek injunctive relief and the specific performance of the provisions of this Section to enjoin a breach or attempted breach of the provision hereof, such right being in addition to any and all other rights and remedies that are available to PRDOH by law, equity or otherwise.

XI. PERFORMANCE WARRANTY

(a) CONTRACTOR warrants that it will perform all work and provide all Deliverables under this Contract in a manner consistent with the degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances.

(b) CONTRACTOR warrants that all Deliverables it completes under this Contract shall: meet or exceed the standards of CONTRACTOR's trade, profession, or industry; meet or exceed the specifications set forth in the Attachments; and be fit for ordinary use, of good quality, and with no material defects.

(c) If CONTRACTOR submits Deliverables that do not meet specifications, fails to complete Deliverables timely, or fails to perform its obligation under this Contract, PRDOH may require CONTRACTOR, at its sole expense, to:

1. repair or replace Deliverables that do not meet specifications;
2. refund payment for Deliverables that do not meet specifications and accept the return of such Deliverables;
3. pay liquidated damages for any past due Deliverable; and
4. take necessary action to ensure that future performance and Deliverables meet specifications and conform to the Contract.

XII. TERMINATION

A. **Termination for Cause or Default:** The PRDOH may terminate this Agreement, in whole or in part, because of CONTRACTOR's failure to fulfill any of its obligations. The PRDOH shall terminate this Agreement by delivering to the CONTRACTOR a **thirty (30) day** notice of termination specifying the extent to which the performance of the service under this Agreement is terminated, the reason therefor and the effective date of termination. CONTRACTOR shall, upon written notice, be provided a **ten (10) day**

opportunity to cure the alleged defect that resulted in the perceived default. If the defect is not cured within that period of time, CONTRACTOR shall immediately discontinue all such services being terminated and deliver to the PRDOH all information, notes, drafts, documents, analysis, reports, compilations, studies and other materials accumulated or generated in performing the services contemplated in this Agreement, whether completed or in process. Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the PRDOH for damage sustained to PRDOH CDBG-DR Program by virtue of any breach of the Agreement by the CONTRACTOR. The PRDOH may withhold any payments to the CONTRACTOR, for the purpose of off-set or partial payment, as the case may be, of amounts owed to the PRDOH by the CONTRACTOR. PRDOH shall make payment, in accordance with the terms of this Agreement, of any amounts due to CONTRACTOR for allowable services rendered prior to the termination notice.

B. **Termination for Convenience**: The PRDOH may terminate this Agreement, in whole or in part, whenever the PRDOH determines that such termination is necessary or convenient to the Agency. The PRDOH will terminate this Agreement by delivering to the CONTRACTOR a **thirty (30) day** notice of termination specifying the extent to which the performance of the work under this Agreement is terminated, and the effective date of termination. Upon receipt of such notice, the CONTRACTOR shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. In the event of a termination by Notice, the PRDOH shall be liable only for payment of services rendered up to and including the effective date of termination. PRDOH shall make payment, in accordance with the terms of this Agreement, of any amounts due to CONTRACTOR for allowable services rendered prior to the termination notice.

C. **Termination by Unilateral Abandonment**: The PRDOH will consider this Agreement immediately terminated, in the event that the CONTRACTOR unilaterally and without prior notice, chooses to abandon (in any shape, form or fashion) cease and desist in the specific performance of its general and particular duties and responsibilities as agreed in this Agreement. Upon the knowledge of such event, the PRDOH will not be held liable and will immediately, automatically and retroactively deduct from any future reimbursement, all funds from the day such unilateral abandonment took place. The PRDOH will not be compelled to continue the performance of the Agreement, should the CONTRACTOR breach the Agreement by unilateral abandonment. For the purposes of this Section, Abandonment shall mean that CONTRACTOR voluntarily and intentionally disavows its contractual duties in a manner that is overt and without question a relinquishment of said contractual duties.

D. **Unilateral Termination**: The PRDOH may terminate this Agreement, in whole or in part, at PRDOH's sole discretion, with or without cause, at any time. The PRDOH will terminate this Agreement by delivering to the CONTRACTOR a **thirty (30) day** notice of termination specifying the extent to which the performance of the work under this Agreement is terminated, and the effective date of termination. Upon receipt of such notice, the CONTRACTOR shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. In the event of a termination by Notice, the PRDOH shall be liable only for payment of services rendered up to and including the effective date of termination.

E. **Suspension**: The PRDOH may suspend this Agreement in whole or in part at any time for the PRDOH's convenience. The PRDOH shall give the CONTRACTOR **five (5) days'** written notice of such suspension. Upon receipt of said notice the CONTRACTOR shall immediately discontinue all Services affected.

F. **Immediate Termination:** In the event the CONTRACTOR is subjected to a criminal or civil action, suit, proceeding, inquiry or court of applicable jurisdiction, or any governmental agency, or the CONTRACTOR shall be subject to an order, judgment, or opinion, issued by any federal or local authority, a court of applicable jurisdiction, or any governmental agency, in connection with the execution, delivery, and performance by the CONTRACTOR of this Agreement or the CONTRACTOR of this Agreement has been noncompliant, breach, inaccuracy of any representation, warranties, covenants, or the certifications provided herein, whether the noncompliance, breach or inaccuracy takes place before or after the execution of this Agreement, the PRDOH shall have the right to the immediate termination of this Agreement notwithstanding, any provisions to the contrary herein. This Section will apply in the event of any judgment that may obligate the PRDOH to terminate the Agreement pursuant to Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico.

G. **Period of Transition:** Upon termination of this Agreement, and for **ninety (90) consecutive calendar days** thereafter (the Transition Period), CONTRACTOR agrees to make himself available to assist the PRDOH with the transition of services assigned to CONTRACTOR by the PRDOH. CONTRACTOR shall provide to the PRDOH the assistance reasonably requested to facilitate the orderly transfer of responsibility for performance of the Services to the PRDOH or a third party designated by the PRDOH. The parties agree to execute a Transition Services Agreement for the Transition Period and CONTRACTOR will be paid at a reasonable, agreed upon hourly rate for any work performed for the PRDOH during the Transition Period.

In the event that the funds are suspended, withdrawn, canceled, or are otherwise unavailable, this Agreement will be immediately terminated.

XIII. PENALTIES AND LIQUIDATED DAMAGES

A. Penalties

1. In the event the CONTRACTOR is determined to have engaged in any proscribed conduct or otherwise is in default as to any applicable term, condition, or requirement of this Agreement, at any time following the Effective Date of the Agreement, the CONTRACTOR agrees that, PRDOH may impose sanctions against the CONTRACTOR for any default in accordance with **Attachment A and Attachment B** and this Section. Refer to Procurement Manual and Contract Requirements, Art. XII, Section 2(a.), and all required provisions set forth at 2 C.F.R. § 200.326 and 24 C.F.R. § 570.489(g).

2. If the CONTRACTOR fails to comply with federal statutes, regulations or the terms and conditions of the Agreement, PRDOH may take one or more of the following actions:

    i. Temporarily withhold cash payments pending correction of the deficiency by the CONTRACTOR.
    ii. Disallow all or part of the cost of the activity or action not in compliance.
    iii. Initiate suspension or debarment proceedings as authorized under 2 C.F.R. part 180.
    iv. Withhold further Federal awards for the project or program.
    v. Take other remedies that may be legally available.

B. Liquidated damages

The CONTRACTOR shall pay to PRDOH, as liquidated damages, $100.00 for each calendar day that any task deliverable required is late until deemed in compliance subject to a maximum of $1,500.00 established in this Contract between PRDOH and the CONTRACTOR, in accordance with **Attachment B.** Said sum, in view of the difficulty of accurately ascertaining the loss which PRDOH will suffer by reason of delay in the completion of the Work hereunder, is hereby fixed and agreed as the liquidated damages that PRDOH will suffer by reason of such delay. Liquidated damages received hereunder are not intended to be nor shall they be treated as either a partial or full waiver or discharge of the PRDOH's right to indemnification, or the CONTRACTOR's obligation to indemnify the PRDOH pursuant to this Contract, or to any other remedy provided for in this Contract or by Law. Liquidated damages may be assessed at the sole discretion of PRDOH. For the purpose of applying and calculating such liquidated damages, a grace period of **ten (10) days** shall be observed. The PRDOH may deduct and retain out of the monies which may become due hereunder, the amount of any such liquidated damages; and in case the amount which may become due hereunder shall be less than the amount of liquidated damages due to the PRDOH per the formula above, the CONTRACTOR shall be liable to pay the difference.

XIV. LIABILITY

In no event, the PRDOH shall be liable for any indirect, incidental, special or consequential damages, or damages for loss of profits, revenue, data or use, incurred by either party or any third party, whether in an action in contract or tort, even if the other party or any person has been advised of the possibility of such damages. Third parties operating under this program, with their agency, will have their own general civil and criminal liability imposed by law towards the PRDOH, the CONTRACTOR and any citizen.

The CONTRACTOR shall carry the insurances as are required by law (if applicable), as set forth below. The CONTRACTOR shall furnish PRDOH certificates of insurance.

XV. INSURANCE

A. Required Coverage

The CONTRACTOR shall keep in force and effect for the period beginning from the execution of the Agreement and ending at the completion of all services to be provided hereunder, insurance policies in compliance with the PRDOH's requirements.

Upon the execution of this Agreement, the CONTRACTOR shall furnish PRDOH with original and two (2) certified copies of the insurance policies requested prior to the execution of this Contract and any other evidence PRDOH may request as to the policies' full force and effect.

Any deductible amount, under any of the policies, will be assumed in whole by the CONTRACTOR for any and all losses, claims, expenses, suits, damages, costs, demands or liabilities, joint and several of whatever kind and nature arising from the Agreement resulting from this solicitation by and between the CONTRACTOR and PRDOH.

The PRDOH shall not be held responsible under any circumstances for payments of any nature regarding deductibles of any Commercial Liability Policies for the aforementioned Agreement.

B. Endorsements

Each insurance policy maintained by the CONTRACTOR must be endorsed as follows:

1. PRDOH, Government of Puerto Rico, HUD and its officers, agents and employees are named as additional insured (except Worker's Compensation) but only with respect to liability arising out of tasks performed for such insured by or on behalf of the named insured.

2. To provide waiver of subrogation coverage for all insurance policies provided or herein in favor of PRDOH and its respective officers, agents and employees.

3. The insurer shall be required to give PRDOH written notice at least **thirty (30) days** in advance of any cancellation in any such policies.

The CONTRACTOR shall furnish to PRDOH, prior to commencement of the work, certificates of insurance from insurers with a rating by the A.M. Best Co. of B+ and five (5) or over on all policies, reflecting policies in force, and shall also provide certificates evidencing all renewals of such policies. Insurers shall retain an A.M. Best Co. rating of B+ and five (5) or over on all policies throughout the term of this Agreement and all policy periods required herein. The insurance company must be authorized to do business in Puerto Rico and be in good standing.

C. Related Requirements

The CONTRACTOR shall furnish original Certificates of Insurance evidencing the required coverage to be in force on the Effective Date of Agreement. In the case of Payment and Performance Bond, Certificate of Authority, Power of Attorney and Power of Attorney License issued by the Commissioner of Insurance shall be furnished. THE REQUIRED DOCUMENTATION MUST BE RECEIVED PRIOR TO THE CONTRATOR COMMENCING WORK. NO CONTRACTOR OR ITS AUTHORIZED REPRESENTATIVES ARE TO BEGIN THEIR RESPONSIBILITIES UNDER THE AGREEMENT PRIOR TO FULL COMPLIANCE WITH THIS REQUIREMENT AND NOTIFICATION FROM PRDOH TO PROCEED.

Renewal Certificates of Insurance or such similar evidence is to be received by the Procurement Department prior to expiration of insurance coverage. At PRDOH's option, non-compliance will result in one or more of the following actions: (1) The PRDOH will purchase insurance on behalf of the CONTRACTOR and will charge back all cost to the CONTRACTOR; (2) all payments due the CONTRACTOR will be held until the CONTRACTOR has complied with the Agreement; and/or (3) The CONTRACTOR will be assessed **Five Thousand Dollars ($5,000.00) for every day of non-compliance**.

The receipt of any certificate does not constitute agreement by PRDOH that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of the Agreement. The insurance policies shall provide for **ninety (90) days** written notice to be given to PRDOH in the event coverage is substantially changed, cancelled or non-renewed.

The CONTRACTOR shall require all subcontractors or consultants to carry the insurance required herein or the CONTRACTOR, may provide the coverage for any or all of its subcontractors and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined above.

The CONTRACTOR expressly understands and agrees that whenever the CONTRACTOR is covered by other primary, excess, or excess contingent insurance that, any insurance or self-insurance program maintained by PRDOH shall apply in excess of and will not contribute with insurance provided by the CONTRACTOR under this Agreement.

XVI. HOLD HARMLESS

The CONTRACTOR and its affiliates, its successors and assignees will indemnify the PRDOH from any damages and/or losses arising out of any breach of this Agreement by the CONTRACTOR or against personal injuries or property damage resulting from any act of negligence or omission by the CONTRACTOR and its affiliates in connection with this Agreement.

XVII. FORCE MAJEURE

In the event of a fire, flood, earthquake, natural disaster, hurricane, riot, act of governmental authority in its sovereign capacity, strike, labor dispute or unrest, embargo, war, insurrection or civil unrest, any *Force Majeure* including inclement weather, herein collectively referred to as *Force Majeure* during the term of this Agreement, neither the PRDOH nor the CONTRACTOR shall be liable to the other party for nonperformance during the conditions created by such event.

The CONTRACTOR shall notify, as soon as possible, the PRDOH of the occurrence of the *Force Majeure* event and describe in reasonable detail, the nature of the *Force Majeure* event.

XVIII. CONFLICTS OF INTEREST

The CONTRACTOR shall comply with the ethics requirements set forth herein and warrant that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of the work under a PRDOH contract and CONTRACTOR'S organizational, financial, contractual or other interest are such that:

a) Award of the Agreement may result in an unfair competitive advantage; or
b) The CONTRACTOR's objectivity in performing the contract work may be impaired.

The CONTRACTOR agrees that if after award he or she discovers an organizational conflict of interest with respect to this Agreement, it shall make an immediate (within the next **seventy-two (72) hours**) and full disclosure in writing to the Contracting Officer, which shall include a description of the action, which the CONTRACTOR has taken or intends to take to eliminate or neutralize the conflict. The CONTRACTOR will disclose the details of any existing or future contract to provide services to third parties participating or for the purpose to participate in disaster recovery programs or projects in Puerto Rico. The PRDOH may, however, terminate the Agreement for the convenience of PRDOH if it would be in its best interest.

In the event the CONTRACTOR was aware of an organizational conflict of interest before the award of this Agreement and did not disclose the conflict to the Contracting Officer, the PRDOH may terminate the Agreement for default.

The provisions of this clause shall be included in all subcontracts and/or consulting agreements wherein the work to be performed is similar to the services provided by the

CONTRACTOR. The CONTRACTOR shall include in such subcontracts and consulting agreements any necessary provision to eliminate or neutralize conflicts of interest.

XIX. INDEPENDENT CONTRACTOR

The relationship of the CONTRACTOR to PRDOH shall be that of an independent CONTRACTOR rendering professional services. Neither the CONTRACTOR nor any personnel of the CONTRACTOR shall have any authority to execute contracts or make commitments on behalf of PRDOH. Nothing contained herein shall be deemed to create the relationship of employer/employee, principal/agent, joint venture or partner between the CONTRACTOR and PRDOH. Further, the CONTRACTOR recognizes that in view of its status as an independent CONTRACTOR, neither it nor its employees or subcontractors will be entitled to participate in or receive any fringe benefits normally granted to PRDOH employees under such programs, including, but not limited to, worker's compensation, voluntary disability, travel accident insurance, medical/dental insurance, life insurance, long-term disability, holiday pay, sick pay, salary continuation pay, leaves of absence (paid or unpaid), pension plan and savings plan.

The CONTRACTOR shall have exclusive control over its employees and subcontractors (and the CONTRACTOR's employees and subcontractors are herein, collectively, referred to as the "CONTRACTOR Personnel"), its labor and employee relations and its policies relating to wages, hours, working conditions and other employment conditions. The CONTRACTOR has the exclusive right to hire, transfer, suspend, lay off, recall, promote, discipline, discharge and adjust grievances with its CONTRACTOR Personnel. The CONTRACTOR is solely responsible for all salaries and other compensation of its CONTRACTOR Personnel who provide Services.

The CONTRACTOR is solely responsible for making all deductions and withholdings from its employees' salaries and other compensation and paying all contributions, taxes and assessments, including union payments. The CONTRACTOR shall be responsible for and shall defend, indemnify and hold harmless PRDOH, and its agents, officers, directors, employees, representatives, CONTRACTOR's, successors and assigns against all costs, expenses and liabilities, including without limitation reasonably prudent attorneys' fees relative to the situation, in connection with the CONTRACTOR's employment and/or hiring of any CONTRACTOR Personnel providing any of the Services, including without limitation: (i) payment when due of wages and benefits, (ii) withholding of all payroll taxes, including but not limited to, unemployment insurance, workers' compensation, FICA and FUTA, (iii) compliance with the Immigration Reform Control Act, and (iv) compliance with any other applicable laws relating to employment of any CONTRACTOR Personnel of, and/or hiring by, CONTRACTOR in connection with the Services.

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XX. NOTICES

All notices required or permitted to be given under the Agreement shall be in writing, and shall be deemed given when delivered by hand or sent by registered or certified mail, return receipt requested, to the address as follows:

To: PRDOH	Hon. Fernando Gil-Enseñat 606 Barbosa Ave. Juan C. Cordero Dávila Bldg. San Juan, PR 00918
To: CONTRACTOR	Eduardo Herencia LLM&D Authorized Representative 165 Ponce de León Avenue Second Floor San Juan, Puerto Rico 00917-1283

XXI. THIRD PARTIES

Nothing contained in this Agreement shall create a contractual relationship with, or a cause of action of a third party against either the PRDOH or the CONTRACTOR.

XXII. SUBCONTRACTS

A. General: CONTRACTOR shall ensure all subcontracts follow 2 C.F.R. part 200 as well as any applicable HUD rules and regulations. All subcontracts shall contain the applicable provisions described in Appendix II to Part 200 on "Agreement Provisions for non-Federal Entity Agreements Under Federal Awards", as well as applicable provisions set forth in 2 C.F.R. § 200.101. The PRDOH shall review subcontracts as part of the compliance, monitoring, and oversight process performed by PRDOH or upon request.

B. Specific Requirements: All subcontracts shall contain provisions specifying:

i. That the work performed by the subcontractor be in accordance with the applicable terms of this Agreement between the PRDOH and CONTRACTOR;
ii. That nothing contained in such subcontract agreement shall impair the rights of the PRDOH;
iii. That nothing contained herein, or under this Agreement will create any contractual relation between the subcontractor and the PRDOH;
iv. That the subcontractor specifically agrees to be bound by the confidentiality provision regarding Personal Identifiable Information set forth in this Agreement;
v. That CONTRACTOR will be responsible for ensuring all subcontract work is performed consistent with federal and state regulations and/or policies to be eligible for reimbursement of the approved work; and
vi. All Federal flow down provisions are included in the subcontract agreement per Federal guidelines.

C. Monitoring: CONTRACTOR shall diligently monitor all subcontracted services. If CONTRACTOR discovers any areas of noncompliance, CONTRACTOR shall provide the PRDOH summarized written reports supported with documented evidence of corrective action.

D. **Content:** CONTRACTOR shall cause all the applicable provisions of this Agreement to be included in, and made a part of, any subcontract executed in the performance of this Agreement.

XXIII. CERTIFICATION OF COMPLIANCE WITH LEGAL REQUIREMENTS

Given that the Agreement involves funds for which HUD is the oversight agency, the CONTRACTOR agrees to carry out its obligations under this Agreement in compliance with all the requirements described in **Attachment D** (HUD General Provisions) and the following provisions:

A. **Compliance with Executive Order 24:** Pursuant to Executive Order 24 of June 18, 1991, the CONTRACTOR certifies and guarantees that at the signing of this Agreement it has filed all the necessary and required income tax returns to the Government of Puerto Rico for the last **five (5) years**. The CONTRACTOR further certifies that it has complied and is current with the payment of any and all income taxes that are, or were due, to the Government of Puerto Rico. The CONTRACTOR shall hand out, to the satisfaction of the PRDOH and whenever requested by the PRDOH during the term of this Agreement, the necessary documentation to support its compliance of this clause. The CONTRACTOR will be given a specific amount of time by the PRDOH to produce said documents. During the term of this Agreement, the CONTRACTOR agrees to pay and/or to remain current with any repayment plan agreed to by the CONTRACTOR with the Government of Puerto Rico.

B. **Compliance with Executive Order 52:** Pursuant to Executive Order 52 of August 28, 1992, amending EO-1991-24, the CONTRACTOR certifies and warrants that it has made all payments required for unemployment benefits, workmen's compensation and social security for chauffeurs, whichever is applicable, or that in lieu thereof, has subscribed a payment plan in connection with any such unpaid items and is in full compliance with the terms thereof. The CONTRACTOR accepts and acknowledges its responsibility for requiring and obtaining a similar warranty and certification from each and every CONTRACTOR and subcontractor whose service the CONTRACTOR has secured in connection with the services to be rendered under this Agreement and shall forward evidence to PRDOH as to its compliance with this requirement.

C. **Social Security and Income Tax Retentions:** The CONTRACTOR will be responsible for rendering and paying the Federal Social Security and Income Tax Contributions for any amount owed as a result of the income from this Agreement.

D. **Government of Puerto Rico Municipal Tax Collection Center (*CRIM, for its Spanish acronym*):** The CONTRACTOR certifies and guarantees that at the signing of this Agreement it has no current debt with regards to property taxes that may be registered with the Government of Puerto Rico's Municipal Tax Collection Center. The CONTRACTOR further certifies to be current with the payment of any and all property taxes that are or were due to the Government of Puerto Rico. The CONTRACTOR shall hand out, to the satisfaction of the PRDOH and whenever requested by the PRDOH during the term of this Agreement, the necessary documentation to support its compliance of this clause. The CONTRACTOR will deliver upon request any documentation requested under this clause as per request of PRDOH. During the Term of this Agreement, the CONTRACTOR agrees to pay and/or to remain current with any repayment plan agreed to by the CONTRACTOR with the Government of Puerto Rico with regards to its property taxes.

E. **Income Tax Withholding:** The PRDOH shall retain the corresponding amount from all payments made to the CONTRACTOR, as required by the Puerto Rico Internal

Revenue Code. The PRDOH will advance such withholdings to the Government of Puerto Rico's Treasury Department (known in Spanish as *Departamento de Hacienda del Gobierno de Puerto Rico*). The PRDOH will adjust such withholdings provided the CONTRACTOR produces satisfactory evidence of partial or total exemption from withholding.

F. **Compliance with Article 1 of Act No. 48-2013, as amended, 3 L.P.R.A. § 8611, note:** It is established that all contracts, except those granted to non-profit entities, for professional services, consultancy, advertising, training or guidance, granted by an agency, dependency or instrumentality of the Government of Puerto Rico, public corporation, as well as the Legislative Branch, the Office of the Comptroller, the Office of Ombudsman and the Judicial Branch, a special contribution will be imposed equivalent to one point five (1.5%) percent of the total amount of said contract, which will be destined to the General Fund.

G. **Compliance with Act No. 45 of April 18, 1935, as amended, 11 L.P.R.A. § 1, *et seq*.:** The CONTRACTOR certifies and guarantees that at the signing of this Agreement has valid insurance issued by the State Insurance Fund Corporation (CFSE, for its Spanish Acronym), as established by Act No. 45, *supra*, known as the "Puerto Rico Workers' Accident Compensation Act".

H. **Government of Puerto Rico's Agency for the Collection of Child Support (*ASUME, for its Spanish acronym*):** The CONTRACTOR certifies and guarantees that at the signing of this Agreement that the CONTRACTOR nor any of its Partners, if applicable, have any debt or outstanding debt collection legal procedures with regards to child support payments that may be registered with the Government of Puerto Rico's Child Support Administration. The CONTRACTOR hereby certifies that it is a limited liability company organized and existing in good standing under the laws of the Government of Puerto Rico. The CONTRACTOR shall present, to the satisfaction of PRDOH, the necessary documentation to substantiate the same. The CONTRACTOR will be given a specific amount of time by PRDOH to deliver said documents.

I. **Compliance with Act No. 168-2000, as amended, 3 L.P.R.A. § 711, *et seq.*:** The CONTRACTOR is in full compliance with Act No. 168-2000, as amended, known as "Act for the Improvement of Elderly Support of Puerto Rico."

J. **Compliance with Act No. 1-2012, as amended, 3 L.P.R.A. § 1854, *et seq.*:** The PRDOH and the CONTRACTOR hereby certify that in signing this Agreement they are in compliance with Act No. 1-2012, as amended, known as "Puerto Rico Government Ethics Act of 2011", in connection with the possibility of a conflict of interest.

K. **Clause of Governmental Ethics Certification of Absence of Conflict of Interests** - The CONTRACTOR certifies that: (1) No public servant of this executive agency has a pecuniary interest in this contract, purchase or commercial transaction. (2) No public servant of this executive agency requests or accepts me, directly or indirectly, for him (her), for any member of his family unit or for any person, gifts, bonuses, favors, services, donations, loans or anything else of monetary value. (3) No public servant (s) request or accept any good of economic value, linked to this transaction, from any person of my entity as payment for performing the duties and responsibilities of their employment. (4) No public servant requested me, directly or indirectly, for him (her), for any member of her family unit, or for any other person, business or entity, some of economic value, including gifts, loans, promises, favors or services in exchange for the performance of said public servant is influenced in my favor or of my entity. (5) I have no kinship relationship, within the fourth degree of consanguinity

and second by affinity, with any public servant who has the power to influence and participate in the institutional decisions of this executive agency.

L. Ethics. CONTRACTOR also acknowledges receipt of the Ethics Code for Producers, Suppliers, and Applicants of Economic Incentives from the Government of Puerto Rico Agencies known in Spanish as "*Código de Ética para Contratistas, Suplidores y Solicitantes de Incentivos Económicos de las Agencias Ejecutivas del Estado Libre Asociado de Puerto Rico*".

M. Non-Conviction. The CONTRACTOR certifies that it has not been convicted nor accused of a felony or misdemeanor against the government, public faith and function, or that involves public property or funds, either federal or local in origin. Furthermore, CONTRACTOR also certifies that:

A. It has not been convicted, nor has pleaded guilty at a state or federal bar, in any jurisdiction of the United States of America, of crimes consisting of fraud, embezzlement or misappropriation of public funds, as stated in Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico, which prohibits the award of Offers or government contracts to those convicted of fraud, misappropriation of public fund.

B. It understands and accepts that any guilty plea or conviction for any of the crimes specified in Article 3 of said Act, will also result in the immediate cancellation of any contracts in force at the time of conviction, between the undersigned and whichever Government Agencies, Instrumentalities, Public Corporations, Municipalities and the Legislative or Judicial Branches.

C. It declares under oath the above mentioned in conformity with what is established as in Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico, which prohibits awarding Offers for government contracts, to those convicted of fraud, embezzlement or misappropriation of publics funds.

D. The CONTRACTOR represents and guarantees that none of its employees, officials or agents have been convicted of a felony or misdemeanor as described in this sub-section. Moreover, the CONTRACTOR agrees to notify PRDOH should any employee, official, or agent is convicted of a felony or misdemeanor as described in this sub-section after the date of this Agreement. Said notice shall be made within **ten (10) days** from the time of the conviction.

N. Other payments or compensation: The CONTRACTOR certifies that it does not receive payment or compensation for regular services rendered as an official or public employee to another government entity, agency, public corporation or municipality, and knows the ethical standards of his profession and assumes responsibility for his actions.

O. Consequences of Non-Compliance: The CONTRACTOR expressly agrees that the conditions outlined throughout this Section are essential requirements of this Agreement; thus, should any one of these representations, warrants, and certifications be incorrect, inaccurate or misleading, in whole or in part, there shall be sufficient cause for PRDOH to render this Agreement null and void and the CONTRACTOR reimburse to PRDOH all moneys received under this Agreement.

XXIV. ACT NO. 18 OF OCTOBER 30, 1975, as amended, 2 L.P.R.A. secs. 97-98

The parties to this Agreement agree that its effective date will be subject to the due registration and remittance to the Office of the Comptroller of Puerto Rico. No rendering or consideration subject matter of this Agreement will be required before its registration at the Office of the Comptroller of Puerto Rico pursuant to Act No. 18 of October 30, 1975, as amended. The CONTRACTOR will be responsible for ensuring that this Agreement has been registered before the rendering of services by requesting a copy of the registered Agreement with its proper number and date of registry. No services under this Agreement will continue to be delivered after its effective date unless at the expiration date, an amendment signed by both parties and duly registered exists. No services performed in violation of this provision will be paid. The party violating this clause will be doing so without any legal authority, this action will be deemed as *ultra vires*.

XXV. MEMORANDUM NO. 2017-001; CIRCULAR LETTER 141-17 OF THE OFFICE OF THE CHIEF OF STAFF OF THE GOVERNOR (SECRETARÍA DE LA GOBERNACIÓN) & THE OFFICE OF MANAGEMENT AND BUDGET (OFICINA DE GERENCIA Y PRESUPUESTO)

A. **Interagency Services Clause:** Both contracting parties acknowledge and agree that services retained may be provided to any entity of the Executive Branch with which the contracting entity makes an interagency agreement or by direct provision of the Office of the Chief of Staff of the Governor (*Secretario de la Gobernación*). These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this Agreement. For purposes of this clause, the term "Executive Branch entity" includes all agencies of the Government of Puerto Rico, as well as public instrumentalities and corporations and the Office of the Governor.

B. **Termination Clause:** The Chief of Staff (*Secretario de la Gobernación*) of the Governor shall have the power to terminate this Agreement at any time.

XXVI. COMPLIANCE WITH FEDERAL LAW, REGULATIONS & EXECUTIVE ORDERS

The CONTRACTOR acknowledges that HUD financial assistance will be used to fund the Agreement only. Also, the CONTRACTOR shall comply with all applicable federal, state or local rules, regulations, or policies relating to CDBG-DR and CDBG program services. This includes without limitation, applicable Federal Registers; 2 C.F.R. part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Community Development Act of 1974; 24 C.F.R. part 570 Community Development Block Grant; applicable waivers; Fair Housing Act, 24 C.F.R. § 35, 24 C.F.R. part 58, 24 C.F.R. part 135; National Historic Preservation Act, and any other applicable state laws or regulations, including the requirements related to nondiscrimination, labor standards and the environment; and Action Plan amendments and HUD's guidance on the funds. Also, CONTRACTOR shall comply, without limitation, those set forth in **Attachment D.**

XXVII. SECTION 3 CLAUSE

A.- The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. §1701u (**Section 3**). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. - The parties to this Agreement agree to comply with HUD's regulations in 24 C.F.R. part 135, which implements Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The CONTRACTOR agrees to send to each labor organization or representative of workers with which the CONTRACTOR has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the CONTRACTOR'S commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. - The CONTRACTOR agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. part 135. The CONTRACTOR will not subcontract with any subcontractor where the CONTRACTOR has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. part 135.

E. - The CONTRACTOR will certify that any vacant employment positions, including training positions, that are filled (1) after the CONTRACTOR is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. part 135 require employment opportunities to be directed, were not filled to circumvent the CONTRACTOR's obligations under 24 C.F.R. part 135.

F. - The CONTRACTOR agrees to submit, and shall cause its subcontractors to submit, quarterly reports to the PRDOH detailing the number of new employees hired, the number of new Section 3 employees hired, and any affirmative efforts made to direct hiring efforts to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing during the previous quarter.

G. Noncompliance with HUD's regulations in 24 C.F.R. part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

XXVIII. BYRD ANTI-LOBBYING AMENDMENT, 31 U.S.C. §1352

The CONTRACTOR certifies, to the best of his or her knowledge, that:

A.- No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

B. - If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract,

grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Forms-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

C. The CONTRACTOR shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31, U.S.C. §1352 (as amended by the Lobbying Disclosure Act of 1995). The CONTRACTOR acknowledges that any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure. The CONTRACTOR certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the CONTRACTOR understands and agrees that the provisions of 31 U.S.C. §3801 *et seq.*, apply to this certification and disclosure, if any.

XXIX. EQUAL OPPORTUNITY

A.- The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

B. - The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.

C. When applicable, the CONTRACTOR will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the CONTRACTOR's commitments under this Section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

D.- The CONTRACTOR will comply with all provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and as supplemented by the rules, regulations, and relevant orders of the United States Secretary of Labor.

E. - The CONTRACTOR will furnish all information and reports required by Executive Order 11246 of September 24, 1965, as amended, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of

Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

F. - In the event of the CONTRACTOR's noncompliance with the nondiscrimination clauses of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and the CONTRACTOR may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

G. The CONTRACTOR will include the portion of the sentence immediately preceding paragraph (A) and the provisions of paragraphs (A) through (F) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance. Provided, however, that in the event a CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the CONTRACTOR may request the United States to enter into such litigation to protect the interests of the United States.

XXX. CLEAN AIR ACT

A.- The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 *et seq.*

B. - The CONTRACTOR agrees to report each violation to the PRDOH and understands and agrees that the PRDOH will, in turn, report each violation as required to assure notification to the Government of Puerto Rico, HUD, and the appropriate Environmental Protection Agency Regional Office.

C. The CONTRACTOR agrees to include these requirements in each subcontract exceeding $150,000 financed in whole or in part with Federal assistance provided by HUD.

XXXI. WATER POLLUTION CONTROL ACT

A.- The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, *et seq.*

B. - The CONTRACTOR agrees to report each violation to the PRDOH and understands and agrees that the PRDOH will, in turn, report each violation as required to assure notification to the Government of Puerto Rico, HUD, and the appropriate Environmental Protection Agency Regional Office.

C. The CONTRACTOR agrees to include these requirements in each subcontract exceeding $150,000 financed in whole or in part with Federal assistance provided by HUD.

XXXII. DRUG FREE WORKPLACE

The CONTRACTOR should establish procedures and policies to promote a Drug-Free workplace. Further, the CONTRACTOR should notify all employees of its policy for maintaining a Drug-Free workplace, and the penalties that may be imposed for drug abuse violations occurring in the workplace. Further, the CONTRACTOR shall notify the PRDOH if any of its employees is convicted of a criminal drug offense in the workplace no later than **ten (10) days** after such conviction.

XXXIII. SUSPENSION AND DEBARMENT

A.- This Agreement is a covered transaction for purposes of 2 C.F.R. part 180 and 2 C.F.R. part 2424. As such, the CONTRACTOR is required to verify that none of the CONTRACTOR, its principals (defined at 2 C.F.R. § 180.995), or its affiliates (defined at 2 C.F.R. §180.905) are excluded (defined at 2 C.F.R. §180.940) or disqualified (defined at 2 C.F.R. §180.935).

B. - The CONTRACTOR must comply with 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.

C. This certification is a material representation of fact relied upon by PRDOH. If it is later determined that the CONTRACTOR did not comply with 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, in addition to remedies available to PRDOH, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.

D.- The CONTRACTOR agrees to comply with the requirements of 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, while this Agreement is valid. The CONTRACTOR further agrees to include a provision requiring such compliance in its lower tier covered transactions.

XXXIV. NO OBLIGATION BY THE FEDERAL GOVERNMENT

The Federal Government is not a party to this Agreement and is not subject to any obligations or liabilities to the non-Federal entity, CONTRACTOR, or any other party pertaining to any matter resulting from the Agreement.

XXXV. PROGRAM FRAUD & FALSE OR FRAUDULENT STATEMENTS OR RELATED ACTS

The CONTRACTOR acknowledges that 31 U.S.C. Chapter 38 (Administrative Remedies for False Claims and Statements) applies to the CONTRACTOR's actions pertaining to this Agreement.

XXXVI. BANKRUPTCY

In the event that CONTRACTOR files for bankruptcy protection, the Government of Puerto Rico and PRDOH may deem this Agreement null and void, and terminate this Agreement without notice.

XXXVII. ENTIRE AGREEMENT

This Agreement and all its attachments represent the entire and integrated agreement between PRDOH and the CONTRACTOR and supersede all prior negotiations, representations, agreements and/or understandings of any kind. This Agreement may be amended only by written document signed by both PRDOH and the CONTRACTOR.

XXXVIII. MODIFICATION OF AGREEMENT

Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if written and signed by both parties, and its authorized representatives.

XXXIX. BINDING EFFECT

This Agreement shall be binding upon and shall inure to the benefit of PRDOH and the CONTRACTOR, their successors and assigns.

The CONTRACTOR shall not assign this Agreement, in whole or in part, without the prior written consent of PRDOH, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect.

XL. ASSIGNMENT OF RIGHTS

The rights of each party hereunder are personal to that party and may not be assigned or otherwise transferred to any other person, CONTRACTOR, corporation, or other entity without the prior, express, and written consent of the other party.

XLI. NON-WAIVER

The failure or delay of either party to insist upon the performance of and/or the compliance with any of the terms and conditions of this Agreement shall not be construed as a waiver of such terms and conditions or the right to enforce compliance with such terms and conditions.

XLII. GOVERNING LAW JURISDICTION

This Agreement shall be governed by, interpreted and enforced in accordance with, the laws of the Government of Puerto Rico and any applicable federal laws and regulations. The parties further agree to assert any claims or causes of action that may arise out of this Agreement in the Puerto Rico Court of First Instance, Superior Court of San Juan, Puerto Rico.

XLIII. CONSOLIDATIONS, MERGERS, OR DISSOLUTIONS

In the event that participating entities are consolidated or merged with another entity or agency, CONTRACTOR will notify PRDOH of such action within a **fifteen (15) day** period of being notified of it. PRDOH will have **fifteen (15) days** to state its position. With PRDOH's written approval, CONTRACTOR must ensure that the resulting entity becomes responsible for CONTRACTOR's tasks under this legal agreement. A timeframe of no more than **fifteen (15) days** from the date that any merger or consolidation becomes effective will be provided to make amendments or transitory changes, so that the tasks assigned to personnel at CONTRACTOR under this Agreement are carried out by the resulting entity with little or no lapse in performance objectives and the ability to fulfill the scope of work

for the program as outlined provide notice to any other agency or entity it may consider consolidating or merging with in advance, to advise and provide orientation on CONTRACTOR's duties under this Agreement and make the survival or transfer of those in **Attachments A and B**. CONTRACTOR is to tasks a condition to any merger, consolidation, or dissolution involving CONTRACTOR during the time span of this Agreement.

XLIV. HEADINGS

The titles to the paragraphs of this Agreement are solely for reference purposes and the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.

XLV. FEDERAL FUNDING

The fulfillment of this Agreement is based on those funds being made available to the PRDOH as the lead administrative agency for Recovery. All expenditures under this Agreement must be made in accordance with this Agreement, the policies and procedures promulgated under the CDBG-DR Program, and any other applicable laws. Further, CONTRACTOR acknowledges that all funds are subject to recapture and repayment for non-compliance.

XLVI. RECAPTURE OF FUNDS

PRDOH may recapture payments it makes to CONTRACTOR that (i) exceed the maximum allowable rates; (ii) are not allowed under applicable laws, rules, or regulations; or (iii) are otherwise inconsistent with this Agreement, including any unapproved expenditures. CONTRACTOR must refund such recaptured payments within **thirty (30) days** after the PRDOH issues notice of recapture to CONTRACTOR.

XLVII. OVERPAYMENT

CONTRACTOR shall be liable to the PRDOH for any costs disallowed pursuant to financial and/or compliance audit(s) of funds received under this Agreement. CONTRACTOR shall reimburse such disallowed costs from funds other than those CONTRACTOR received under this Agreement.

XLVIII. SEVERABILITY

If any provision of this Agreement shall operate or would prospectively operate to invalidate the Agreement in whole or in part, then such provision only shall be deemed severed and the remainder of the Agreement shall remain operative and in full effect.

XLIX. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of whom shall be deemed to be an original, however, all of which together shall constitute one and the same instrument. If the Agreement is not executed by the PRDOH within **thirty (30) days** of execution by the other party, this Agreement shall be null and void.

L. SURVIVAL OF TERMS AND CONDITIONS

The terms and conditions of this Agreement related to the following subjects shall survive the termination or expiration of this Agreement: interpretive provisions; consideration; warranties; general affirmations, federal assurances, federal and state certifications; CDBG-DR and state funding, recapture of CDBG-DR and/or state funds, overpayment of

CDBG-DR and/or state funds; ownership and intellectual property, copyright; records retention methods and time requirements; inspection, monitoring and audit; confidentiality; public records; indemnification and liability; infringement of intellectual property rights; independent CONTRACTOR relationship; compliance with laws; notices; choice of law and venue; severability; dispute resolution; consolidations, merger and dissolution. Terms and conditions that, explicitly or by their nature, evidence the Parties' intent that they should survive the termination or expiration of this Agreement shall so survive.

IN WITNESS THEREOF, the parties hereto execute this Agreement in the place and on the date first above written.

DEPARTMENT OF HOUSING

Fernando A. Gil-Enseñat, Esq.
Secretary

LLM&D, PSC

Eduardo Herencia
Authorized Representative
DUNS Number: 142800981

Attachment A

LLM&D, PSC
165 Ponce de León Ave.
Second Floor
San Juan, Puerto Rico
00917-1233

April 29, 2019

Abigail Romero Canales
Purchasing Department
Puerto Rico Department of Housing
PO Box 21365
San Juan, PR 00928-1365

Dear Ms. Romero:

We are pleased to submit our proposed services for the Puerto Rico Department of Housing (**The Department**) in relation to the update and maintenance of an entity-wide Cost Allocation Plan (CAP) and an Indirect Cost Proposal (ICP) for federal awards. As you read this document, you will be informed why we are the best team to assist you in attaining success in the proposed services. This firm profile shares our vision and describes **LLMD** full range of specialized capabilities.

We believe that by having been involved for the past 30 years as governmental and not-for-profit technical and accounting consultants in in all types of projects and Single Audits, we can provide valuable services to **The Department**. The depth and extensive involvement we have had in government and not-for-profit audits and consulting over the past 30 years, as you will see evidenced throughout this proposal, makes us the best team equipped to conduct the services under this proposal.

FIRM QUALIFICATIONS AND EXPERIENCE

LLMD is a local advisory and accounting CPA firm, founded in 2001 to provide specialized services to the business community in the areas of audit, specialized accounting and advisory, financial consulting, litigation support and other non-traditional consulting and business intelligence services.

LLMD is a member firm of **HLB INTERNATIONAL**, a dynamic network of independent professional accounting firms and business advisers. **HLB INTERNATIONAL** is a leading global network comprising locally well-established member firms which mostly rank among the top 12 nationally. Inspired for more than 40 years, **HLB International** is present in 140 countries, with 2,210 partners and 20,110 staff in over 660 offices worldwide. We currently have over 50 professionals working for our firm.

Substantially all our professionals are CPA's and possess significant experience from "Big Four" CPA firms. Specifically, the key management and supervisory team to be assigned to this engagement come from either KPMG or Deloitte, each of whom reached either a partner or manager position level while at such firm. Some of our professionals have also held top managerial positions that round-up the Firm's experience background.

One of the advantages and strengths of **LLMD** is that our firm has been built over the concept of maintaining **high level experienced resources**. To accomplish this, we created goals that tie to carrier paths at all employee levels. Although employee turnover is part of the professional service firm environment, we are proud to say that our Firm's employee turnover experience is minimal. We are also very prudent in the workload engaged by the Firm, allowing us to adapt very quickly to any sudden increase in workload that an audit, such as **the Department** might entail. We feel comfortable that we are second to none in availability, versatility and resourcefulness.

As part of our commitment to quality, **LLMD** is enrolled in the **AICPA Quality Peer Review Program.** The objective of this program is to ascertain compliance with the highest quality standards within the profession. All of peer review reports issued to our firm have been accepted by the AICPA Peer Review Committee with unmodified opinions. There have not been any instances, past or present, of disciplinary action taken or pending against **LLMD** with state regulatory bodies of professional organizations.

Our Firm qualifications and experience are demonstrated clearly with our pedigree of public sector and not for profit audit and consulting clients during the years. A summary of these entities is:

- *Commonwealth of Puerto Rico,*
- *Government Development Bank for Puerto Rico,*
- *Puerto Rico Housing Finance Authority,*
- *Municipality of San Juan,*
- *Municipality of Carolina,*
- *Municipality of Rio Grande,*
- *Municipality of Arecibo*
- *Economic Development Bank for Puerto Rico,*
- *Puerto Rico Tourism Company,*
- *Puerto Rico Aqueduct and Sewer Authority,*
- *Puerto Rico Highway and Transportation Authority,*
- *Department of Transportation and Public Works,*
- *Office of Management and Budget of the Commonwealth of PR (GAR),*
- *Puerto Rico Convention Center District Authority,*
- *Puerto Rico Public Broadcasting Corporation,*
- *Puerto Rico Ports Authority,*
- *Environmental Quality Board,*
- *Puerto Rico Bankers Association,*
- *Luis Muñoz Marín Foundation,*
- *Fundación Sila M. Calderón, Inc.,*
- *Puerto Rico Convention Bureau,*
- *Interamerican University of Puerto Rico,*
- *Employees' Retirement System of the Government of the Commonwealth of PR*

PREVIOUS SIMILAR EXPERIENCE

The following table presents in more detail the specific work we have done in the past (while at a former Firm or at **LLMD**) and/or are currently doing at **LLMD**, which have exposed us multiple times to the services **The Department** is requesting, most of them requiring our involvement in auditing and reviewing indirect cost analysis and cost allocation. Some of these tasks involved the inspection of numerous files, contracts, legal cases and records; documentation and testing of understanding of business, accounting and internal control processes; and other related attestation and consulting work, which are tasks inherent in the proposed services requested.

Previous Similar Experience			
Entity	**Type of Work**	**Total Hours**	**Number of Years or Frequency**
Puerto Rico Housing Finance Authority	Single Audit	Over 2,300	Once and ongoing
US Virgin Islands	Single Audit	Over 12,000	For 8 years
Municipality of Rio Grande	Single Audit	Over 500	For 3 years
Puerto Rico Ports Authority	Indirect Cost and Cost Allocation Plan	Over 250	For 1 year
Water Pollution Control Revolving Loan Fund	Single Audit	Over 300	For over 6 years and ongoing
Water Pollution Control Revolving Loan Fund	Single Audit	Over 300	For over 6 years and ongoing
Puerto Rico Highway and Transportation Authority	Single Audit	Over 2,000	For over 5 years
Government Authorized Representative for PR (GAR)	Single Audit	Over 300	For over 5 years
Environmental Quality Board	Single Audit	Over 400	For 3 years

PERSONNEL QUALIFICATION AND EXPERIENCE

The key managerial and supervisory engagement team that will serve **The Department:**

LLMD' s Audit Team			
Firm Member	**Name**	**Professional Certification**	**Years of Experience**
Engagement Partner	Victor Monserrate	CPA, Lic. 3260 CPE Compliant	26 years
Client Relations Partner (Quality Control Review)	Eduardo Herencia	CPA, Lic. 2201 CPE Compliant	34 years
Engagement Senior Manager	Rafael Pol	CPA, Lic. 3995 CPE Compliant	32 years
Engagement Senior	Fernando Perez	CPA, Lic. 6784 CPE Compliant	10 years

The individual resumes of the personnel listed on the aforementioned table have been included among the *attachments* to this proposal (Attachment A). Please refer to those attachments.

Victor's experience of over 26 years and background also comes from KPMG, where he was the senior manager in charge of the financial and Single Audits of the **US Virgin Islands** for over a decade and has also participated in the audits of the **Commonwealth of Puerto Rico** and of **GDB**, both as an auditor and as an employee. **Currently and recently from 2013 and 2017, Victor has been the Engagement Director for the Single Audit of the Puerto Rico Housing Finance Authority and of the Puerto Rico Water Pollution Control Revolving Fund and the Puerto Rico Safe Drinking Water Treatment Revolving Loan Fund Single Audits (GDB affiliates).** While at GDB, as General Auditor during the mid-2000's, Victor assisted in the preparation of the financial statements of GDB and its subsidiaries and affiliates and the review and evaluation of their applicable Single Audits. Victor also has participated in the Single Audits of the **Inter-American University**. Further detailed information about Victor's over 27-years career can be found on his resume attached to this proposal.

Eduardo was the partner in-charge of the audits of the **Commonwealth of Puerto Rico** from 2001 through 2008 and of the **Government Development Bank (GDB)** from 2001 through 2006 while at KPMG, during which time among his duties was the review and evaluation of the most significant agencies' Single Audit Reports and their impact on the audits of the Commonwealth. With **LLMD,** Eduardo has been active in government related work in the preparation of the **Commonwealth Financial Statements (CAFR)** for 2012 through 2016 and in the audits and Single Audits of eight (8) **GDB Affiliates,** four of them continuing to date. Eduardo was also engaged in the preparation of the **Puerto Rico Ports Authority's** financial statements for 2012 through 2016; and currently serves as the concurring reviewing partner for the Single Audit of the **Puerto Rico Housing Finance Authority**. Eduardo is a constant speaker at training sessions for the PR Society of CPA on governmental and general accounting and reporting topics. Further detailed information about Eduardo's 32-years career can be found on his resume attached to this proposal.

Rafael's experience of over 32 years and background also began within a Big Four Firm (Deloitte) in 1987, where he spent four years performing audits of financial statements of clients in the retail and manufacturing industries. After Deloitte, Rafael gained tremendous and versatile management experience outside public accounting by holding executive financial management and controllership positions at complex and interesting entities and projects, such as: Municipality of San Juan (Executive Finance Officer for three years); Organizing Committee XXI Central American Games Mayaguez 2010 (Finance Director for three years); Office of the Commissioner of Insurance (Deputy Commissioner for five years) and controllership positions at several US manufacturing companies operating in Puerto Rico. **Currently and since 2017,** Rafael has been with **LLMD** very active in government related consultation work in the preparation of the **Commonwealth Financial Statements (CAFR)** for the 2015 through 2016 fiscal years and in the preparation of the **Government Development Bank's financial statements** and related technical assistance for the 2016 through 2019 fiscal years. Further detailed information about Rafael's career can be found on her resume attached to this proposal.

Fernando has over 10 years of experience in auditing of financial statements, some of which have been in government. He is currently the supervising senior in charge of the Single Audits of the **Puerto Rico Housing Finance Authority, Puerto Rico Water Pollution Control Revolving Fund and the Puerto Rico Safe Drinking Water Treatment Revolving Loan Fund and** assists on an ongoing basis on several GDB related consulting engagements. Fernando has also been the supervising senior in charge of the audit of **Colegio San Ignacio** for the past couple of years. Further detailed information about Fernando's career can be found on her resume attached to this proposal.

The key managerial team put together in this proposal participates on an annual basis at least on either the National Governmental Auditing and Accounting Conference sponsored by the AICPA in the US or at similar conferences held locally sponsored by the PR Society of CPA's, where the required CPE requirements for governmental and Yellow Book topics are always assured. They also participate on an annual basis on either AICPA or PR Society of CPA's sponsored trainings required to maintain their respective professional certifications and licenses. For the rest of the staff to participate in this engagement, they are all booked on an annual and more frequent basis at selected auditing and accounting training sessions offered by the PR Society of CPA's throughout the year. The quality of our staff during the term of this engagement will be assured by demanding strict compliance every year with the required Continuing Professional Education credit requirements and often, by holding periodic office training sessions and reminders during the year to those new members that join our Firm. The knowledge and experience of all our government pool of professionals is second to none, and most members of this pool come from a National CPA Firm based experience that we have been able to transfer and maintain at **LLMD.**

Engagement partners, managers and other supervisory staff and specialists may be changed should those personnel leave the Firm or be promoted. Should this occur, we will replace them with those professionals meeting the required expertise levels we have explained herein. It is our policy and customary practice that should any key personnel assigned to the engagement leave our firm or need to be changed, such change intentions will be notified immediately upon coming to our knowledge and a proper knowledge transition will be executed prior to making such changes.

SCOPE, OBJECTIVES AND SERVICE APPROACH

Objectives:

As suggested in the preceding introductory paragraph, we are presenting our proposed understanding of:

Cost Allocation Plan (CAP) and Indirect Cost Proposal (ICP)

The Department has requested assistance in the update and maintenance of a Cost Allocation Plan and the Indirect Cost Proposal to be submitted to its federal award grantor. This CAP and the ICP will create a supported basis for the indirect costs that could be allocated to **The Department**'s federally funded projects and at the same time create an opportunity for an improved federal funds claims efficiency.

We will conduct these services in accordance with the Statements on Standard for Consulting Services, as defined by the American Institute of Certified Public Accountants (AICPA) and following the guidance of different state and local government's indirect cost proposal toolkits and checklists. The above described services and expected procedures outlined below are directed to provide management of **the Department** with consulting services. Accordingly, such services do not satisfy requirements for an audit in accordance with auditing standards generally accepted in the United States of America or a review or compilation in accordance with Statements on Standards for Accounting and Review Services issued by the AICPA.

Procedures:

Our procedures are expected to include the following, among others:

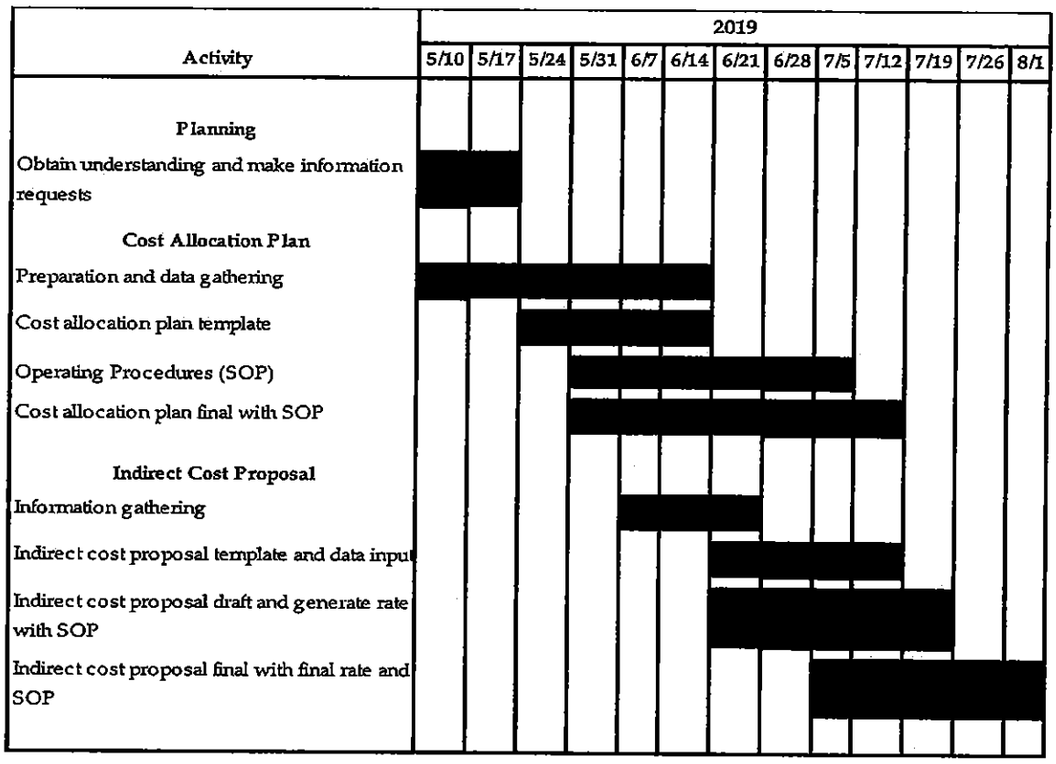
- Review previous cost allocation plans that may have been in place,
- Develop written procedures for updating and maintaining the cost allocation plan and the indirect cost proposal.
- Making sure that all activities that benefit from the indirect cost pool are included in the Cost Allocation Plan (accounting, billing, rent, utilities, etc),
- Analysis of which unallowable expenses should be eliminated from consideration in the CAP,
- Consider the treatment of paid absences and fringe benefits,

- Inquire about the changes, if any, to the accounting system on the treatment of any expense category,
- Incorporate **the Department**'s financial statements, statistical data, accounting reports and underlying general ledger accounts to support the CAP and the basis of the ICP framework,
- Determine whether the financial data used in the allocation bases is current and reasonable,
- Evaluate if the allocation bases used by management result in a reasonable allocation of indirect costs,
- Reconciliation of the underlying general ledger and financial data to the CAP,
- Follow the guidelines of PART 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix VII-State and Local Government and Indian Tribe Indirect Cost Proposals.
- Drafting and preparation of the CAP, CAP operating procedures and ICP document and related support,
- Any other procedures as considered necessary or requested specifically by **The Department**'s management.

Approach:

We anticipate that the fieldwork will take place mostly at **The Department**'s premises, unless otherwise indicated. Because much of the information we expect to gather will be gained through interviews with **The Department**'s officers and management, we will request access to such officers and management.

Project Timeline:



The project timeline will depend on the extent and nature of available information, cooperation from **The Department's** personnel and the amount of personnel required based on the information provided by you. It also depends on the developments that occur as work progresses. It is our intention to work closely with you to structure our work, so the appropriate levels of personnel are assigned to the various tasks.

Communication:

We will communicate the status of our work to you throughout our engagement orally, as needs arise. We will present our findings to you in regular meetings with you and the external auditors.

Other Matters:

LLMD is a professional services corporation comprising both certified public accountants and certain employees who are not licensed as certified public accountants. Such employees may participate in the engagements to provide the services described in this letter.

By approving this project, you agree to indemnify us from certain risks inherent in projects of this nature. Specifically, you agree to indemnify and hold us harmless against and from any and all losses, claims, damages, or liabilities to which we may become subject in connection with our oral and written reports and other communication, under federal securities laws or other statutes, common law or otherwise. We shall not be indemnified to the extent of such losses, claims, damages or liabilities resulting from our bad faith or gross negligence in performing our services.

PROFESSIONAL FEES

Our standard hourly rates are based on the level of expertise of the individuals who will perform the services and the complexity and risk of the engagements. In addition, expenses such as out of town travel, lodging and mileage are billed for reimbursement as incurred, if necessary.

Our hourly rates are as follows:

- Directors/Principals $125
- Senior Managers $110
- Managers $100
- Senior Associates $85

Based on our experience and conversations with you and the Department, plus the knowledge we have already gathered from our experience in these tasks, we believe that the following time and fees should be appropriate to perform the established consulting services:

✓	**Cost Allocation Plan and Indirect Cost Proposal**	**350 hours - $38,500**

Since this is just an estimate, we assure you that should we incur less than the number of hours estimated above, we will just bill the hours incurred. In case we see that the work might take more than the estimated hours specified above, we will advise you, so we can discuss courses of action at that time.

The estimated time and fees above will also depend on the extent and nature of available information, cooperation from **The Department**'s personnel and the amount of personnel required based on the information provided. It also depends on the developments that occur as work progresses. It is our intention to work closely with you and **The Department** to structure our work so that appropriate levels of personnel are assigned to the various tasks.

Circumstances encountered during the performance of these services that require additional time or expense could cause us to be unable to complete the audit within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed. We will render progress billings to **The Department** as work is performed. **The Department** agrees, by accepting the terms of this letter, to pay all invoices to **LLMD** upon presentation (or soon thereafter) to **LLMD**.

In the Request for Quotations for these services, you are also requesting, as and if needed, general accounting services and support to **The Department**, in order to support compliance with federal regulations. Should the need for these services arises, we would billed them separately under the rate structure previously presented.

We wish to express our appreciation for the opportunity to offer our services to **The Department**. We are certain that we can provide you with timely professional services of the highest quality for a reasonable price. We are committed to excel in this endeavor and our intentions that all of the **LLMD** team will dedicate any effort to serve you as our most valuable client. We take personal responsibility in bringing the necessary resources to serve you as our most valuable client and look forward to sharing our knowledge with you.

Sincerely yours,

LLMD, PSC

Eduardo Herencia

EDUARDO J. HERENCIA, CPA
DIRECTOR

VICTOR A. MONSERRATE, CPA

Experience

Victor is currently an ***Assurance and Consulting Director*** at LLMD. Victor worked for over 26 years at local and international public accounting firms, including KPMG LLP, where he served as a Manager in the assurance and advisory services practice. At KPMG LLP, he attained a profound specialization in government, not-for profit and commercial industries. He managed the Puerto Rico and U.S. Virgin Islands central government financial statement and Single Audit engagements while at KPMG, LLP. Also, managed consulting and audit engagements in other governmental units. After, KPMG he worked as General Internal Auditor in the Government Development Bank of Puerto Rico. Currently and recently from 2013 and 2017, Victor has been the Engagement Director for the Single Audit of the Puerto Rico Housing Finance Authority and of the Puerto Rico Water Pollution Control Revolving Fund and the Puerto Rico Safe Drinking Water Treatment Revolving Loan Fund Single Audits (GDB affiliates).

He has provided a wide range of assurance and consulting services, SOX 404, technical accounting pronouncement consulting which includes drafting policies and procedures to assist clients in implementing FASB and GASB statements. He was involved in providing assistance to various government units in the conversion to Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*

Education and Memberships

Victor graduated from the University of Puerto Rico in Rio Piedras in 1992, with a Bachelor's degree in Business Administration, Major in Accounting. He is a Member of the Puerto Rico Society of Certified Public Accountants, and the American Institute of Certified Public Accountants (AICPA).

EXPERIENCE

Eduardo is currently a **Director** at LLMD and has been with LLMD since 2009. Eduardo has over 34 years of experience in public accounting working with commercial, industrial, financial services, and government clients. Eduardo also has considerable experience in serving international clients and has rendered services to manufacturing, retail, and distribution companies, cable companies, banking institutions, governments, not-for-profit entities, and retirement plans. Eduardo's substantial public accounting experience has been developed with KPMG LLP (KPMG), where he started as an intern in 1984 and escalated positions from staff until he made partner on October 1, 2003 until 2009. During his years with KPMG, he provided a wide range of services aside of the traditional audit and accounting, including: financial and operational advice in the areas of business acquisitions, due diligence, credit file reviews, allowance for loan losses policies, evaluation of internal controls, single audits, treasury operations, business processes and risk assessment methodologies, among others.

Eduardo's strong experience in government, single audits and not for profit work was solidified when in 2001 and 2002, upon KPMG's landing of the **Commonwealth of Puerto** Rico and the **Governmental Development Bank** audit engagements, Eduardo was assigned the challenging tasks of being the senior manager for both engagements simultaneously, which was accomplished successfully. During most of the remaining part of the decade (from 2001 to 2008), Eduardo was one of the partners in charge of the Commonwealth of Puerto Rico audit engagement. Eduardo is currently providing consulting services to the **Puerto Rico Deparment of the Treasury, Government Development Bank** and until very recently the **Puerto Rico Ports Authority** in the preparation and completion of their respectives financial statements and technical assistance (since 2012 to date). Eduardo also lead the audit engagements of certain **GDB Affiliates,** the **Puerto Rico Convention Center District Authority** and the **Puerto Rico Public Broadcasting Corporation** from 2013 through 2016.

Rounding up his overall experience, during 1999 and 2000, Eduardo participated in short term international projects and assignments in Chile, Ecuador and Honduras. In Chile, he assisted the then recently established local representative office for KPMG in the delivery of reporting requirements on the KPMG multinational engagements being serviced locally. In Ecuador, he was involved in an encompassing project sponsored by the Ecuador Banking Commission which required surprise audits of all the banks in the country. Eduardo managed the audits of two of the banks, which involved among other things extensive credit file reviews and evaluation of loan loss reserve policies. In Honduras, he instructed some seminars and provided some audit and accounting advice to the "Banco Centroamericano de Integracion Economica".

Throughout his career, Eduardo has provided services to notable organizations like: Banco Bilbao Vizcaya, Citibank, Scotiabank, Reliable Financial Services, Commonwealth of Puerto Rico, Economic Development Bank for Puerto Rico, Pfizer, Holsum de Puerto Rico, Pueblo Inc., Nestle, Liberty Cablevision of Puerto Rico, Government Development Bank for Puerto Rico, Cemex, ICI Paints, India, General Electric, Gerber, Payco Foods, Roche Diagnostics, Encanto Restaurants, Puerto Rico Bankers Association, Empresas Fonalledas, Total Petroleum and Puerto Rico Tourism Company, among others. Eduardo has continued to provide consulting and audit services from time to time to these entities.

OTHER RESPONSIBILITIES AND ORGANIZATIONS

Member:

- Puerto Rico State Society of CPAs;
- American Institute of Certified Public Accountants (AICPA);
- Government Committee of the PR Society of CPA's;
- Periodic lecturer and instructor of technical topics for the PR Society of CPA's and the Puerto Rico Bankers Association;
- Periodic author of articles for the MIDA organization

EDUARDO J. HERENCIA, CPA

EDUCATION

Eduardo graduated from Fairfield University in Connecticut in 1986, with a Bachelor's degree in Business Administration, Major in Accounting (Cum Laude). While at Fairfield, in his junior year, he received a Scholarship Award from the Connecticut Society of Certified Public Accountants.

RAFAEL POL, CPA

EXPERIENCE

Rafael is currently an **Assurance and Consulting Senior Manager** at LLMD, which he joined since early 2017. Rafael has worked for over 32 years in the private industry, and at local and international public accounting firms, including Deloitte & Touche LLP (Deloitte), where he served up to Supervising Senior in the assurance and advisory services practice. At Deloitte, he attained a profound specialization in several industries, but principally in the retail and manufacturing industry.

After Deloitte, Rafael gained tremendous and versatile management experience outside public accounting by holding executive financial management and controllership positions at complex and interesting entities and projects, such as: Municipality of San Juan (Executive Finance Officer for three years); Organizing Committee XXI Central American Games Mayaguez 2010 (Finance Director for three years); Office of the Commissioner of Insurance (Deputy Commissioner for five years) and controllership positions at several US and foreigh manufacturing companies operating in Puerto Rico (Marion & Company, a subsidiary of Hoechst Marion Roussel-now Sanofi; Serono Puerto Rico; and Nevesem, Inc.; thus covering a variety of industries including a heavy presence in government and not for profit. **Currently and since 2017,** Rafael has been with **LLMD** very active in government related consultation work in the preparation of the **Commonwealth Financial Statements (CAFR)** for the 2015 and 2016 fiscal years, and in the preparation of the **Government Development Bank's financial statements** and related technical assistance, for the 2016 through 2019 fiscal years.

OTHER RESPONSIBILITIES AND ORGANIZATIONS

Member:

- ☐ Puerto Rico State Society of CPAs;
- ☐ American Institute of Certified Public Accountants (AICPA)

EDUCATION

Rafael graduated from St. Louis University, St. Louis, Missouri in 1986, with a Bachelor's degree in Business Administration, Major in Accounting and a Certificate in Computer Science. Rafael received a Marion Merrell Dow Special Achievement Award in 1991 and possesses a Certification in Project Management Courses since 2013.

FERNANDO PEREZ CABALLERO, CPA

A-4

PROFESSIONAL EXPERIENCE

Fernando is currently a Senior providing Audit, Assurance & Consulting services at Lomba, Luciano, Méndez & Dolagaray, LLC (LLMD). He has worked for various CPA firms, becoming responsible for planning, design, audit tests and supervision of assistant auditors assigned to audit engagement. Fernando has conducted financial audits in industries such as manufacturing, retail, service, and export services under law 20, distribution, construction contractors, dealerships, not-for-profits and HUD projects and Single Audits for governmental agencies.

Fernando has over 10 years of experience in public accounting. During his experience in public accounting, he has provided other services such as tax preparation and reasearch and consulting for a variety of clients. Fernando also has experience as controller in the dealership industry, overseeing the financial accounting system, related policies, procedures and personnel of a $100 million volume business; in which he gained experience implementing controls to ensure compliance with company policies and that reported results complied with generally accepted accounting principles. He also gained experience, recruiting, supervising and developing personnel.

Fernando has been inmersed in the past year conducting the Single Audit of the Puerto Rico Housing Finance Authority and consulting on other government related consulting projects; as well as the audit of Colegio San Ignacio de Loyola.

EDUCATION AND MEMBERSHIPS

Fernando, graduated from University of Puerto Rico in Rio Piedras in 2004, with a Bachelor's degree in Buiseness Administration, Major in Accounting. He is a member of the Puerto Rico Society of Certified Public Accountants.

GOVERNMENT OF PUERTO RICO
Department of Housing

Vendor's Initials: _____

No Conflict of Interest & Statement Under Act 2-2018
Micro Purchase Order
[Goods or services to be procured] Services
Community Development Block Grant – Disaster Recovery
CDBG-DR-PO-2018-00

Yo, Eduardo J. Herencia Garcia, en mi carácter personal y en representación de LLM&D, PSC Proveedor, con número de seguro social patronal [redacted], mayor de edad, de profesión: Contador, con estado civil: casado y vecino de San Juan certifico:

[I, _____, in my personal capacity and in representation of _____ Vendor, Tax I.D. Number _____, of legal age, with profession: _____, marital status: _____ and resident of _____, certify:]

1. Mi nombre y demás circunstancias personales son las anteriormente expresadas.

   [My name and personal circumstances are as stated above.]

2. No public official or employee of the Puerto Rico Department of Housing possesses any financial interest in this contract, or business transaction, and that likewise, has had no direct or indirectly financial interest in this business transaction for the past four (4) years.

   [Ningún (a) servidor (a) público (a) del Departamento de la Vivienda tiene interés pecuniario en este contrato, compra o transacción comercial, y tampoco ha tenido en los últimos 4 años directa o indirectamente interés pecuniario en este negocio.]

3. No public official or employee of the Puerto Rico Department of Housing has solicited or accepted, directly nor indirectly, for himself (herself), or any member of his (her) immediate relatives, or any other party, gifts, gratuities, contributions, services, donations, loans or any other item of monetary value.

   [Ningún (a) servidor (a) público (a) del Departamento de la Vivienda me solicitó o aceptó, directa o indirectamente, para él (ella), para algún miembro de su unidad familiar [1] o para cualquier persona, regalos, gratificaciones, favores, servicios, donativos, préstamos o cualquier otra cosa de valor monetario.]

4. No public official or employee has solicited or accepted goods of any value, related to this transaction from any representative of the entity as a form of compensation for performing the duties and responsibilities of his or her position.

   [Ningún(a) servidor(a) público(a) me solicitó o aceptó bien alguno de valor económico, vinculados a esta transacción, de persona alguna de mi entidad como pago por realizar los deberes y responsabilidades de su empleo.]

5. No public official or employee has accepted, or solicited from any person whatsoever directly or indirectly, either for himself (herself), for any member of his (hers) immediate family[1] unit, or for any other person, business or entity, any asset whatsoever of monetary value, including gifts, loans,

Vendor's Initials: _____

promises, favors, or services, in exchange for the actions of said public official or employee being of influence on behalf of my person or the entity.

[Ningún(a) servidor(a) público(a) me solicitó, directa o indirectamente, para él (ella), para algún miembro de su unidad familiar, ni para cualquier otra persona, negocio o entidad, bien alguno de valor económico, incluyendo regalos, préstamos, promesas, favores o servicios a cambio de que la actuación de dicha servidor (a) público (a) esté influenciada a favor mío o de entidad.]

6. There is no kindred relationship within the fourth (4th) degree of consanguinity and second (2nd) degree of affinity with any public official or employee in position of influencing or participating in institutional decisions of the contracting agency.

[No tengo relación de parentesco, dentro del cuarto (4to) grado de consanguinidad y segundo (2do) por afinidad, con ningún (a) servidor (a) público (a) que tenga facultad para influenciar y participar en las decisiones institucionales del Departamento de la Vivienda.]

7. A la fecha en que suscribo esta declaración, el suscribiente, el Proveedor, su presidente, vicepresidente, director, director ejecutivo, miembro junta de oficiales o directores y personas que desempeñen funciones equivalentes para el Proveedor **no ha sido convicto ni se ha declarado culpable en el foro estatal o federal,** o en cualquier otra jurisdicción de los Estados Unidos, por cualquiera de los siguientes delitos: (a) apropiación ilegal agravada; (b) extorsión; (c) sabotaje de servicios públicos esenciales; (d) falsificación de documentos; (e) fraude; (f) fraude por medio informático; (g) fraude en las construcciones; (h) uso, posesión o traspaso fraudulento de tarjetas con bandas electrónicas; (i) enriquecimiento ilícito; (j) enriquecimiento ilícito de funcionario público; (k) enriquecimiento injustificado; (l) aprovechamiento ilícito de trabajos o servicios públicos; (m) intervención indebida en las operaciones gubernamentales; (n) negociación incompatible con el ejercicio del cargo público; (o) alteración o mutilación de propiedad; (p) certificaciones falsas; (q) soborno, en todas sus modalidades; (r) influencia indebida; (s) malversación de fondos públicos; o (t) lavado de dinero.

[As of the date of execution of this statement, neither the undersigned nor the Vendor, or its president, vice president, director, executive director, member of Board of officers or directors, or any persons performing equivalent functions on Vendor's behalf, has been convicted or has pleaded guilty in state or federal court, or in any other jurisdiction of the United States, for any of the following crimes: (a) aggravated misappropriation; (b) extortion; (c) sabotage of essential public services; (d) forgery of documents; (e) fraud; (f) electronic fraud; (g) construction fraud; (h) fraudulent use, possession or transfer of cards with electronic bands; (i) illicit enrichment; (j) illicit enrichment by public official; (k) unjustified enrichment; (l) illicit enrichment of public work or services; (m) improper intervention in government operations; (n) negotiation incompatible with the exercise of public office; (o) false certifications; (q) bribery, in all its modalities; (r) undue influence; (s) embezzlement of public funds; or (t) money laundering.]

8. A la fecha en que suscribo esta declaración y **por los pasados veinte (20) años,** ni el suscribiente, ni el Proveedor, ni cualquiera de sus siguientes oficiales: presidente, vicepresidente, director, director ejecutivo o miembro junta de oficiales o directores o personas que desempeñen funciones equivalentes para el Proveedor, ha sido convicto o se ha declarado culpable en el foro estatal o federal, o en cualquier otra jurisdicción de los Estados Unidos, por cualquiera de los siguientes delitos: (a) daño agravado; (b) retención de propiedad; (c) alteración o mutilación de propiedad; (d) archivo de documentos o datos falsos; (e) posesión y uso ilegal de información, recibos y comprobantes de pago de contribuciones; (f) compra y venta ilegal de bienes en pago de contribuciones; (g) presentación de escritos falsos; (h) posesión ilegal de recibos de contribuciones; (i) falsificación de asientos en registros; (j) falsificación de sellos; (k) falsedad ideológica; (l) falsificación de licencia, certificado y otra documentación; (m) falsificación en el ejercicio de profesiones u ocupaciones; (n) posesión y traspaso de documentos falsificados; (o) posesión de instrumentos para falsificación; (p) preparación de escritos falsos.

*[As of the date of execution of this statement and **for the twenty (20) years** prior, neither the undersigned nor the Vendor, or any of its officers, including its president, vice president, director, executive director, member of board of officers or*

directors, or any person performing equivalent functions on Vendor's behalf, has been convicted or has pleaded guilty in the state or federal forum, or in any other jurisdiction of the United States, for any of the following crimes: (a) aggravated damage; (b) property retention; (c) alteration or mutilation of property; (d) filing of false documents or data; (e) illegal possession and use of tax information, receipts and payment vouchers; (f) illegal purchase and sale of goods for the payment of taxes; (g) filing false writings; (h) illegal possession of tax receipts; (i) falsification of entries in registers; (j) forgery of stamps; (k) ideological falsehood; (l) forgery of license, certificates and other documents; (m) forgery in the exercise of professions or occupations; (n) possession and transfer of forged documents; (o) possession of counterfeit instruments; (p) preparation of false writings.]

9. A la fecha en que suscribo esta declaración y **por los pasados ocho (8) años**, ni el suscribiente, ni el Proveedor, ni cualquiera de sus siguientes oficiales: presidente, vicepresidente, director, director ejecutivo o miembro junta de oficiales o directores o personas que desempeñen funciones equivalentes para el Proveedor, ha sido convicto o se ha declarado culpable en el foro estatal o federal, o en cualquier otra jurisdicción de los Estados Unidos, por cualquiera de los siguientes delitos: (a) omisión en el cumplimiento del deber; (b) venta ilegal de bienes; (c) incumplimiento del deber; (d) negligencia en el cumplimiento del deber; (e) usurpación de cargo público; o (f) impedir la inspección de libros y documentos.

[As of the date of execution of this statement and **for the eight (8) years** prior, neither the undersigned nor the Vendor, or any of its officers, including its president, vice president, director, executive director, member of board officers or directors, or any person performing equivalent functions on Vendor's behalf, has been convicted or has pleaded guilty in the state or federal forum, or in any other jurisdiction of the United States, for any of the following crimes: (a) omission in the fulfillment of duty; (b) illegal sale of goods; (c) breach of duty; (d) negligence in the fulfillment of duty; (e) usurpation of public office; or (f) preventing the inspection of records and documents.

10. A la fecha en que suscribo esta declaración y **por los pasados diez (10) años**, ni el suscribiente, ni el Proveedor, ni cualquiera de sus siguientes oficiales: presidente, vicepresidente, director, director ejecutivo o miembro junta de oficiales o directores o personas que desempeñen funciones equivalentes para el Proveedor, ha sido convicto o se ha declarado culpable en el foro estatal o federal, o en cualquier otra jurisdicción de los Estados Unidos, por delitos graves contra el ejercicio del cargo público o contra fondos públicos codificados en el Código Penal de Puerto Rico; la Ley Núm. 1-2012, según enmendada, la "Ley Orgánica de la Oficina de Ética Gubernamental"; o cualquier otro según dispuesto en la Ley 2-2018.

[As of the date of execution of this statement and **for the ten (10) years prior**, neither the undersigned nor the Vendor, or any of its officers, including its president, vice president, director, executive director, member of board officers or directors, or any person performing equivalent functions on Vendor's behalf, has been convicted or has pleaded guilty in the state or federal forum, or in any other jurisdiction of the United States, for crimes against the exercise of public office or public funds as defined in the Puerto Rico Penal Code, ; Law No. 1-2012, as amended, the Government Ethics Office Enabling Act; or any other crime defined in Law 2-2018.]

11. Entiendo y acepto el deber de informar cualquier cambio al contenido de esta declaración durante el proceso de contratación o la vigencia del contrato, ya sea por alegación de culpabilidad o convicción por cualquiera de los delitos antes mencionados, o cualquier otra conducta proscrita en el "Código de Ética para Contratistas, Suplidores y Solicitantes de Incentivos Económicos de las Agencias Ejecutivas del Gobierno de Puerto Rico", Código Anticorrupción para el Nuevo Puerto Rico, Título III, Ley 2-2018.

[I accept and acknowledge my obligation to inform of any change or modification to this statement during the contracting process or the term of the contract, as the result of a guilty plea or conviction for any of the above-mentioned crimes or any other conduct prohibited by the "Code of Ethics for Contractors, Suppliers of Goods and Services and Applicants for Economics Incentives of the Executive Agencies of the Government of Puerto Rico", Title III, Law 2-2018.]

12. Entiendo y acepto que la convicción posterior a esta declaración por cualquiera de los delitos enumerados en cualquiera de los incisos anteriores conllevará, además de cualquiera otra penalidad, la rescisión automática de cualquier contrato entre el suscribiente, el Proveedor, y cualquier entidad gubernamental, corporación pública o municipio.

Vendor's Initials: _____

[I accept and acknowledge that a conviction for any of the crimes specified in the above paragraphs will result, in addition to any other penalties, in the immediate termination of any contract in force at the time of conviction, between the undersigned, the Vendor, and any government entity, public corporation or municipality at the date of conviction or guilty plea.]

13. El suscribiente, el Proveedor, según sea el caso, se compromete a cumplir con lo dispuesto en el Código de Ética para Contratistas, Suplidores y Solicitantes de Incentivos Económicos de las Agencias Ejecutivas del Gobierno de Puerto Rico", Código Anticorrupción para el Nuevo Puerto Rico, Título III, Ley 2-2018.

[The undersigned and/or the Vendor, as the case may be, commits to complying with the "Code of Ethics for Contractors, Suppliers of Goods and Services and Applicants for Economics Incentives of the Executive Agencies of the Government of Puerto Rico", Title III, Law 2-2018.]

14. Suscribo esta certificación de conformidad con las disposiciones de la Ley 2-2018, y los requisitos de esta Orden de Compra Pequeña.

[I execute this certification pursuant to Law 2-2018, and the terms and provisions of this PO.]

15. Hago la presente certificación para que cualquier entidad gubernamental, corporación pública o municipio, tenga conocimiento de lo aquí declarado para cualquier propósito administrativo y/o legal.

[I execute this certification so that any government entity, public corporation or municipality has knowledge of what is herewith declared and for any administrative and/or legal purpose in relation thereto.]

Y PARA QUE ASÍ CONSTE, certifico y suscribo en San Juan, Puerto Rico, hoy 29 de abril de 2019.

[NOW THEREFORE, *I certify and sign in* _____, _____, *on this* _____ *day of* _____, *2019.]*

_____
DECLARANTE
[DEPONENT]

Yvelisse Rivera

From: Ana Abigail Romero Canales <aromero@vivienda.pr.gov>
Sent: Friday, May 3, 2019 5:23 PM
To: Yvelisse Rivera
Subject: FW: Aclaración de duda

Déjame saber si esto es suficiente.

Gracias,

Abigail Romero Canales
aromero@vivienda.pr.gov
Division de Compras
787-274-2527 ext. 6123
Fax 787-758-6966

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From: Victor Monserrate [mailto:victor.monserrate@llmdcpa.com]
Sent: Friday, May 3, 2019 5:21 PM
To: Ana Abigail Romero Canales <aromero@vivienda.pr.gov>
Subject: RE: Aclaración de duda

Abigail,
Buenas tardes,

Las horas (365) del desglose son mayores que el estimado original (350), pero el costo del servició ($38,500) va a ser igual al original.

Saludos y buen fin de semana,
Víctor

VICTOR A. MONSERRATE, CPA
ASSURANCE AND ADVISORY DIRECTOR
Certified Public Accountants • Business and Tax Consultants
165 Ponce de León Avenue
Second Floor
San Juan Puerto Rico 00917-1235
Telephone (787)777-0660 - Fax (787)765-8033 - Cellular (787)439-0346
victor.monserrate@llmdcpa.com www.llmdcpa.com

Addendum #1 to Proposal submitted by LLMD, PSC to the PRDOH on 4/29/2019.

Project Timeline

Activity	2019													Hours
	5/10	5/17	5/24	5/31	6/7	6/14	6/21	6/28	7/5	7/12	7/19	7/26	8/1	
Planning														
Obtain understanding and make information requests	■	■												17
Cost Allocation Plan														
Preparation and data gathering	■	■	■	■	■	■								32
Cost allocation plan template			■	■	■	■								40
Cost allocation plan draft with Standard Operating Procedures (SOP)				■	■	■	■	■	■					70
Cost allocation plan final with SOP				■	■	■	■	■	■	■				32
Indirect Cost Proposal														
Information gathering					■	■	■							32
Indirect cost proposal template and data input							■	■	■	■				40
Indirect cost proposal draft and generate rate with SOP							■	■	■	■	■			70
Final indirect cost proposal with final rate and SOP									■	■	■	■	■	32
														365

Time and Fee Distribution

	Hours	Rate per hour	Total
Partners/Directors	125	$125	$ 15,610
Senior manager	162	$110	$ 17,820
Staff	78	$65	$ 5,070
Total	365		$ 38,500

Note:

The above is an estimate of the time that is expected to be devoted by the partners/directors, managers and other staff to this engagement. There might be circumstances encountered during the performance of this engagement that might change the above estimate.

From: Ana Abigail Romero Canales [mailto:aromero@vivienda.pr.gov]
Sent: Friday, May 03, 2019 5:00 PM
To: Victor Monserrate <victor.monserrate@llmdcpa.com>
Subject: RE: Aclaración de duda

Saludos.

Necesitamos, por favor, que aclare el total de las horas cotizadas.
En la propuesta original indican 350 horas y en el desglose 365 horas.

Gracias,

Abigail Romero Canales
aromero@vivienda.pr.gov
Division de Compras
787-274-2527 ext. 6123
Fax 787-758-6966

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From: Victor Monserrate [mailto:victor.monserrate@llmdcpa.com]
Sent: Thursday, May 2, 2019 10:33 AM
To: Ana Abigail Romero Canales <aromero@vivienda.pr.gov>
Subject: RE: Aclaración de duda

Abigail,
Buenos días,

Adjunto un anejo a la propuesta enviada por correo electrónico el 29 de abril de 2019, para incluir el desglose del estimado de horas por tareas y del costo total del servicio por posiciones.

Saludos,
Víctor

VICTOR A. MONSERRATE, CPA
ASSURANCE AND ADVISORY DIRECTOR
Certified Public Accountants • Business and Tax Consultants
165 Ponce de León Avenue
Second Floor
San Juan Puerto Rico 00917-1235
Telephone (787)777-0660 - Fax (787)765-8033 - Cellular (787)439-0346
victor.monserrate@llmdcpa.com www.llmdcpa.com

From: Ana Abigail Romero Canales [mailto:aromero@vivienda.pr.gov]
Sent: Wednesday, May 01, 2019 2:00 PM
To: Victor Monserrate <victor.monserrate@llmdcpa.com>
Subject: Aclaracion de duda

Reciba un cordial saludo.

Según conversación telefónica, le indico de manera formal, que estamos evaluando la cotización sometida por la empresa que representa. A tales fines, necesitamos por favor, nos aclare cuantas horas serán necesarias para realizar las tareas solicitadas, para cada una de las posiciones. De igual manera, necesitamos nos desglose el costo total de dicho servicio, $38,500.00.

EL NO RECIBIR DICHA ACLARACION, SERÁ CONSIDERADO COMO NO RESPONSIVO.
*****IMPORTANTE: LA INFORMACION DEBERA SER TRAMITADA,**
VIA CORREO ELECTRONICO***
EN O ANTES DE MANANA, 2 DE MAYO DE 2019 12:00 MD

Gracias,

Abigail Romero Canales
aromero@vivienda.pr.gov
Division de Compras
787-274-2527 ext. 6123
Fax 787-758-6966

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WARNING: This communication contains privileged information property of LLMD. This information and/or any attachments are for exclusive use of the intended recipient. If you received this communication by error, you are hereby notified that any action taken over its content is strictly prohibited.

GOVERNMENT OF PUERTO RICO
Department of Housing

SCOPE OF SERVICES
Small Purchase
Accounting Services for Finance and Operations Services
Community Development Block Grant – Disaster Recovery
Puerto Rico Department of Housing

1. Introduction and Overview

The Puerto Rico Department of Housing (PRDOH) is issuing this Request for Quotations (RFQ) to procure certain accounting services.

The PRDOH reserves the right, without limitations, to: (i) cancel and/or reissue this Quotation Request or another version of it, if it deems that doing so is in the best interest of the Public Interest; (ii) amend the contract(s) of the Selected Contractor(s) to, among others, extend its original duration, and/or to extend its scope to include work under subsequent CDBG-DR action plans.

2. Experience, Qualifications and Services

This section details the Accounting Services that the Selected Contractor must perform in order to support PRDOH with various financial activities and analysis for the CDBG-DR Programs. The Selected Contractor must be able and willing to perform all tasks assigned under this Purchase Order (PO). The scope of work presented is based upon circumstances existing at the time the RFQ is released. The PRDOH reserves the right to modify or delete the tasks listed and, if appropriate, add additional tasks prior to and during the term of the contemplated contract.

2.1. *Experience and Qualifications*

Provider must demonstrate the following:

- **2.1.1.** Staff performing the tasks included in this Scope of Services must be Senior Accountants and Certified Public Accountants.
- **2.1.2.** Staff must have familiarity in preparing cost allocation plans, indirect cost rate proposals, and general accounting research and analysis.
- **2.1.3.** Staff and the firm must have familiarity with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- **2.1.4.** The firm must have familiarity in negotiating (i.e., indirect cost rate)

2.2. Services

- **2.2.1.** Develop and prepare an Office of Management and Budget (OMB) compliant cost allocation plan. The plan must follow the regulations set forth by the OMB, and 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- **2.2.2.** Develop and prepare an indirect cost proposal for use by PRDOH and its partners. The plan must follow the regulations set forth by the OMB, the United States Department of Housing and Urban Development (HUD), and 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

2.2.3. Develop Standard Operating Procedures (SOPs) for updating and maintaining the cost allocation plan and indirect cost proposal. Develop and build capacity for ongoing sustainability of plans by PRDOH, which may include but are not limited to:

2.2.3.1. Provide guidance to PRDOH personnel and its partners on the specifics of:

- Indirect costing, including cost analysis and cost flow structuring;
- statistical data collection and development techniques;
- interviewing;
- plan summarization and organization;
- theory of computation and plan implementation; and
- Identify available data which can be effectively incorporated into the indirect cost allocation plans and determine opportunities for simplifying data collection activities for future plans; and
- Identify opportunities to utilize full overhead costs for internal management and budgetary purposes, internal charging for full overhead cost-based direct billing, and as a foundation for user charge determination.

2.2.4. Support PRDOH and its partners with negotiation strategies and needs. Negotiation assistance may include, but is not limited to the following:

- Indirect cost rate
- Budgeted costs
- Innovative cost strategies (i.e., project delivery, overhead, etc.)

2.2.5. Provide general accounting services and support to PRDOH on an as needed basis. These services will support compliance with federal regulations.

3. Deliverables

Deviations to the following stated timeline will be accepted with prior written approval by the department.

3.1. The selected contractor shall provide for all deliverables no later than **December 31, 2019.**

3.2. Deliverables shall be provided in both electronic and hard copy formats, and in sufficient copies as indicated by PRDOH. The selected contractor shall provide the deliverables in any format requested.

3.3. The selected contractor shall provide a deliverables project timeline to PRDOH no later than **November 15, 2019.**

3.4. Deliverables and timeline for the OMB compliant cost allocation plan includes the following:

ID	Item	Deadline
3.4.1	Preparation and data gathering	November 15, 2019
3.4.2	Cost allocation plan template	November 15, 2019
3.4.3	Cost allocation plan draft with Standard Operating Procedure (SOP)	November 30, 2019
3.4.4	Cost allocation plan final with SOP	December 15, 2019

3.5. Deliverables and timeline for the indirect cost proposal includes the following:

ID	Item	Deadline
3.5.1	Information gathering	December 5, 2019
3.5.2	Indirect cost proposal template and data input	December 12, 2019
3.5.3	Indirect cost proposal draft and generate rate with SOP	December 19, 2019
3.5.4	Indirect cost proposal final with final rate and SOP	December 23, 2019

3.6. Deliverables for general accounting services and support shall be determined by mutual agreement.

Attachment C

GOVERNMENT OF PUERTO RICO
Department of Housing

May 6, 2019

Maretzie Díaz Sánchez, Esq.
Director of Disaster Recovery Office
CDBG-DR Program
Puerto Rico Department of Housing

William G. Ríos Maldonado, Esq.
Procurement Office Director
CDBG-DR Program
Puerto Rico Department of Housing

Quotations Evaluation and Recommendation
Community Development Block Grant- Disaster Recovery (CDBG-DR)
Small Purchase

Accounting Services for Finance and Operations Processes

I. Introduction

The Puerto Rico Department of Housing ("PRDOH") issued a Small Purchase Solicitation to procure Accounting Services for Finance and Operations Processes for various CDBG-DR programs. Among the services required by the PRDOH, a complete Cost Allocation Plan (CAP) with all relevant Standard Operating Procedures and an Indirect Cost Proposal (ICP) are the primary required deliverables.

PRDOH intends to issue a fixed price agreement to the firm whose quotation contains a combination of those criteria offering the best overall value.

Given the aforementioned need, on April 23, 2019, the PRDOH requested quotations from Accounting Services Firms.

Independent Cost Estimate
As stated in the Certification of Funds dated April 15, 2019, the Independent Cost Estimate (ICE) for the Small Purchase was issued for $245,000.00, based on the market value of firms completing similar projects. An estimate of 2,020 hours was calculated among different types of Accounting Services that will be required for the CDBG-DR Program.

II. Vendors Contact Information

The following is the Vendors contact information:

Table 1. Proposers Contact Information

Vendor No.	Vendor Name	Contact Name	Address & Telephone	Email
1	LLM&D, PSC	Eduardo J. Herencia, CPA	165 Ponce De Leon Ave. 2nd Floor San Juan, PR 00917-1233 Tel. 787-777-0660	eduardo.herencia@llmdcpa.com victor.monserrate@llmdcpa.com
2	Baker Tilly Puerto Rico, CPAs, PSC	José A. Rodríguez, CPA, CGMA	PO Box 366202 San Juan, PR 00936-6202 Tel. 787-622-8855	Jrodriguez@bakertillypr.com
3	BDO Puerto Rico, PSC	Carlos E. Vázquez, CPA	1302 Ponce De Leon Ave. 1st Floor San Juan, PR 00907 Tel. 787-754-3999	yruiz@bdo.com.pr
4	Falcón Sánchez & Associates, PSC	Ismael Falcón, CPA, CVA	Triple S Plaza, Suite 6A 1510 F.D. Roosevelt Ave. Guaynabo, PR 00968 Tel. 787-273-7979	ifalcon@falcon-sanchez.com
5	CPA Díaz Martínez, PSC	Soane Díaz Burgos, CPA, CGMA	PO Box 8369 Caguas, PR 00726 Tel. 787-746-0510	soane.diaz@cpadiazmartinez.com

III. Evaluation

After receipt of the quotations, a Price Analysis was performed to compare the offers among the firms and determine whether the prices are fair and reasonable, while meeting the requirements set forth in the scope of work provided on the solicitation. The following summary in **Table 2** presents a list of the fixed, lump sum prices proposed for the Accounting Services requested:

Table 2: Overall Price Summary

Vendor	Total Hours to Complete Project	Total Quote Amount	Remarks
LLM&D, PSC	365	$38,500	• Initial proposal did not have a defined hourly cost per role. Attached addendum clarified the unit costs and adjusted the hours to complete the project from 350 to 365. LLM&D informed that no additional cost will be charge by the hours' adjustment.
Baker Tilly Puerto Rico, CPAs, PSC	1,040	$98,400	• Did not provide relevant CBDG-DR experience as required in solicitation
BDO Puerto Rico, PSC	N/A	N/A	• On April 30, 2019, BDO Puerto Rico, PSC declined the invitation to present quotations.
Falcón Sánchez & Associates, PSC	N/A	N/A	• On April 25, 2019, Falcón Sánchez & Associates, PSC, PSC declined the invitation to present quotations.

Vendor	Total Hours to Complete Project	Total Quote Amount	Remarks
CPA Díaz Martínez, PSC	N/A	N/A	• On April 24, 2019, CPA Díaz Martínez, PSC declined the invitation to present quotations.

IV. Recommendation for Selection and Award

From five (5) companies that were invited to present quotations for the Accounting Services for Finance and Operations Processes, only two (2) companies, LLM&D, PSC and Baker Tilly Puerto Rico, CPAs, PSC (Baker Tilly), responded.

A comparison of the submitted proposals indicates that the firms have a vast portfolio reflecting adequate experience in the Accounting Services market. The proposed cost submitted by both firms for this project is well below the Independent Cost Estimate (ICE) approved at the initiation of the solicitation, $38,500.00 for LLM&D, PSC and 98,400.00 for Baker Tilly. Nonetheless, while reviewing the proposal presented by Baker Tilly, no reference was made indicating working knowledge or experience of 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The firm LLM&D, PSC does list relevant experience regarding 2 CFR part 200, with direct reference to a similar project completed for the Puerto Rico Port Authority. Furthermore, the total projected price point and hours required for project completion submitted by Baker Tilly more than doubles the proposed timeframe and cost proposed by LLM&D, PSC, with equivalent deliverables.

An inquiry to clarify the proposed total hours to complete project submitted by LLM&D, PSC was requested on 5/1/2019. The Firm adequately defined the cost measures and delegation of hours each position will incur for project completion. On May 3, 2019, the PRDOH requested by email to LLM&D, PSC to clarify the total hours needed to complete the project since the initial proposal established 350 hours and the proposal Addendum established 365 hours. LLM&D, PSC clarified that the hours to complete the project will be 365 hours and no additional fees will be charged for the difference.

Given the above, the PRDOH recommends awarding the Accounting Services for the Finance and Operations Processes Small Purchase Solicitation under CDBG-DR to **LLM&D, PSC**, who represents the best value and meets the needs for the PRDOH CDBG-DR program. Before execution of contract the selected contractor must be registered on the System for Award Management (SAM).

V. Attachments

1. Certification of Funds
2. Small Purchase Request

3. Independent Cost Estimate (ICE)
4. Vendor's Quotations
5. Non-Conflict of Interest Certification
6. SAM Search
7. HUD Limited Denial of Participation Search

Attachment D

HUD GENERAL PROVISIONS

Given that the Contract involves funds for which the U.S. Department of Housing and Urban Development (HUD) is the oversight agency, the following terms and conditions may apply to this Contract. In addition, Contractor shall comply with the Federal Labor Standards Provisions set forth in Form HUD-4010, available at https://www.hudexchange.info/resource/2490/hud-form-4010-federal-labor-standards-provisions/

The CONTRACTOR shall include these terms and conditions in all subcontracts or purchase orders directly servicing the Contract.

These general provisions may be updated from time to time. It is the sole responsibility of the CONTRACTOR to be aware of any changes hereto, to amend and implement such changes and to ensure subcontracts terms and conditions are modified as necessary, if any.

General Provisions:

1. PROVISIONS REQUIRED BY LAW DEEMED INSERTED

Each and every provision of law and clause required by law to be inserted in this Contract shall be deemed to be inserted herein and the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the Contract shall forthwith be physically amended to make such insertion or correction.

2. STATUTORY AND REGULATORY COMPLIANCE

CONTRACTOR shall comply with all laws and regulations applicable to the Community Development Block Grant-Disaster Recovery funds appropriated by the Supplemental Appropriations for Disaster Relief Requirements, 2017 (Pub. L. 115-56), approved September 8, 2017 (Appropriations Act), as amended, including but not limited to the applicable Office of Management and Budget Circulars, which may impact the administration of funds and/or set forth certain cost principles, including if certain expenses are allowed.

3. BREACH OF CONTRACT TERMS

The PRDOH reserves its right to all administrative, contractual, or legal remedies, including but not limited to suspension or termination of this Contract, in instances where the CONTRACTOR or any of its subcontractors violate or breach any Contract term. If the CONTRACTOR or any of its subcontractors violate or breach any Contract term, they shall be subject to such sanctions and penalties as may be appropriate. The duties and obligations imposed by the Contract documents, and the rights and remedies available

thereunder, shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law.

4. REPORTING REQUIREMENTS

The CONTRACTOR shall complete and submit all reports, in such form and according to such schedule, as may be required by the PRDOH and/or the Government of Puerto Rico. The CONTRACTOR shall cooperate with all the PRDOH and/or the Government of Puerto Rico efforts to comply with HUD requirements and regulations pertaining to reporting, including but not limited to 24 C.F.R. §§ 85.40-41 (or 84.50-52, if applicable) and 570.507, when applicable.

5. ACCESS TO RECORDS

The Government of Puerto Rico, the PRDOH, HUD, the Comptroller General of the United States, or any of their duly authorized representatives, shall have, at any time and from time to time during normal business hours, access to any work product, books, documents, papers, and records of the CONTRACTOR which are related to this Contract, for the purpose of inspection, audits, examinations, and making excerpts, copies and transcriptions.

6. MAINTENANCE/RETENTION OF RECORDS

All records (files, data, work product) connected with this Contract will be turned over to PRDOH following the Agreement termination to be maintained for the remainder of the grant and post grant closeout.

7. SMALL AND MINORITY FIRMS, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS

The CONTRACTOR will take necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used in subcontracting when possible. Steps include, but are not limited to:

(i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
(ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
(iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
(iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises; and

(v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

Additionally, for contracts of $10,000 or more, the CONTRACTOR shall file Form HUD 2516 (Contract and Subcontract Activity) with the PRDOH on a quarterly basis.

8. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements", and any implementing regulations issued by HUD.

9. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

The Proposer will comply with the provisions of Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, or national origin in any program or activity that receives Federal funds or other Federal financial assistance. Programs that receive Federal funds cannot distinguish among individuals on the basis of race, color or national origin, either directly or indirectly, in the types, quantity, quality or timeliness of program services, aids or benefits that they provide or the manner in which they provide them. This prohibition applies to intentional discrimination as well as to procedures, criteria or methods of administration that appear neutral but have a discriminatory effect on individuals because of their race, color, or national origin. Policies and practices that have such an effect must be eliminated unless a recipient can show that they were necessary to achieve a legitimate nondiscriminatory objective.

10. SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The CONTRACTOR shall comply with the provisions of Section 109 of the Housing and Community Development Act of 1974. No person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Section 109 further provides that discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended, is prohibited.

11. SECTION 504 OF THE REHABILITATION ACT OF 1973

The CONTRACTOR shall comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), as amended, and any applicable regulations.

The CONTRACTOR agrees that no qualified individual with handicaps shall, solely on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance from HUD.

12. AGE DISCRIMINATION ACT OF 1975

The CONTRACTOR shall comply with the Age Discrimination Act of 1975 (42 U.S.C. § 6101 *et seq.*), as amended, and any applicable regulations. No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to, discrimination under, any program or activity receiving Federal financial assistance.

13. DEBARMENT, SUSPENSION, AND INELIGIBILITY

The CONTRACTOR represents and warrants that it and its subcontractors are not debarred or suspended or otherwise excluded from or ineligible for participation in Federal assistance programs subject to 2 C.F.R. Part 2424.

14. CONFLICTS OF INTEREST

The CONTRACTOR shall notify the PRDOH as soon as possible if this Contract or any aspect related to the anticipated work under this Contract raises an actual or potential conflict of interest (as defined at 2 C.F.R. Part 215 and 24 C.F.R. § 85.36 or 84.42, if applicable). The CONTRACTOR shall explain the actual or potential conflict in writing in sufficient detail so that the PRDOH is able to assess such actual or potential conflict. The CONTRACTOR shall provide the PRDOH any additional information necessary to fully assess and address such actual or potential conflict of interest. The CONTRACTOR shall accept any reasonable conflict mitigation strategy employed by the PRDOH, including but not limited to the use of an independent subcontractor(s) to perform the portion of work that gives rise to the actual or potential conflict.

15. SUBCONTRACTING

When subcontracting, the CONTRACTOR shall solicit for and contract with such subcontractors in a manner providing for fair competition. Some of the situations considered to be restrictive of competition include, but are not limited to:

(i) Placing unreasonable requirements on firms in order for them to qualify to do business;
(ii) Requiring unnecessary experience and excessive bonding;
(iii) Noncompetitive pricing practices between firms or between affiliated Companies;
(iv) Noncompetitive awards to consultants that are on retainer contracts,
(v) Organizational conflicts of interest;
(vi) Specifying only a brand name product instead of allowing an equal

product to be offered and describing the performance of other relevant requirements of the procurement; and

(vii) Any arbitrary action in the procurement process.

The CONTRACTOR represents to the PRDOH that all work shall be performed by personnel experienced in the appropriate and applicable profession and areas of expertise, taking into account the nature of the work to be performed under this Contract.

The CONTRACTOR will include these HUD General Provisions in every subcontract issued by it, so that such provisions will be binding upon each of its subcontractors as well as the requirement to flow down such terms to all lower-tiered subcontractors.

16. ASSIGNABILITY

The CONTRACTOR shall not assign any interest in this Agreement, and shall not transfer any interest in the same (whether by assignment or novation) without prior written approval of the PRDOH.

17. INDEMNIFICATION

The CONTRACTOR shall indemnify, defend, and hold harmless the Government of Puerto Rico and PRDOH, its agents and employees, from and against any and all claims, actions, suits, charges, and judgments arising from or related to the negligence or willful misconduct of the CONTRACTOR in the performance of the services called for in this Contract.

18. COPELAND "ANTI-KICKBACK" ACT

(Applicable to all construction or repair contracts)

Salaries of personnel performing work under this Contract shall be paid unconditionally and not less often than once a month without payroll deduction or rebate on any account except only such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the Copeland "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; Title 18 U.S.C. § 874; and Title 40 U.S.C. § 276c). The CONTRACTOR shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all subcontracts covering work under this Agreement to ensure compliance by subcontractors with such regulations, and shall be responsible for the submission of affidavits required of subcontractors thereunder except as the Secretary of Labor may specifically provide for variations of or exemptions from the requirements thereof.

19. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

(Applicable to construction contracts exceeding $2,000 and contracts exceeding $2,500 that involve the employment of mechanics or laborers.)

The CONTRACTOR shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-330) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by CONTRACTORS or subcontractors shall receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours and Safety Standards Act, and the CONTRACTORS and subcontractors shall comply with all regulations issued pursuant to that act and with other applicable Federal laws and regulations pertaining to labor standards.

20. DAVIS-BACON ACT

(Applicable to construction contracts exceeding $2,000 when required by Federal program legislation.)

The CONTRACTOR shall comply with the Davis Bacon Act (40 U.S.C. §§ 276a to 276a-7) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by CONTRACTORs or subcontractors, including employees of other governments, on construction work assisted under this Contract, and subject to the provisions of the federal acts and regulations listed in this paragraph, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

On a semi-annual basis, the CONTRACTOR shall submit Form HUD 4710 (Semi-Annual labor Standards Enforcement Report) to PRDOH.

21. TERMINATION FOR CAUSE

(Applicable to contracts exceeding $10,000)

If, through any cause, the CONTRACTOR shall fail to fulfill in a timely and proper manner his or her obligations under this Contract, or if the CONTRACTOR shall violate any of the covenants, agreements, or stipulations of this Contract, the PRDOH shall thereupon have the right to terminate this Contract by giving written notice to the CONTRACTOR of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports prepared by the CONTRACTOR under this Agreement shall, at the option of the PRDOH, become the PRDOH's property and the CONTRACTOR shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the Government of Puerto Rico and PRDOH for damages sustained by the Government of Puerto Rico and/or PRDOH by virtue of any breach of the Agreement by the CONTRACTOR, and the Government of Puerto Rico and/or PRDOH may withhold any payments to the

CONTRACTOR for the purpose of set-off until such time as the exact amount of damages due to the Government of Puerto Rico and/or PRDOH from the CONTRACTOR is determined.

22. TERMINATION FOR CONVENIENCE
(Applicable to contracts exceeding $10,000)
The PRDOH may terminate this Contract at any time by giving at least ten (10) days' notice in writing to the CONTRACTOR. If the Contract is terminated by the PRDOH as provided herein, the CONTRACTOR will be paid for the time provided and expenses incurred up to the termination date.

23. SECTION 503 OF THE REHABILITATION ACT OF 1973
(Applicable to contracts exceeding $10,000)
The CONTRACTOR shall comply with Section 503 of the Rehabilitation Act of 1973 (29 U.S.C. § 793), as amended, and any applicable regulations.

Equal Opportunity for Workers with Disabilities:

1) The CONTRACTOR will not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The CONTRACTOR agrees to take affirmative action to employ, advance in employment and otherwise treat qualified individuals with disabilities without discrimination based on their physical or mental disability in all employment practices, including the following:

(i) Recruitment, advertising, and job application procedures;
(ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring;
(iii) Rates of pay or any other form of compensation and changes in compensation;
(iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
(v) Leaves of absence, sick leave, or any other leave;
(vi) Fringe benefits available by virtue of employment, whether or not administered by the CONTRACTOR;
(vii) Selection and financial support for training, including apprenticeship, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
(viii) Activities sponsored by the CONTRACTOR including social or recreational programs; and
(ix) Any other term, condition, or privilege of employment.

2) The CONTRACTOR agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the act.

3) In the event of the CONTRACTOR's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the act.

4) The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Deputy Assistant Secretary for Federal Contract Compliance Programs, provided by or through the contracting officer. Such notices shall state the rights of applicants and employees as well as the CONTRACTOR'S obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants with disabilities. The CONTRACTOR must ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the CONTRACTOR may have the notice read to a visually disabled individual, or may lower the posted notice so that it might be read by a person in a wheelchair).

5) The CONTRACTOR will notify each labor organization or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the CONTRACTOR is bound by the terms of Section 503 of the Rehabilitation Act of 1973, as amended, and is committed to take affirmative action to employ and advance in employment individuals with physical or mental disabilities.

6) The CONTRACTOR will include the provisions of this clause in every subcontract or purchase order in excess of $10,000, unless exempted by the rules, regulations, or orders of the Secretary issued pursuant to Section 503 of the act, as amended, so that such provisions will be binding upon each subcontractor or vendor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the Deputy Assistant Secretary for Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

24. EQUAL EMPLOYMENT OPPORTUNITY
(Applicable to construction contracts and subcontracts exceeding $10,000)
The CONTRACTOR shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60).

During the performance of this Agreement, the CONTRACTOR agrees as follows:

1) The CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The CONTRACTOR shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

2) The CONTRACTOR shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by Contracting Officer setting forth the provisions of this non-discrimination clause. The CONTRACTOR shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

3) The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

4) The CONTRACTOR will send to each labor union or representative of workers with which he or she has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers representative of the CONTRACTOR's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

5) The CONTRACTOR will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

6) The CONTRACTOR will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

7) In the event of the CONTRACTOR's non-compliance with the non-discrimination clause of this Agreement or with any of such rules, regulations or orders, this

Agreement may be cancelled, terminated or suspended in whole or in part and the CONTRACTOR may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

8) CONTRACTOR shall incorporate the provisions of 1 through 7 above in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor so that such provisions shall be binding on such subcontractor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non- compliance, provided, however, that in the event the CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the CONTRACTOR may request the United States to enter into such litigation to protect the interests of the United States.

25. CERTIFICATION OF NONSEGREGATED FACILITIES
(Applicable to construction contracts exceeding $10,000)

The CONTRACTOR certifies that it does not maintain or provide for its establishments, and that it does not permit employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for employees any segregated facilities at any of its establishments, and it will not permit employees to perform their services at any location under its control where segregated facilities are maintained. The CONTRACTOR agrees that a breach of this certification is a violation of the equal opportunity clause of this Agreement.

As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms, and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation and housing facilities provided for employees which are segregated by explicit directive or are, in fact, segregated on the basis of race, color, religion, or national origin because of habit, local custom, or any other reason.

The CONTRACTOR further agrees that (except where it has obtained for specific time periods) it will obtain identical certification from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the equal opportunity clause; that it will retain such certifications in its files; and that it will

forward the preceding notice to such proposed subcontractors (except where proposed subcontractors have submitted identical certifications for specific time periods).

26. CERTIFICATION OF COMPLIANCE WITH CLEAN AIR AND WATER ACTS
(Applicable to contracts exceeding $100,000)

The CONTRACTOR and all subcontractors shall comply with the requirements of the Clean Air Act, as amended, 42 U.S.C. § 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 C.F.R. Part 15 and 32, as amended, Section 508 of the Clean Water Act (33 U.S.C. § 1368) and Executive Order 11738.

In addition to the foregoing requirements, all nonexempt contractors and subcontractors shall furnish to the owner, the following:

1) A stipulation by the CONTRACTOR or subcontractors, that any facility to be utilized in the performance of any nonexempt contract or subcontract, is not listed on the Excluded Party Listing System pursuant to 40 C.F.R. 32 or on the List of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 C.F.R. Part 15, as amended.

2) Agreement by the CONTRACTOR to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. § 1857 c-8) and Section 308 of the Federal Water Pollution Control Act, as amended, (33 U.S.C. § 1318) relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.

3) A stipulation that as a condition for the award of the Agreement, prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized, or to be utilized for the Agreement, is under consideration to be listed on the Excluded Party Listing System or the EPA List of Violating Facilities.

4) Agreement by the CONTRACTOR that he or she will include, or cause to be included, the criteria and requirements in paragraph (1)through (4) of this section in every nonexempt subcontract and requiring that the CONTRACTOR will take such action as the government may direct as a means of enforcing such provisions.

27. ANTI-LOBBYING
(Applicable to contracts exceeding $100,000)

By the execution of this Contract, the CONTRACTOR certifies, to the best of his or her knowledge and belief, that:

1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the CONTRACTOR, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the CONTRACTOR shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

3) The CONTRACTOR shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

28. BONDING REQUIREMENTS
(Applicable to construction and facility improvement contracts exceeding $100,000)

The CONTRACTOR shall comply with Puerto Rico bonding requirements, unless they have not been approved by HUD, in which case the CONTRACTOR shall comply with the following minimum bonding requirements:

1) A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the

bidder will, upon acceptance of his or her bid, execute such contractual documents as may be required within the time specified.

2) A performance bond on the part of the CONTRACTOR for one hundred percent (100%) of the Agreement price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the CONTRACTOR's obligations under such contract.

3) A payment bond on the part of the CONTRACTOR for one hundred percent (100%) of the Agreement price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

29. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968
(As required by applicable thresholds)

1) The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

2) The parties to this Agreement agree to comply with HUD's regulations in 24 C.F.R. Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

3) The CONTRACTOR agrees to send to each labor organization or representative of workers with which the CONTRACTOR has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the CONTRACTOR's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

4) The CONTRACTOR agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. Part 135, and agrees to take appropriate

action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. Part 135. The CONTRACTOR will not subcontract with any subcontractor where the CONTRACTOR has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 135.

5) The CONTRACTOR will certify that any vacant employment positions, including training positions, that are filled: (1) after the CONTRACTOR is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. Part 135 require employment opportunities to be directed, were not filled to circumvent the CONTRACTOR's obligations under 24 C.F.R. Part 135.

6) Noncompliance with HUD's regulations in 24 C.F.R. Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

7) With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. § 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible: (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

8) For contracts exceeding $100,000, the CONTRACTOR shall submit Form HUD 60002 (Section 3 Summary Report) to PRDOH on a quarterly basis, notwithstanding the annual reporting requirement set forth in that form's instructions.

30. FAIR HOUSING ACT

CONTRACTOR shall comply with the provisions of the Fair Housing Act of 1968, as amended. The act prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. The Equal Opportunity in Housing Act prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.

31. ENERGY POLICY AND CONSERVATION ACT

CONTRACTOR shall comply with mandatory standards and policies relating to energy efficiency as contained in the Government of Puerto Rico's energy conservation plan, issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201 *et seq*).

32. HATCH ACT

CONTRACTOR agrees to comply with mandatory standards and policies relating to Hatch Act, Public Law 94-163, as amended.

The Hatch Act applies to political activities of certain state and local employees. As a Puerto Rico Department of Housing CONTRACTOR, you may do any of the following activities: be a candidate in nonpartisan elections; attend political meetings and conventions; contribute money; campaign in partisan elections; and hold office in political parties.

The CONTRACTOR may not do the following activities: be a candidate in partisan elections; use official influence to interfere in elections; coerce political contributions from subordinates in support of political parties or candidates the office of special counsel operates a website that provides guidance concerning hatch act issues.

33. HEALTH AND SAFETY STANDARDS

All parties participating in this project agree to comply with Sections 107 and 103 of the Contract Work Hours and Safety Standards Act. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions, which are unsanitary, hazardous, or dangerous to his or her health and safety as determined under construction, safety, and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchase of supplies or materials or articles ordinarily available on the open market, or contracts for transportation.

34. PERSONNEL

The CONTRACTOR represents that it has, or will secure at its own expense, all personnel required in performing the services under this Agreement. Such personnel shall not be employees of, or have any contractual relationship with, the contracting party. All the services required hereunder will be performed by the CONTRACTOR or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such services. No person who is serving sentence in a penal or correctional institution shall be employed on work under this Contract.

35. WITHHOLDING OF WAGES

If in the performance of this Agreement, there is any underpayment of wages by the CONTRACTOR or by any subcontractor thereunder, the PRDOH may withhold from the CONTRACTOR out of payment due to him or her an amount sufficient to pay to employees underpaid the difference between the wages required thereby to be paid and the wages actually paid such employees for the total number of hours worked. The amounts withheld may be disbursed by the PRDOH for and on account of the CONTRACTOR or subcontractor to the respective employees to whom they are due.

36. CLAIMS AND DISPUTES PERTAINING TO WAGE RATES

Claims and disputes pertaining to wage rates or to classifications of professional staff or technicians performing work under this Contract shall be promptly reported in writing by the CONTRACTOR to the PRDOH for the latter's decision, which shall be final with respect thereto.

37. DISCRIMINATION BECAUSE OF CERTAIN LABOR MATTERS

No person employed on the services covered by this Agreement shall be discharged or in any way discriminated against because he or she has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable hereunder to his or her employer.

38. INTEREST OF MEMBERS OF LOCAL PUBLIC AGENCY AND OTHERS

The CONTRACTOR agrees to establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have a family, business, or other tie. The CONTRACTOR will be aware of and avoid any violation of the laws of this State which prohibit municipal officers and employees from having or owning any interest or share, individually or as agent or employee of any person or corporation, either directly or indirectly, in any contract made or let by the governing authorities of such municipality for the construction or doing of any public work, or for the sale or purchase of any materials, supplies or property of any description, or for any other purpose whatsoever, or in any subcontract arising therefrom or connected therewith, or to receive, either directly or indirectly, any portion or share of any money or other thing paid for the construction or doing of any public work, or for the sale or purchase of any property, or upon any other contract made by the governing authorities of the municipality, or subcontract arising therefore or connected therewith.

The CONTRACTOR will also be aware of and avoid any violation of the laws of this State which prescribe a criminal penalty for any public officer who has an interest in any contract passed by the board of which he or she is a member during the time he or she was a member and for one year thereafter.

39. INTEREST OF CERTAIN FEDERAL OFFICERS
No member of, or delegate to, the Congress of the United States and no Resident Commissioner shall be admitted any share or part of this Agreement or to any benefit to arise therefrom.

40. INTEREST OF CONTRACTOR
The CONTRACTOR agrees that it presently has no interest and shall not acquire any interest, direct or indirect, in the above described project or any parcels therein or any other interest which would conflict in any manner or degree with the performance of the Work hereunder. The CONTRACTOR further agrees that no person having any such interest shall be employed in the performance of this Agreement.

41. POLITICAL ACTIVITY
The CONTRACTOR will comply with the provisions of the Hatch Act (5 U.S.C. 1501 *et seq.*), which limits the political activity of employees.

42. RELIGIOUS ACTIVITY
The CONTRACTOR agrees to abstain from using any funds related to this Agreement for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

43. FLOOD DISASTER PROTECTION ACT OF 1973
The CONTRACTOR will ensure that procedures and mechanisms are put into place to monitor compliance with all flood insurance requirements as found in the Flood Disaster Protection Act of 1973, 24 C.F.R. § 570.605.

44. LEAD BASED PAINT
The CONTRACTOR must comply with the regulations regarding lead-based paint found at 24 C.F.R. § Part 35 on LEAD-BASED PAINT POISONING PREVENTION IN CERTAIN RESIDENTIAL STRUCTURES with regards to all housing units assisted using CDBG-DR funds.

45. VALUE ENGINEERING
(Applicable to construction contracts exceeding $2,000 when required by Federal program legislation.)
The CONTRACTOR must comply with the regulations regarding systematic and organized approach to analyze functions of systems, equipment, facilities, services, and materials to ensure they achieve their essential functions at the lowest cost consistent to life cycle in execution, reliability, quality, and safety, in accordance with 24 C.F.R. § 200.318.(g).