



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

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

**AGREEMENT FOR  
FINANCIAL AND ACCOUNTING CONSULTING SERVICES  
BETWEEN THE  
PUERTO RICO DEPARTMENT OF HOUSING  
AND  
ROBLES & ASSOCIATES LLC**



This **AGREEMENT FOR FINANCIAL AND ACCOUNTING CONSULTING SERVICES** (**Agreement** or **Contract**) is entered into in San Juan, Puerto Rico, this 3 of January, 2024, by and between the **PUERTO RICO DEPARTMENT OF HOUSING (PRDOH)**, a public agency created under Act No. 97 of June 10, 1972, as amended, 3 LPRA § 441, *et seq.*, known as the "Organic Act of Department of Housing" with principal offices at 606 Barbosa Avenue, San Juan, Puerto Rico, herein represented by William O. Rodríguez Rodríguez, attorney, of legal age, single, and resident of Guaynabo, Puerto Rico, in his capacity as Secretary; and **ROBLES & ASSOCIATES LLC (CONTRACTOR)**, with principal offices in Paseo Alto Núm. 29 Calle 2, San Juan, Puerto Rico, 00926, herein represented by Diego Javier Robles Cordero, in his capacity as President, of legal age, married, and resident of San Juan, Puerto Rico, duly authorized by Corporate Resolution issued on November 15, 2023.

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**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 on 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 Community Development Block Grant – Disaster Recovery (**CDBG-DR**) Program. 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**, 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**, 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 the grantee of the CDBG-DR funds allocated to the Government of Puerto Rico.

**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**, under the Further Additional Supplemental Appropriations Act for Disaster Relief Requirements Act, 2018, (Division B, Subdivision 1 of the Bipartisan Budget Act of 2018, Pub. L. 115-123, approved February 9, 2018), \$8.285 billion were allocated by HUD for mitigation activities and assistance to the Government of Puerto Rico under the Community Development Block Grant – Mitigation (**CDBG-MIT**) Program. These funds are intended to provide financial assistance in areas impacted by recent disasters. Moreover, CDBG-MIT funds represent a unique and significant opportunity for Puerto Rico to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses.

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**WHEREAS**, on August 30, 2019, a Notice was published in the Federal Register, Vol. 84, No. 169, (84 FR 45838), which described the grant requirements and procedures applicable to future allocations of CDBG-MIT funds to the Government of Puerto Rico.

**WHEREAS**, on May 12, 2021, the PRDOH Secretary and the Secretary of HUD signed Grant Agreement Number B-18-DP-72-0002; allowing PRDOH access to \$8,285,284,000 in CDBG-MIT funding, obligated under Pub. L. 115-123, as amended.

**WHEREAS**, the PRDOH is the government agency designated as the grantee of the CDBG-MIT funds allocated to the Government of Puerto Rico.

**WHEREAS**, the PRDOH is interested in contracting a Financial and Accounting Services Firm to assist PRDOH with the required expertise and knowledge to provide objective assurance for a broad range of financial and accounting activities for all Community Development Block Grant – Disaster Recovery (**CDBG-DR**), Community Development Block Grant-Mitigation (**CDBG-MIT**) and all other allocations made to the Government of Puerto Rico. This firm will support PRDOH's objectives of ensuring compliance with all CDBG-DR/MIT, HUD and applicable federal and local requirements, rules and regulations, as well as in PRDOH's objectives of the Action Plan, as amended, and adequately coordinating and monitoring all CDBG-DR/MIT related activities.

**WHEREAS**, on July 13, 2023, the PRDOH issued **CDBG-DRMIT-RFP-2023-03** for "**Financial and Accounting Consulting Services**" with CDBG-DR/MIT funds. This request was placed through the "Registro Unico de Subastas del Gobierno" (**RUS**, for its Spanish acronym) and the CDBG-DR Program website. Through this procurement process, PRDOH received four (4) proposals. The proposals were evaluated by an Evaluation Committee appointed pursuant to Administrative Order No. 23-54 dated August 30, 2023. The Evaluation committee evaluated the Proposals based on the criteria stated in the RFP 2023-03.

**WHEREAS**, on August 22, 2023, the CONTRACTOR submitted a proposal, which fully complied with the requirements set forth by the PRDOH.

**WHEREAS**, the PRDOH desires to enter into an Agreement with **ROBLES & ASSOCIATES LLC** to secure its services and accepts the CONTRACTOR's Proposal and reasonable 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.

**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, the CONTRACTOR shall submit monthly invoices to the PRDOH based on the **Attachment C** (Compensation Schedule) 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:

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<b>Attachment A</b>	Proposal
<b>Attachment B</b>	Scope of Services
<b>Attachment C</b>	Compensation Schedule
<b>Attachment D</b>	Performance Requirements
<b>Attachment E</b>	Insurance Requirements
<b>Attachment F</b>	HUD General Provisions
<b>Attachment G</b>	Contractor Certification Requirement
<b>Attachment H</b>	Non-Conflict of Interest Certification

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. The Agreement shall prevail if any inconsistency appears between the Attachments and this Agreement.

## 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 **thirty-six (36) months**, ending on January, 2, 2027.
- B. Contract Extensions:** PRDOH may, at its sole discretion, extend the Agreement's term for two (2) additional terms of **twelve (12) months**, or expressed in days, **three hundred and sixty-five (365) days** upon mutual written agreement of the Parties.
- C.** The term of this Agreement shall not exceed the lifetime of the initial Grant Agreement between PRDOH and HUD unless the term of the initial Grant Agreement is extended by HUD, in which case the Agreement shall not exceed said extended period.

## III. SCOPE OF SERVICES

The CONTRACTOR will provide the services described in **Attachment B** (Scope of Services) 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 the 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 C** (Compensation Schedule) of this Agreement.

- B. The PRDOH will pay the CONTRACTOR, for allowable services performed during the term of this Agreement, a maximum amount not to exceed **ONE MILLION TWENTY-SIX THOUSAND DOLLARS (\$1,026,000.00)**; **Account Number: mita12adm-doh-na; r02a01adm-doh-na / 4170-01-000.**
- C. Such payment shall be compensation for all allowable services required, performed, and accepted under this Agreement included in **Attachment B** (Scope of Services), **Attachment C** (Compensation Schedule), and **Attachment D** (Performance Requirements).
- D. 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.
- E. 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 photo 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.
- F. The services rendered under the Agreement, shall be payable within **forty-five (45) business days** from the date the invoice is received and approved by a PRDOH representative for payment. If PRDOH raises any objections, PRDOH will return the invoice for corrections and the CONTRACTOR shall modify the invoice and return it within **five (5) business days**. Once the CONTRACTOR returns the modified invoice, the PRDOH shall resume and conclude the payment process within the next **forty-five (45) business days**.
- G. 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.
- H. While providing the services under this Agreement, the CONTRACTOR must adhere to the applicable requirements of the CDBG-DR/MIT grant. If the CONTRACTOR performs ineligible activities under the CDBG-DR/MIT grant or program, the CONTRACTOR cannot include them in the invoice for payment to the CONTRACTOR.
- I. 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.
- J. The CONTRACTOR acknowledges and agrees to repay any CDBG-DR/MIT funds used for ineligible costs.
- K. 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 hereby certify that no public servant of the government entity is a party to or has an interest of any**

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kind in the profits or benefits to be obtained under the contract which is the basis of this invoice, and should he be a party to, or have an interest in, the profits or benefits to be obtained under the contract, a waiver has been previously issued. The only consideration to provide the contracted goods or services under the contract is the payment agreed upon with the authorized representative of the government entity. The amount that appears in the invoice is fair and correct. The work has been performed, the goods have been delivered, and the services have been rendered, and no payment has been received therefor."

#### 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 the closeout of the grant to the state, or the period required by other local applicable laws and regulations.

#### VIII. DOCUMENTATION AND RECORDKEEPING

- 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 the 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/MIT 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/MIT assistance; Records documenting compliance with the fair housing and equal opportunity requirements of the CDBG-DR/MIT program regulations; Financial records as required by 24 C.F.R. § 570.506, 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 confidential 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.
- E. PII Policy:** The CONTRACTOR must comply with the PRDOH CDBG-DR/MIT Personal Identifiable Information Policy, as found in the CDBG-DR/MIT Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)), which is herein included and made an integral part of this Agreement, as it may be updated from time to time.

#### 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

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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 may 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.

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## **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 to this Agreement; and be fit for ordinary use, of good quality, and with no material defects, if applicable.
- (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, if applicable, 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) calendar 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) calendar 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/MIT 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) calendar days'** 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 this Agreement, should the CONTRACTOR breach this 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) calendar days'** 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) business 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,

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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.

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**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. PRDOH reserves the right to provide for the execution of a Transition Services Agreement for the Transition Period. In such instance, the CONTRACTOR will be paid at a reasonable, agreed upon, hourly rate for any work performed for the PRDOH during the Transition Period. Moreover, during that Transition Period, all finished or unfinished records (files, data, work product) connected with this Agreement will be turned over to PRDOH.

### **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 B** (Scope of Services) and **Attachment D** (Performance Requirements) and this Section. Refer to all required provisions set forth at 2 C.F.R. § 200.326 and 24 C.F.R. § 570.489(g), if applicable, and the Contract and Subrecipient Agreement Manual, Section 2, Subsection 2.4.1 (a), as found in the CDBG-DR/MIT Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)) which is herein included and made an integral part of this Agreement, as it may be updated from time to time.
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, **ONE HUNDRED FIFTY DOLLARS (\$150.00)** for each calendar day that any task deliverable required is late until deemed in compliance subject to a maximum of **ONE THOUSAND FIVE HUNDRED (\$1,500.00)** established in this Contract between PRDOH and the CONTRACTOR, in accordance with **Attachment B** (Scope of Services) and **Attachment D** (Performance Requirements). 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) business 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.

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## 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 Insurance Requirements, attached hereto and made an integral part hereof as **Attachment E** (Insurance Requirements). The CONTRACTOR shall meet all other insurance requirements as may be imposed by PRDOH from time to time.

Upon the execution of this Agreement, the CONTRACTOR shall furnish PRDOH with original and two (2) certified copies of the insurance policies described in **Attachment E** (Insurance Requirements) 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 Contract Administration of the Legal Division and/or the Finance area of the CDBG-DR/MIT program 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

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Agreement. The insurance policies shall provide for **thirty (30) 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 maintain in force all insurance policies and/or bonds necessary to cover their individual participation in the risk or risks related to the subcontracted work or service to be rendered. 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.

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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, pandemic officially declared by the Government of Puerto Rico, 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 party claiming Force Majeure shall exercise due diligence to prevent, eliminate, or overcome such Force Majeure event where it is possible to do so and shall resume performance at the earliest possible date.

The CONTRACTOR shall notify the PRDOH in writing as soon as possible, but in any event within **ten (10) business days** of the occurrence of the Force Majeure event and describe in reasonable detail the nature of the Force Majeure event, how the non-performance or delay relates to or arises from the Force Majeure event, its anticipated duration and any action taken to minimize its effect. The CONTRACTOR may be entitled to reasonable adjustments in schedules, among other measures, in the foregoing circumstances. If non-performance continues for more than **thirty (30) days**, without reasonable justification, the PRDOH may terminate this Agreement immediately upon written notification to the CONTRACTOR.

#### **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.

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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.

## 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:

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To: PRDOH

William O. Rodríguez Rodríguez, Esq.  
Secretary  
Puerto Rico Department of Housing  
606 Barbosa Ave.  
Juan C. Cordero Dávila Bldg.  
San Juan, PR 00918

To: CONTRACTOR

Diego J. Robles Cordero  
President  
Robles & Associates LLC  
PMB 353 PO BOX 7891  
Guaynabo, PR 00970

## 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:** All subcontracts shall contain the applicable provisions described in **Attachment F** (HUD General Provisions), 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.

**E. Notification:** Within **three (3) business days** of its execution, the CONTRACTOR shall notify the Contract Administration Area of the PRDOH CDBG-DR/MIT Legal Division and provide a copy of all subcontracts related to this Agreement and CDBG-DR/MIT funds, as well as any other subcontracts listed in **Attachment G** (Contractor Certification Requirement). The CONTRACTOR is in charge of obtaining all certifications from the subcontractors listed in Article XXIII of this Agreement that are required for technical, professional, or consulting services, as well as submitting them with the copy of the subcontract and adhering to all other requirements set forth in Circular Letter 1300-16-16 from the Puerto Rico Department of Treasury. Technical, professional, or consulting services that are employed to carry out the terms of this Agreement are referred to as subcontractors for the purposes of this article if they spend at least 25% of their time on it.

#### **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 F** (HUD General Provisions), **Attachment G** (Contractor Certification Requirement) and following provisions:

**A. Compliance with Executive Order No. 24:** Pursuant to Executive Order No.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 No. 52 of August 28, 1992, amending Executive Order No.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

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rendered under this Agreement and shall forward evidence to PRDOH as to its compliance with this requirement.

**C. Compliance with Circular Letter No. 1300-16-16 of the Puerto Rico Department of Treasury:**

The CONTRACTOR accepts and acknowledges its responsibility of acquiring the certifications required in the Puerto Rico Department of Treasury Circular Letter No. 1300-16-16 issued on January 19, 2016. All certifications must be submitted during their term of validity, in accordance with applicable laws. Certifications expired or issued more than **sixty (60) calendar days** prior to the contract date will not be accepted. The last payment to be made under the contract will only be issued if the 'Debt Certifications' by the Puerto Rico Department of Treasury indicate that the CONTRACTOR has no debt with the Department of Treasury. The CONTRACTOR agrees to cancel any debt that cannot be clarified with the Department of the Treasury through a withholding made by PRDOH from the payments to which it is entitled to receive under the contract.

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**D. 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.

**E. 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.

**F. 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.

**G. Compliance with Act No. 45 of April 18, 1935, as amended, 11 LPRA § 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, 8 LPRA § 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 LPRA § 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 the "Puerto Rico Government Ethics Act of 2011", in connection with the possibility of a conflict of interest.

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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 has requested me or accepted from 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) requested or accepted 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 has requested from 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 and agrees to obey the Anticorruption Code for the New Puerto Rico known in Spanish as "Código Anticorrupción para el Nuevo 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:

1. 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 No. 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.
2. 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.

3. It declares under oath the above mentioned in conformity with what is established as in Act No. 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 public funds.
4. 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) business days** from the time of the conviction.

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- 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 money received under this Agreement.
- P. Non-Conflict of Interest Certification:** The CONTRACTOR shall comply with **Attachment H** (Non-Conflict of Interest Certification), attached herein and made an integral part of this Agreement, which outlines several situations that may reasonably be considered as conflicts of interest. The aforementioned certification aids PRDOH, in its role as grantee, to identify, evaluate, disclose, and manage apparent potential, or actual conflicts of interest related to CDBG-DR and CDBG-MIT-funded projects, activities, and/or operations.

**XXIV. ACT NO. 18 OF OCTOBER 30, 1975, as amended, 2 L.P.R.A. §§ 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. 2021-003; CIRCULAR LETTER 001-2021 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 (*Secretaría 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.

**C. Contract Review Policy of the Financial Supervision and Administration Board for Puerto Rico:** The Parties acknowledge that the CONTRACTOR has submitted the certification entitled "Contractor Certification Requirement" required in accordance with the Contract Review Policy of the Financial Oversight and Management Board (**FOMB**) for Puerto Rico, effective as of November 6, 2017, as amended on October 30, 2020, signed by the Contractor's Executive Director (or another official with an equivalent position or authority to issue such certifications). A signed copy of the "Contractor's Certification Requirement" is included as **Attachment G** (Contractor Certification Requirement) to this contract.

**XXVI. MEMORANDUM NO. 2021-029; CIRCULAR LETTER NO. 013-2021 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.** The PRDOH certifies that the CONTRACTOR was selected as the provider of the services described in this Agreement, pursuant to Executive Order No. 2021-029.
- B.** The Parties certify that they acknowledge the provisions stated in Executive Order No. 2021-029 and CC 013-2021. Any failure to comply with the requirements set forth in Executive Order No. 2021-029 and CC 013-2021 will result in the termination of this Agreement.
- C.** The CONTRACTOR certifies that it has informed PRDOH of any current contractual relationship with any government entities of the Government of Puerto Rico. Accordingly, the CONTRACTOR certifies, as of the date hereof, that it is in a contractual relationship with the following entities of the Government of Puerto Rico: Puerto Rico General Services Administration (GSA), Puerto Rico Convention Center District Authority (CCDA), Puerto Rico Integrated Transportation Authority (PRITA), Puerto Rico Gaming Commission, Puerto Rico Tourism Company, Puerto Rico Department of Agriculture (ASDA), Puerto Rico Department of Education, Department of the Treasury of Puerto Rico, Puerto Rico Department of Natural and Environmental Resources, Puerto Rico Department of Public Safety (PR DPS), Retirement Board of the Government of Puerto Rico, Electronic Lottery of Puerto Rico and PR Innovation and Technology Services (PRITS). The CONTRACTOR also certifies that said entities are all the entities of the Government of Puerto Rico with which they maintain a contractual relationship. In addition, the CONTRACTOR recognizes and accepts that omitting any information regarding any current contractual relationship with any governmental entity could result in the termination of this Agreement if so, required by PRDOH.
- D.** The CONTRACTOR certifies that it has informed the PRDOH whether or not the entity is a public corporation whose shares are exchanged in a stock exchange properly regulated. In the event that the CONTRACTOR certifies that it is not a public

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corporation that exchanges shares in a stock change, the CONTRACTOR certifies it has completed the applicable certification as stated in CC-013-2021.

#### **XXVII. 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 and local laws, rules, regulations, and policies relating to CDBG-DR/MIT 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; Housing and Community Development Act of 1974; 24 C.F.R. part 570 Community Development Block Grant; applicable waivers; Fair Housing Act, 24 C.F.R. Part 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, the CONTRACTOR shall comply, without limitation, with those set forth in **Attachment F** (HUD General Provisions) and in compliance with all the requirements described in **Attachment G** (Contractor Certification Requirement).

#### **XXVIII. CDBG-DR/MIT POLICIES AND PROCEDURES**

In addition to what is established in this Agreement, the CONTRACTOR shall comply with all CDBG-DR/MIT program specific and general policies and procedures, including, but not limited to, the Contract and Subrecipient Agreement Manual, OS&H Guideline, MWBE Policy, Procurement Manual for the CDBG-DR/MIT Program, URA & ADP Guidelines, Cross Cutting Guidelines, AFWAM Policy, Section 3 Policy, Personally Identifiable Information, Confidentiality, and Nondisclosure Policy and Conflict of Interest and Standards of Conduct Policy, as found in the CDBG-DR/MIT Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)), which are herein included and made an integral part of this Agreement, as they may be updated from time to time, and reporting requirements as established by the PRDOH.

#### **XXIX. SECTION 3 CLAUSE**

**A.** The work to be performed under this contract 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 contract agree to comply with HUD's regulations in 24 C.F.R. part 75, which implement Section 3. As evidenced by their execution of this contract, the Parties to this contract certify that they are under no contractual or other impediments that would prevent them from complying with the part 75 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 the minimum number and job titles subject to hire,

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availability of apprenticeship and training positions, the qualifications for each; 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 75 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 75. 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 75.

**E.** The CONTRACTOR acknowledges that subrecipients, contractors, and subcontractors are required to meet the employment, training, and contraction requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

**F.** 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 75 require employment opportunities to be directed, were not filled to circumvent the CONTRACTOR'S obligations under 24 C.F.R. part 75.

**G.** Noncompliance with HUD's regulations in 24 C.F.R. part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD-assisted contracts.

**H.** 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 (46 U.S.C. § 5307) also applies to the work to be performed under this contract. 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 contract 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).

**H.** The CONTRACTOR agrees to submit, and shall require its subcontractors to submit to them, quarterly reports to the PRDOH detailing the total number of labor hours worked on the Section 3 Project, the total number of labor hours worked by Section 3 Workers, and the total number of hours worked by Targeted Section 3 Workers, and any affirmative efforts made during the quarter to direct hiring efforts to low- and very low-income persons, particularly persons who are Section 3 Workers and Targeted Section 3 Workers.

**XXX. 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

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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.

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#### **XXXI. EQUAL OPPORTUNITY**

- A. The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity 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 consideration 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 Exec. Order No. 11246 of September 24, 1965, as amended by Exec. Order No. 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 Exec. Order No. 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 Exec. Order No. 11246 of September 24, 1965, as amended, and such other sanctions as may be imposed and remedies invoked as provided in Exec. Order No. 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 Exec. Order No. 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.

## XXXII. SOLID WASTE DISPOSAL ACT

- 1) In the performance of this contract, the CONTRACTOR shall make maximum use of products containing recovered materials that are Environmental Protection Agency (**EPA**)- designated items unless the product cannot be acquired:
  - a. Competitively within a timeframe providing for compliance with the contract performance schedule;
  - b. Meeting contract performance requirements; or
  - c. At a reasonable price.
- 2) Information about this requirement, along with the list of EPA- designated items, is available at EPA's Comprehensive Procurement Guidelines website, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.
- e
- 3) CONTRACTOR must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include:
  - a. procuring only items designated in guidelines of the EPA at 40 C.F.R. part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds ten thousand dollars (\$10,000) or the value

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of the quantity acquired during the preceding fiscal year exceeded ten thousand dollars (\$10,000);

- b. procuring solid waste management services in a manner that maximizes energy and resource recovery; and
- c. establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

#### **XXXIII. 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 are convicted of a criminal drug offense in the workplace no later than **ten (10) days** after such conviction.

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#### **XXXIV. 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.

#### **XXXV. SYSTEM FOR AWARD MANAGEMENT (SAM) REGISTRATION**

The CONTRACTOR certifies that it is cleared and eligible for award of a contract and is not suspended, debarred, or on a HUD-imposed limited denial of participation. Subsequently, the CONTRACTOR must be registered in the System for Award Management (**SAM**) and shall maintain its registration active during contract performance and through final payment. The CONTRACTOR is responsible during performance and through final payment for the accuracy and completeness of the data within SAM. Failure to maintain registration in SAM may impact obligations and payments under this Agreement.

**XXXVI. 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.

**XXXVII. 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.

**XXXVIII. 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.

**XXXIX. 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 a written document signed by both PRDOH and the CONTRACTOR.

**XL. 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. Those amendments shall make specific reference to this Agreement, comply with programmatic policies, procedures, and guidelines. Such amendments shall not invalidate this Agreement, nor relieve or release the Parties from their obligations under this Agreement.

However, PRDOH reserves the right to notify in writing to CONTRACTOR any applicable policies, procedures, regulations, requirements, guidelines, or change in law, whether existing or to be established, as well as changes and/or amendments thereof, and the notified policies, procedures, regulations, requirements, guidelines and laws shall be deemed incorporated by reference to this Agreement without the need of executing a separate written and signed amendment.

**XLI. 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.

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## **XLII. 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.

## **XLIII. 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.

## **XLIV. ORDER OF PRECEDENCE**

In the event of an inconsistency in this Agreement or if a conflict occurs between this Agreement and any Attachment, Appendix, Exhibit, or Schedule, unless otherwise specifically stated in those documents, the order of precedence shall be: Federal laws, regulations, and policies applicable to this Agreement, this Contract and **Attachment F** (HUD General Provisions), **Attachment B** (Scope of Services), **Attachment D** (Performance Requirements), **Attachment C** (Compensation Schedule), and lastly, **Attachment A** (Proposal).

## **XLV. 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.

## **XLVI. CONSOLIDATIONS, MERGERS, CHANGE OF NAME, OR DISSOLUTIONS**

### **A. Consolidation or Merger**

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement with the PRDOH moves for a consolidation or merger with another entity (private or public), by its discretion or otherwise, written notice of such decision or event shall be delivered to the PRDOH **at least fifteen (15) business days prior to the effective date** of the consolidation or merger. The notice shall include, but not limited to, a description of: the expected effective date of the consolidation or merger; name of each of the constituent entities moving to consolidate or merge into the single resulting or surviving entity; the proposed name of the resulting entity (in case of a consolidation) or the name of the surviving entity (in case of a merger) if necessary; reference to the projected capacity of the resulting or surviving entity to comply with the terms, conditions, obligations, tasks, services, and performance goals or requirements included in the Agreement as well as its Exhibits or Attachments; and a brief summary of the proposed plan to achieve the transition of duties (Scope of Work or Scope of Services), tasks, and performance goals or requirements to the resulting or surviving entity.

Upon the consolidation or the merger becoming effective, and supporting evidence of such event is notified to PRDOH, execution of an Amendment to the Agreement may follow. The Amendment would include, but not limited to, modifications to the clauses that refer to the identity, personal circumstances, address, and any other information related to the signing party deemed relevant by PRDOH for the execution of the Amendment. **No amendment to the Agreement will be necessary if the Subrecipient, Contractor, or Subcontractor becomes the surviving entity following a merger.**

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Failure to comply with any of the before mentioned conditions, may result in the activation of the termination clauses provided in the Agreement.

#### **B. Change of Name**

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement with the PRDOH initiates a change of name process, written notice of such decision or event shall be delivered to the PRDOH **at least fifteen (15) business days** prior to the effective date of such event. The notice shall include, but not limited to, a description of: the expected effective date of the change of name; the proposed name; inform of any change of address; and reference of any change in the capacity of the entity to comply with the terms, conditions, obligations, tasks, services, and performance goals or requirements included in the Agreement, as well as its Exhibits or Attachments.

Upon the change of name becoming effective, and supporting evidence of such event is notified to PRDOH, execution of an Amendment to the Agreement may follow. The Amendment would include, but not limited to, modifications to the clauses that refer to the identity, personal circumstances, address, and any other information related to the signing party deemed relevant by PRDOH for the execution of the Amendment.

Failure to comply with any of the before-mentioned conditions, may result in the activation of the termination clauses provided in the Agreement.

#### **C. Dissolution**

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement with the PRDOH moves for dissolution of the entity, written notice of such decision or event shall be delivered to the PRDOH **at least fifteen (15) business days** prior to the effective date of such event. The notice shall include, but not limited to, a description of the expected effective date of the dissolution; and contact information of one or more of its directors, officials or agents. Upon dissolution, becoming effective, and supporting evidence of such event is notified to PRDOH, termination of the Agreement will follow. Consequently, the signing party acknowledges and agrees to provide to the PRDOH, after termination of the Agreement, the assistance reasonably requested to facilitate the orderly transfer of responsibility for performance of the tasks or services to the PRDOH or a third party designated by the PRDOH. Moreover, all finished or unfinished records (files, data, work product) connected with this Agreement will be turned over to PRDOH following the Agreement termination.

### **XLVII. 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.

### **XLVIII. 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/MIT Program, and any other applicable laws. Further, CONTRACTOR acknowledges that all funds are subject to recapture and repayment for non-compliance.

### **XLIX. 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

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otherwise inconsistent with this Agreement, including any unapproved expenditures. CONTRACTOR must refund such recaptured payments within **thirty (30) business days** after the PRDOH issues notice of recapture to CONTRACTOR.

L. 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.

LI. 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.

LII. 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) calendar days** of execution by the other party, this Agreement shall be null and void.

LIII. 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/MIT and state funding, recapture of CDBG-DR/MIT and/or state funds, overpayment of CDBG-DR/MIT 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, change of name, 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.

PUERTO RICO DEPARTMENT OF HOUSING

ROBLES & ASSOCIATES LLC

William O. Rodríguez Rodríguez  
William O. Rodríguez Rodríguez (Jan 3, 2024 16:30 AST)

William O. Rodríguez Rodríguez, Esq.  
Secretary

Diego J Robles  
Diego J Robles (Jan 1, 2024 16:37 AST)

Diego J. Robles Cordero  
President

# ATTACHMENT A

PUERTO RICO DEPARTMENT OF HOUSING  
REQUEST FOR PROPOSALS  
FINANCIAL AND ACCOUNTING CONSULTING SERVICES  
COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER RECOVERY  
COMMUNITY DEVELOPMENT BLOCK GRANT - MITIGATION  
CDBG-DRMIT-RFP-2023-03

**Name of the Respondent:**

Robles & Associates, LLC

**Postal Address of the Respondent:**

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PMB 353 PO Box 7891  
Guaynabo, P.R. 00970-7891

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**Physical Address of the Respondent:**

Paseo Alto Núm. 29, Calle 2  
San Juan, P.R. 00926

**Name of the person authorized to represent the Respondent:**

Diego J. Robles Cordero

**Title of the person authorized to represent the Respondent:**

President

**Telephone number of the person authorized to represent the Respondent:**

787-593-5559

**Date of the Proposal:**

August 23, 2023

## **EXECUTIVE SUMMARY**

We will be carrying out the works related to Task I and II as detailed in Attachment 1 – Scope of Work – of the Proposal. They can be summarized as follows:

### **Task I**

- i. Assessment of a contractor's/subrecipient's financial capabilities involves analyzing financial statement results, financial ratios, and financial references credits.
- ii. Assessment that financial requirements comply with CDBG-DR and CDBG-MIT federal and state regulations such as 24 CFR 570 Subpart I – 570.482 (e) and 2 CFR 200, including all of Subpart E Cost Principles.
- iii. We will verify and examine PRDOH and subrecipient's procurement policies and procedures in order to determine that such policies provide full and open competition or fair treatment of all persons or entities involved in PRDOH's Community Development Block Grant and that they are followed.
- iv. We will be assessing and scoring each financial information requirement by using, among other guidelines, Appendix A to Part 570 – “Guidelines and Objectives for Evaluating Project Costs and Financial Requirements.”
- v. We will be providing formal risk assessment documentation to evaluate in a uniform manner the nature of the risks of the parties that will request funds under the CDBG-DR or CDBG-MIT programs.

For details of all the work that we could be carrying out, please refer to the Technical Proposal document.

### **Task II**

We will be assisting the PRDOH in complying with everything related to generally accepted accounting principles and compliance with federal and state regulations applicable to those federal programs they administer. For detailed information refer to the Work Plan suggested as part of the Technical Proposal document.

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**Teamwork:**

As part of the working group and as required in the proposal, we will be assigning a Senior Manager, a Manager and an Assistant to carry out the work. We understand that we will require more than one Manager and Assistant per task depending on the scope and how the work will be segregated. As the proposal indicates, all assigned personnel will be previously notified to the PRDOH for its previous evaluation.

A working group will be assigned for each Task. A working group consisting of a manager and one or more assistants will be assigned to Task I and another to Task II. As part of each Task, the work will be divided among the assistants according to the degree of difficulty and type of work.

The assistants will be reporting directly to the Manager and both in turn to the Senior Manager. All the works will be evaluated and reviewed jointly by the Manager and the Senior Manager before being delivered to the PRDOH staff.

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## Company's Profile:

### FIRM'S QUALIFICATIONS AND EXPERIENCE:

**Robles and Associates, LLC, (the Firm or R&A)** is a limited liability company duly and properly organized, registered in compliance with the applicable laws of the Commonwealth of Puerto Rico and in good standing with the State Department. It is a full-service accounting and business advisory firm, whose principal objective is to provide clients with high quality and reliable services.

The Firm has a vast experience working with individuals, partnerships, corporations, not-for-profit organizations, and state and local governmental entities. Our Firm's structure is composed of directors/principals, managers, seniors, and staff levels. Our leadership team possesses extensive expertise, actively engages, and remains fully dedicated to delivering exceptional client service by furnishing adept guidance, insights, and resolutions to address our clients' challenges and requirements. We take immense satisfaction in delivering services that are meticulously customized to suit the unique demands of each client.

Each of the Firm's professionals has been selected through a rigorous process, including multiple personal interviews and reference checks, to help ensure that the Firm employs the most highly qualified personnel. The Firm's team of experts is constituted of Certified Public Accountants, lawyers, experienced consultants, and former government professionals. Furthermore, more than 60% of our personnel have more than 10 years of working experience, of which 90% of it is on government's accounting/finance. Our experienced financial professionals offer our clients technical expertise and sound business advice oriented specifically to the Public Sector. Currently and during previous years we have provided services to several Puerto Rico state government entities such as:

- Commonwealth of Puerto Rico (the "Commonwealth")– Among other things, we assist the Commonwealth's Treasury Department in gathering financial information to prepare its **Annual Comprehensive Financial Report . (ACFR)**. Also serves as liaison between the Treasury Department's management and accounting personnel with its instrumentalities and

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external auditors. Also, we assist the Commonwealth and its agencies in the preparation of various financial reports related to cash, property and equipment, compensated absences, federal grants, and other accounting transactions. Including the recovery of funds from various federal aid programs.

- Provide Technical Accounting Consulting at various agencies and public corporations of the Government of Puerto Rico including but not limited to the Puerto Rico Treasury Department, Department of Justice, Department of Family, Lotteries of Puerto Rico, PR Convention District, Police Department, General Services Administration, Cardiovascular Center, between others. On such clients we assist in accounting and/or financial issues related to cash management, federal funds reconciliations, payroll, financial reporting, internal control, budgeting, accounts payable, special purpose projects, development of financial statements, and other administrative matters.
- Assist several state government agencies in preparing the necessary documentation as requested by the Federal Fiscal Supervision Board and the Puerto Rico Fiscal Agency and Financial Advisory Authority on behalf of the Treasury Department and the CFO.

Firm's Principal Associates are *Diego J. Robles Cordero*, CPA; *Carlos Colón Morales*, Esq.; *Jaysel D. Chevres Santiago*, JD, CPA, CGMA; and *Erwin Rivera Sostre*, CPA. Our Principals have worked for recognized local and Big Four International Auditing and Consulting Firms as Deloitte and KPMG.

**DIEGO J. ROBLES CORDERO, CPA**  
**MEMBER**

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Diego J. Robles (DJR) is a Certified Public Accountant (CPA), specializing in government affairs. He has vast and extensive experience providing audit and consulting services at various state agencies and municipalities of Puerto Rico. Robles' experience goes beyond audit, accounting/finance, federal funds monitoring and/or identifying findings and preparing recommendations for corrective actions. Moreover, he provides clients with solutions and alternatives to prevent and avoid future deficiencies. Furthermore, he has analyzed, evaluated and

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recommended innovative and significant internal control systems, by providing management with added value recommendations.

*DJR* is certified to conduct audits in agreement with the US Generally Accepted Auditing Standards (GAAS). He has complied with the continuing professional education (CPE) requirements outlined by GAAS. Most of the CPE credits are provided by the Puerto Rico CPA Society, and approved by the State Department of Puerto Rico, Continuing Educational Division.

*DJR* has spent more than twenty-five (25) years working for the public and private sectors in Puerto Rico and has provided a wide range of services to the government and to various Fortune 500 companies. He is former Finance Director and Economic Development Director of the Municipality of San Juan (MSJ).

*DJR* is well experienced in providing consulting services to the PR's Treasury Department (2009-2012, 2017-2020), Justice Department, The Family Department, Health Department, PR Department of Public Safety, among others, in areas of accounting/finance, and preparation of the ACFR of the Commonwealth of PR. Furthermore, on the administration of State and federal funded programs including SNAP, TANF, TEFAP, Child Care, VOCA, CDBG, HOME, WIA, WIOA, and ESG, among others, throughout various state agencies and municipalities of Puerto Rico.

*DJR* worked on an international auditing and accounting firm, Deloitte and Touche. He was responsible of working with government audit-affairs, major businesses acquisition audits and advisory services. He also has experience working at a local auditing and accounting firm, where dealing with various audit and attestation services, such as agreed-upon procedures, performed over a broad range of industries such as:

*DJR* is a member of the Puerto Rico Certified Public Accountants Association, with an active participation and membership, as follows:

- First Vice-President (2008-2009)
- President of the Fiscal Reform Committee (2007-2009)
- President of the Municipal Affairs Committee (2007-2008)
- President of the Finance Committee and Treasurer (2007-2008)

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- Member of the former Fraud Study Committee (2005-2006)

**July 2009** was appointed by former Governor of Puerto Rico to the WIA Board of Directors.

**May 2004** was awarded by "*Hombres Distinguidos de San Juan*", a not-for-profit organization in recognition to his professional success and achievements.

**CARLOS COLÓN MORALES, ESQ.**

**ASSOCIATE**

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Carlos Colón Morales (CCM) is an Accountant since 1993 and former certified public accountant (inactive license), graduated from the University of Puerto Rico, specializing in government affairs, including single auditing and accounting, federal fund program administration and management consulting services. Furthermore, he has a Juris Doctor (JD) degree from the Interamerican University of Puerto Rico.

CCM has spent more than twenty-five (25) years working for the public and private sectors in Puerto Rico and has provided a wide range of services to the government and to various Fortune 500 companies. Working at Deloitte and Touche, he provided services in government audit-affairs, financial audits, audits in accordance with government audit standards and circular A-133, advisory services, attestation services, such as agreed-upon procedures, performed over a broad range of industries. He was former Deputy Director of Finance and Deputy Economic Development Director of the MSJ.

CCM experience has provided key specialized expertise within all the branches of government along with the opportunity to deliver professional services to all principal governmental operations (i.e., Commonwealth, public corporations, and municipalities). Furthermore, he has a proven record of effectively interact and report to staff personnel, senior management, board of directors, investors, creditors, and regulators.

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**JAYSEL D. CHEVRES SANTIAGO, JD, CPA, CGMA**  
**ASSOCIATE**

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Jaysel D. Chevres (JDC) is a Certified Public Accountant graduated from the University of Puerto Rico, with expertise specialized in government affairs, including auditing and accounting, business law and management consulting services. He has gained extensive experience through consultative and senior management roles for a variety of organizations and CPA firms located in Puerto Rico. He has provided a wide range of services to the government and private sector. These services include an extensive participation in an international auditing and accounting firm, KPMG, working in audits, advisory services, and attestation services, such as agreed-upon procedures.

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JDC worked in the public sector as Chief Financial Officer of the Puerto Rico Industrial Development Company (PRIDCO), Assistant Secretary for Administration of the Department of Economic Development and Commerce, Deputy Executive Director for Administration and Finance of the Puerto Rico Highways and Transportation Authority, and Assistant Secretary for Central Accounting for the Puerto Rico Department of Treasury. At the latter, he was responsible for the preparation of the Government of Puerto Rico's ACFR. Mr. Chevres also served for four years as a Senior Business Consultant for a CPA firm.

His experience includes providing comprehensive services and managing client relationships for financial institutions. This includes holding company compilations, Allowance for Loan and Leases Losses Calculation, SOX 404 procedures documentation and testing, design & implementation of processes/controls, remediation plans and internal audit functions. For small to medium-sized businesses, Mr. Chevres has expertise in providing comprehensive accounting and consulting services, including regulatory financial statement preparation, individual and corporate income tax returns, agreed upon procedures, and general accounting.

JDC is a member of American Institute of Certified Public Accountants and the Puerto Rico Society of Certified Public Accountant. He is licensed as a Certified Public Accountant in Puerto Rico and has the Chartered Global Management Accountant (CGMA) designation. He earned his Bachelor of Business Administration in Accounting & Auditing degree from the Inter American University of Puerto Rico and his Juris Doctor from the University of Puerto Rico School of Law.

**ERWIN RIVERA SOSTRE**  
**ASSOCIATE**

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Erwin Rivera Sostre (ER) is a Certified Public Accountant since 2008, graduated from the University of Puerto Rico, Rio Piedras Campus. ER began his career in 2001 working as an auditor in a local CPA Firm, where he performed small business audits in the retail and construction industry, as well audits in accordance with government audit standards and circular A-133.

In 2004, he joined Deloitte as senior auditor focused on identifying process improvements with emphasis on financial controls, compliance, data integrity, and efficiency. As senior auditor, he was in-charge of the implementation of the Audit Standard No. 2 in the Banco Santander of PR engagement, where he was able to identify gaps in the internal controls and propose recommendations to strengths controls activities and comply with regulations.

In his first year as Audit Manager (2009-2012), ER was appointed by the Commonwealth of Puerto Rico as Engagement Director as the lead manager of a team of 12 staff, two managers and one senior manager. His role as project manager in the executive status meetings quickly provided him with the exposure needed to set the tone of his expertise and commitment to serve the client as expected. As Audit Senior Manager at Deloitte (2012-2015), he managed a robust portfolio of 9.5 thousand staffing hours and was focused in developing and/or strengthening relationships with existing and former clients to expand the opportunities of new business and increase client retention rate. In his tenure in a big "4" environment he conducted audits for several of the firm's largest clients, such as: Commonwealth of PR, Telemundo, Abbott, Banco Santander, Suiza Dairy and Universal Insurance Company. Through working with his clients, he has gained experience with the technical issues they face, such as fund accounting, new systems implementation, accounting issues, and evaluations of internal control effectiveness.

As one of the principal associates at R&A, ER provides professional consulting services in the areas of management and government affairs, supports management with analysis and implementation of new accounting rules, and conducts research and prepare documentation to support client accounting positions.

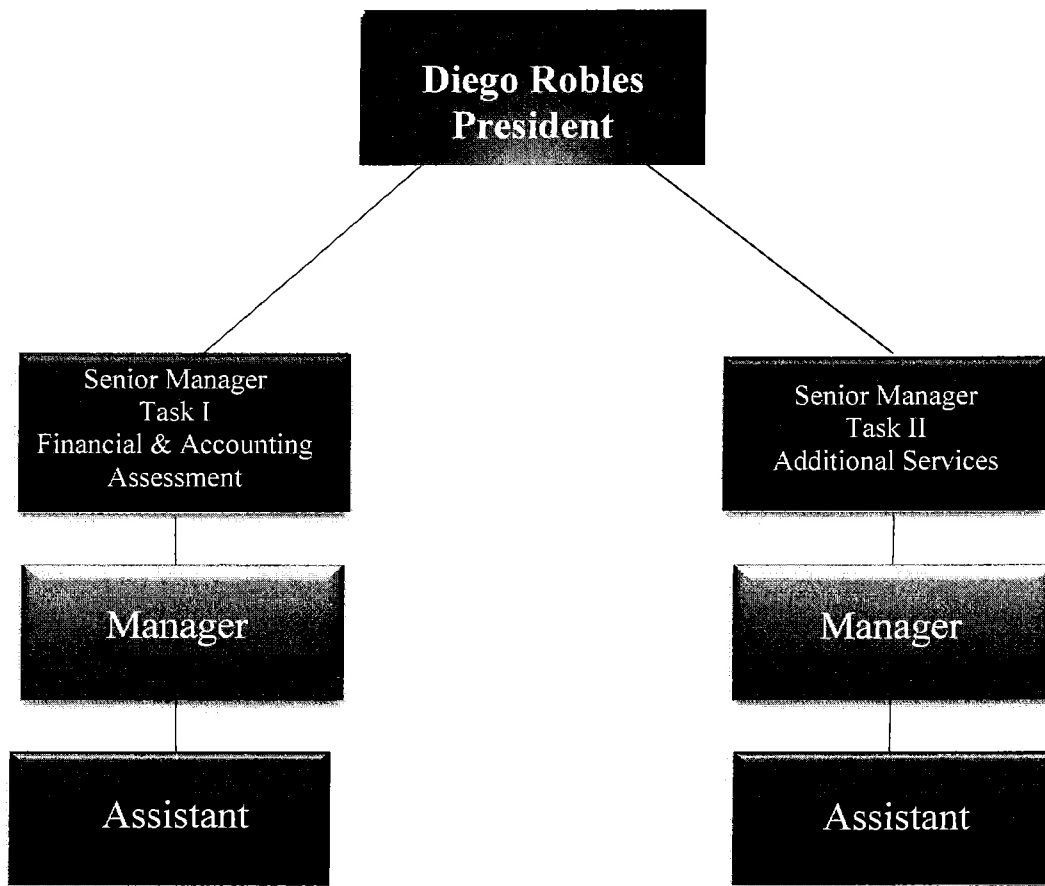
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ER is an active member of the American Institute of Certified Public Accountants (AICPA) and Puerto Rico Society of Certified Public Accountants. He also served as member of the AICPA Peer Review Committee (from 2013 to 2015). The committee is dedicated to enhancing the quality of accounting, auditing and attestation services performed by AICPA members in public practice. Committed to the practice, Erwin had the opportunity to facilitate local firm trainings and outside trainings for the PR Society of Certified Public Accountants.

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## TECHNICAL SERVICES PROPOSAL

### PROPOSED PLAN OF ACTION / WORK APPROACH

Our proposal is aimed to provide the following services that are listed and described in Attachment 1 - (Scope of Services) of the Puerto Rico Department of Housing (PRDOH) Request for Proposal CDBG-DRMIT-RFP-2023-03:

- **Task 1: Financial and Accounting Assessments**
- **Task 2: Additional Services**

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All the services that we provide are planned and coordinated with our client to ensure that we obtain the results that they expect within the required timeframe. During the execution of the fieldwork, periodic team meetings are held with client's staff where the work progress and action plans to complete the work are evaluated. During these meetings, decisions are made regarding the work to be carried out and evaluate if some type of modification to the initial work plans are needed. Planning and constant monitoring are the key for our projects' success.

Our services will be focus on the following task: (i) address the administration; (ii) management of funds; (iii) accounting transactions; and (iv) regulatory compliance related to the Community Development Block Grant Disaster Recovery (CDBG-DR) and Community Development Block Grant Mitigation (CDBG-MIT) programs. CDBG-DR and CDBG-MIT programs are governed mainly by the following federal statutes, among others:

- Disaster Relief Appropriations Act, 2013 (Appropriations Act).
- Pub. L. No. 113-2, January 29, 2013.
- Code of Federal Regulation: 24 CFR Part 570: Community Development Block Grant
- Various Federal Register Notices, especially those applicable to the Commonwealth of PR – CDBG consolidated notices.
- “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (2 CFR 200).

When carrying out our services, we will always keep in mind the applicability and compliance with each of the aforementioned federal regulations and other applicable state regulations to

provide assistance and guidance to PRDOH's staff, regarding the implementation of standards and procedures that lead them to comply with applicable programmatic and fiscal requirements.

### **Task 1: Financial and Accounting Assessments**

As required in the proposal, we will be assisting and providing PRDOH with the following services requested, which includes our work approach for each one:

1. *Assist the PRDOH with the preparation of guidelines to establish appropriate Financial Requirements to be included in acquisitions in compliance with the CDBG-DR and CDBG-MIT Regulations and full and open competition.*

- (i) *Recommend the criteria to be used to evaluate the financial capacity of Selected Proposers/Bidders*

The assessment of a contractor's financial capabilities involves analyzing financial statement results, financial ratios, and financial references credits. Accordingly, the evaluation requires examining financial ratios and trends along with the contractor's historical performance and industry averages.

#### **Financial Criteria:**

*Net Sales* – The level of construction-related net sales is used to help determine the maximum project size (in \$ terms) for which a contractor should be pre-qualified.

*Net Worth* – defined as (Total Assets - Total Liabilities); **must be positive.**

*Working Capital* – defined as (Current Assets - Current Liabilities); **must be positive** and is used as an indicator of the company's ability to pay.

*Financial Ratios* – are key equations used to get a clearer picture of business performance. Financial ratios give better insights into a company's growth and ability to manage financial obligations. Key Ratios analyzed include:

- Liquidity ratios – measure a company's ability to repay its outstanding short-term obligations out of its short-term assets.
  - a. Current ratio – defined as (Current Assets/Current Liabilities); **must be, as a minimum, a current ratio of one.**
  - b. Working-capital-turnover ratio – defined as (Total Revenues/Working Capital) and indicates the amount of revenue being generated by the available working capital. A

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ratio exceeding thirty (30) may indicate a need for additional working capital to support future revenues.

- Profitability ratios – measure a company’s ability to generate cash flows relative to various metrics during a specific period.
  - a. Net profit margin – defined as (Net Profit Before Taxes/Net Sales). Five (5) percent or greater is considered acceptable.
  - b. Return on assets – defined as (Net Profit Before Taxes/Total Assets). The higher the number, the more effectively a company is converting its assets into earnings. Fifteen (15) percent or greater is considered acceptable.
  - c. Return on equity – defined as (Net Profit Before Taxes/Total Equity). Low returns may indicate a conservative managerial approach or substandard performance. Twenty-five (25) percent or greater is considered acceptable.
- Leverage ratios – measure a company’s ability to meet its long-term debt obligations.
  - a. Debt ratio – defined as (Total Liabilities/Total Assets). The lower the number, the lesser the financial risk. A ratio lower than 1 is considered acceptable.
  - b. Debt to equity – defined as (Total Liabilities/Total Equity). The higher the ratio is, the greater the risk the creditors are assuming. A ratio of two (2) or lower is considered acceptable.
  - c. Revenue to equity – defined as (Revenue/Total Equity). A low ratio may be indicative of a conservative approach to obtaining contract work. A ratio of fifteen (15) or lower is considered acceptable.

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*Maximum Financial Capacity* – will be based on the **lesser** of the following:

- ✓ One hundred (100) percent of bidder’s average construction related net sales for the previous two years; or
- ✓ Ten (10) times working capital.

**Data source (s):** Each participating Bidder must submit Financial Information that will support the evaluation of the Bidder’s economic responsibility, capability, and solvency necessary to provide the construction services requested. The Bidder shall demonstrate that the entity has liquid cash or balance available in a credit line to fulfill the obligations of the project.

Bidders shall submit at least the following documents to evaluate its financial capability:

- Financial Statements- Audited or reviewed financial statements for the last two years of operations issued by a Certified Public Accountant (CPA) and prepared in accordance with US Generally Accepted Accounting Principles (US GAAP).

The Bidder has the option of supplementing its economic condition with recent financial information. In this case, the Bidder can submit documentation evidencing the available balance of its bank credit lines, or bank accounts, as well as any other significant change in the entity’s financial condition.



(ii) *Assure the Financial Requirements comply with CDBG-DR/CDBG-MIT Regulations.*

The financial requirements for local governments receiving CDBG-DR and/or CDBG-MIT grants are governed by regulations issued by HUD, the Federal Office of Management and Budget (OMB), federal, state, and local policy. The following is a non-inclusive list of key federal and state regulations governing financial management:

- ✓ 24 CFR 570 Subpart I – 570.482 (e) – “*Guidelines and objectives for evaluating project costs and financial requirements*”;
- ✓ 2 CFR 200, including all of Subpart E Cost Principles.

As part of our work, we will ascertain that:

- ✓ PRDOH and all subrecipients know and comply, as applicable, with all the aforementioned regulations requirements to ensure the appropriate, effective, timely, and eligible use of all granted funds related to CDBG-DR and/or CDBG-MIT funded projects.
- ✓ That all costs charged by a subrecipient were necessary, reasonable, allowable, and allocable to the CDBG-DR and/or CDBG-MIT grant(s).

We will also, ascertain that PRDOH and subrecipients, as applicable, comply with the financial requirements by assessing the following:

- ✓ They establish and maintain written policies and procedures for internal controls and guidance documentation for responsible financial management of CDBG-DR and/or CDBG-MIT funds. This will be assessed by knowing if:
  - They have an established internal control system and documented segregation of duties;
  - They have policies and procedures governing their expenditures of CDBG-DR and/or CDBG-MIT funding;

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- They established procedures for taking prompt action when an instance of noncompliance is identified internally or through audit findings.
- ✓ They established **budgets and accounting records**:
  - Ensuring all CDBG-DR and/or CDBG-MIT expenditures are authorized in an approved, documented budget; do not exceed the approved, documented budget amount; do not exceed the amount in the subrecipient agreement;
  - Accounting system, at a minimum, include distinct accounting information for separate eligible activities and federal grants; accurate records of encumbrances/obligations against these distinct line items when vendor contracts or purchase orders are issued; and accurate records on grant awards, unobligated balances, assets, liabilities, expenditures, program income, and applicable interest, if applicable. All of this information must be adequately supported by source documentation, including contracts, invoices, and purchase orders, etc.;
  - They maintain accounting systems or processes that provide for clear, real-time tracking of costs related to the CDBG-DR and/or CDBG-MIT grants, including by national objective, by most impacted and distressed geographies, and by targets outlined in the subrecipient agreement. Systems should be in place to ensure proficient management of programmatic cost caps, especially those set for project delivery;
  - They have established automated and other register systems that meet federal requirements to provide financial information reports.

(iii) ***Assure the Financial Requirements comply with full and open competition.***

In order to ascertain compliance with full and open competition, we will verify and examine PRDOH and subrecipient's procurement policies and procedures in order to determine that such policies provide full and open competition or fair treatment of all persons or entities involved in PRDOH's Community Development Block Grant. For

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such reasons, we will validate that all procurement actions under the PRDOH CDBG-DR Program, whether funded in whole or in part with CDBG-DR funds, comply with the PRDOH "Procurement Manual for the CDBG-DR Program".

All purchasing procedures that involve the use of CDBG funds will be examined and evaluated to determine that they were carried out in accordance with applicable federal and local regulations. Similarly, any regulation or internal memorandum issued in relation to the procedures for purchases with funds provided by CDBG will be examined to determine that they are governed by federal regulations and provide full and open competition.

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(iv) *Assess the evaluation criteria and scoring for each financial information requirement.*

In order to assess and scoring each financial information requirement we will follow CDBG guidelines establish in Appendix A to Part 570 – “Guidelines and Objectives for Evaluating Project Costs and Financial Requirements.”

HUD has developed such guidelines to provide the recipients with a framework for financially underwriting and selecting CDBG assisted economic development projects which are financially viable and will make the most effective use of the CDBG funds.

The objectives of the guidelines are to ensure:

- (1) that project costs are reasonable;
- (2) that all sources of project financing are committed;
- (3) that to the extent practicable, CDBG funds are not substituted for non-Federal financial support;
- (4) that the project is financially feasible;
- (5) that to the extent practicable, the return on the owner's equity investment will not be unreasonably high; and

(6) that to the extent practicable, CDBG funds are disbursed on a pro rata basis with other finances provided to the project.

Based on such guidelines and financial requirements identified in section (ii) above, our team along with PRDOH's personnel, will identify and develop the criteria's to be considered and applicable scoring in order to determine if the financial requirements were met. Establish an independent evaluation committee or evaluator could be considered in order to determine recipients' compliance/non-compliance.

*2. Provide guidance to determine the available methods to establish the availability of lines of credit of each financial institution and/or the availability of cash.*

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Credit risk is the risk that a third party, or any other creditor necessary to the third-party relationship, is unable to meet the terms of the contractual arrangements with the PRDOH or to otherwise financially perform as agreed. The basic form of credit risk involves the financial condition of the third party itself. Important factors and documents that will be considered and evaluated:

- ✓ Financial Capacity - refer to Task 1(i) above.
- ✓ Corporate or personal Financial Statements
- ✓ Loan repayment history
- ✓ Credit scores
- ✓ Lenders generally offer higher limits to borrowers they view as lower risks.
- ✓ If the line of credit is secured or backed by collateral.

*3. Assist the PRDOH in evaluating documentation to establish the financial capabilities of Potential Contractors participating in acquisition processes.*

The scope of our analysis will provide formal risk assessment documentation to evaluate in a uniform manner the nature of the risks of the parties that will request funds under the CDBG-DR or CDBG-MIT programs.

### **Risk Management Process**

The key to the effective use of a third party in any capacity is for the PRDOH to appropriately assess, measure, monitor, and control the risks associated with the relationship.

Risk assessment is fundamental to the initial decision of whether or not to enter into a third-party relationship. The first step in the risk assessment process should be to ensure that the proposed relationship is consistent with the Program's strategic planning and overall strategy. Next, management should analyze the benefits, costs, legal aspects, and the potential risks associated with the third party under consideration.

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This phase should also identify performance criteria, internal controls, reporting needs, and contractual requirements that would be critical to the ongoing assessment and control of specific identified risks.

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The final part of the initial risk assessment phase for significant relationships involves carefully estimating the long-term financial effect of the proposed third-party relationship. The assessment should take into account all aspects of the long-term potential of the relationship, as well as the managerial expertise and other associated costs that would result from the decision to use a third party, and not be unduly influenced by short-term cost savings. The long-term financial risk resulting from an initial incomplete accounting of costs and/or an overestimation of benefits can undermine appropriate decisions in other phases of the risk management process.

Below is a list of all risks that will be considered:

- ✓ **Strategic risk.** Strategic risk is the risk arising from adverse business decisions, or the failure to implement appropriate business decisions in a manner that is consistent with the program(s) goals.
- ✓ **Reputation risk.** Reputation risk is the risk arising from negative public opinion. Third-party relationships that result in dissatisfied customers, interactions not consistent with PRDOH policies, inappropriate recommendations, security breaches resulting in the disclosure of customer information, and violations of law and regulation are all examples that could harm the reputation and standing of the PRDOH in the community it serves. Also, any negative

publicity involving a third party, whether or not the publicity is related to the PRDOH's use of the third party, could result in reputation risk.

- ✓ **Operational risk.** Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Third-party relationships often integrate the internal processes of other organizations with the PRDOH's processes and can increase the overall operational complexity.
- ✓ **Transaction risk.** Transaction risk is the risk arising from problems with service delivery. A third party's failure to perform as expected due to reasons such as inadequate capacity, technological failure, human error, or fraud, exposes the agency to transaction risk. The lack of an effective business resumption plan and appropriate contingency plans increase transaction risk. Weak control over technology used in the third-party arrangement may result in threats to security and the integrity of systems and resources. These issues could result in unauthorized transactions or the inability to transact business as expected.
- ✓ **Credit risk.** Credit risk is the risk that a third party, or any other creditor necessary to the third-party relationship, is unable to meet the terms of the contractual arrangements with the PRDOH or to otherwise financially perform as agreed. The basic form of credit risk involves the financial condition of the third party itself.
- ✓ **Compliance risk.** Compliance risk is the risk arising from violations of laws, rules, or regulations, or from noncompliance with internal policies or procedures or with the PRDOH's business standards. This risk exists when the products or activities of a third party are not consistent with governing laws, rules, regulations, policies, or ethical standards. Additionally, the ability of the third party to maintain the privacy of customer records and to implement an appropriate information security and disclosure program is another compliance concern.

### **Due Diligence in Selecting a Third Party**

The due diligence process provides management with the information needed to address qualitative and quantitative aspects of potential third parties to determine if a relationship would help achieve PRDOH financial strategic and goals and mitigate identified risks.

Comprehensive due diligence involves a review of all available information about a potential third party, focusing on the entity's financial condition, its specific relevant experience, its knowledge

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of applicable laws and regulations, its reputation, and the scope and effectiveness of its operations and controls. The evaluation of a third party may include, but is not limited, to the following (as applicable):

- ✓ Audited financial statements.
- ✓ Annual reports, SEC filings, and other available financial indicators.
- ✓ Significance of the proposed contract on the third party's financial condition.
- ✓ Experience and ability in implementing and monitoring the proposed activity.
- ✓ Business reputation.
- ✓ Qualifications and experience of the company's principals.
- ✓ Strategies and goals, including service philosophies, quality initiatives, efficiency improvements, and employment policies.
- ✓ Existence of any significant complaints or litigation, or regulatory actions against the company.
- ✓ Ability to perform the proposed functions using current systems or the need to make additional investment.
- ✓ Use of other parties or subcontractors by the third party.
- ✓ Scope of internal controls, systems and data security, privacy protections, and audit coverage.
- ✓ Business resumption strategy and contingency plans.
- ✓ Knowledge of relevant consumer protection and civil rights laws and regulations.
- ✓ Adequacy of management information systems.
- ✓ Insurance coverage.

Proper documentation will facilitate the monitoring and management of the risks associated with third-party relationships. Therefore, will be assisting PRDOH to gather and maintain documents and records on all aspects of the third-party relationship, including valid contracts, business plans, risk analyses, due diligence, and oversight activities. Tools and mechanical systems could be implemented or evaluated in order to determine third-party compliance with all required documentation.

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**Task 2: Additional Services**

- 1. Provide general guidance on accounting services and support to PRDOH on an as needed basis to comply with GASB 34, and support compliance with federal and local regulations.*
- 2. Provide guidance to the PRDOH in other tasks related to the financial area, fiscal matters, and operational matters that PRDOH understands necessary and requests the guidance.*

Our Firm has several years of experience providing accounting services in government agencies and corporations in accordance with Law No. 230 of July 23, 1974, as amended, known as the "Puerto Rico Government Accounting Law" and we participate in the preparation of the Commonwealth's financial statements in accordance with the Government Accounting Standards Board (GASB Statement 34). In addition, our staff has experience in "Single Audits" according to the "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (2 CFR 200). That is why we will be able to assist the PRDOH in complying with everything related to generally accepted accounting principles and compliance with federal and state regulations applicable to those federal programs they administer. Therefore, we will be developing a Work Plan which considers, among others, the following procedures:

**For Accounting and Compliance Matters:**

- Meetings with the PRDOH's Management and administrative personnel to determine the scope, purpose and expected results of the work to be carried out. At the same time, we will determine the need of internal PRDOH's personnel into the teamwork.
- Obtain a general understanding of the PRDOH's organizational structure and meet the personnel in charge of finance, accounting, and administration of federal funds.
- Obtain knowledge regarding the status of any type of audit or monitoring (external or internal), issuance of financial statements, accounting closing periods, reporting requirements, etc.
- We will make an evaluation of all audits or monitoring reports recently issued by both federal and state entities. We will evaluate any indicated findings, causes and the status of corrective action plans as a result of such audits or monitoring.

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- If required, we can serve as a liaison between the external auditors and PRDOH's staff as part of the financial and compliance audits and the corresponding issuance of financial statements and "single audit reports", respectively.
- If there are any findings as part of the audits, we will be able to assist the PRDOH in the development and implementation of any corrective action plan.
- We will assist PRDOH to correct any lack of internal control or compliance in order to prevent any future finding or questioned costs as a result of future audits by federal or state entities.
- We will hold meetings with PRDOH's Management and staff to discuss the results of the audit and possible solutions.
- We will assist in reviewing and preparing internal regulations, manual procedures, guidelines, internal circular letters and others, aimed at guiding and implementing programmatic and fiscal practices and regulations.

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**For Compliance Matters:**

- Obtain knowledge of how many federal programs PRDOH administers.
- Determination of federal and state regulations applicable to the different federal programs administered by the PRDOH. In addition, review of those applicable compliance requirements according to 2 CFR 200 - "Compliance Supplement".
- Obtain an understanding of the internal controls established by the PRDOH to ensure that they are efficient and effective and that they provide for compliance with applicable federal and state regulations.
- Establish internal controls to ensure performance and compliance.
- We will assess the procedures followed by the programmatic and financial division of each federal assisted program in order to determine compliance with the following requirements, as applicable:
  - ✓ Activities Allowed or Unallowed
  - ✓ Allowable Costs/Cost Principles
  - ✓ Cash Management
  - ✓ Eligibility
  - ✓ Equipment Real Property Management

- ✓ Matching, Level of Effort, Earmarking
  - ✓ Period of Performance
  - ✓ Procurement and Suspension and Debarment
  - ✓ Program Income
  - ✓ Reporting
  - ✓ Subrecipient Monitoring
  - ✓ Special Tests and Provisions
- If necessary, we will establish the appropriate procedures and assist PRDOH's staff in their implementation. This could include, but is not limited to, providing training and guidance to PRDOH's personnel regarding the requirements of each of the federal programs.
  - Provide technical assistance to subrecipients.
  - We will ascertain that the PRDOH complies with all federal financial and performance reporting requirements and reports are properly submitted through the corresponding federal reporting system.
  - Assessment of compliance with requirements regarding drawdown and reporting systems.

**Compliance Matters - CDBG-DR and CDBG-MIT Programs**

- Review of approved CDBG-DR and CDBG-MIT Action Plan, timeframes, and strategic plan to comply with all grantor requirements.
- Compliance with the Citizen Participation Plan as indicated in the Action Plan.
- Determine how funds will be distributed and used and among the most impacted and distressed (MID) areas for:
  - ✓ Disaster Relief
  - ✓ Long Term-Recovery
  - ✓ Restoration of Infrastructure
  - ✓ **Housing - Activities that lead to restoring and improving the housing stock.**
  - ✓ Economic Revitalization
- Evaluation of the methodology established by the PRDOH to determine subrecipients eligibility and allocation of funds. This include among other things, public notice, projects applications request and evaluation, proposer work plan and execution according to PRDOH

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Action Plan (in the case of housing, determine how the recovery activity is restoring housing), income limits, screening and/or scoring of applications received, applicable environmental reviews, the idea of assigning an evaluation committee, distribution of funds among proposers, etc.

- We will ensure that mitigation or resilience activities are eligible by determine if they are part of rebuilding efforts through CDBG-DR eligible activities; meet the definition of a mitigation activity; address current and future risks as identified in the grantee's mitigation needs assessment of most impacted and distressed (MID) areas; is a CDBG-eligible activities or otherwise eligible pursuant to a waiver or alternative requirement; and meet a national objective, including additional criteria for mitigation activities and covered projects.
- We will assist the PRDOH in the development and implementation of guidelines regarding subrecipients monitoring and compliance with the PRDOH Action Plan. This could include in-site visit, financial information request and evaluation, implementation of a scoring system through which subrecipients performance could be assessed, progress tracking to ensure timely recovery, provide technical assistance to subrecipients, ensuring rehabilitation work is properly completed, etc.
- Determine whether the recipient is obligating and expending program funds only after HUD's approval of the Request for Release of Funds (RROF).
- An assessment of the period of availability, use and encumbrance of funds in order to determine the needs of an extension of time or request of any waiver.
- Determine whether environmental reviews are being conducted, when required.
- As applicable, verify compliance with the Wage Rate Requirements applicable to the rehabilitation of residential properties which contains eight or more units.

**Accounting Matters:**

- Obtain a general understanding of how accounting procedures are carried out so that they provide for adequate monthly, quarterly, and annual accounting closing according to the applicable regulation and accounting pronouncement (GASB). For this, we will carry out a "walk through" of all the accounting cycles to find out how the processes are carried out,

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determine any deficiencies, and make sure that the internal controls implemented provide for an adequate recording of financial transactions and that they are effective and efficient.

- We will be assessing the following accounting cycles:
  1. Cash, bank reconciliations and federal drawdowns;
  2. Accounts receivable and payables;
  3. Recording and controls over property and equipment – inventory; and
  4. Others, as applicable.
- We will assist the accounting and finance staff in the accounting closing processes (monthly, quarterly and annual) and the preparation and issuance of financial statements and financial reports required by federal agencies.
- We will assist the accounting personnel in the implementation of any new accounting pronouncement (GASB Statement).
- We will assist the accounting personnel in the timely, accurate and proper recording of daily accounting transactions.

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GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

## ATTACHMENT B

**SCOPE OF SERVICES**  
**Request for Proposal**  
**Financial and Accounting Consulting Services**  
**Community Development Block Grant Disaster Recovery**  
**Community Development Block Grant – Mitigation**  
**Puerto Rico Department of Housing**  
**CDBG-DRMIT-RFP-2023-03**

### 1. Introduction and Overview

The Puerto Rico Department of Housing (**PRDOH**) is issuing this Request for Proposals (**RFP**) to engage Financial and Accounting Consulting Services firm or firm(s) with the required expertise and knowledge to provide objective assurance for a broad range of financial and accounting activities for all Community Development Block Grant – Disaster Recovery (**CDBG-DR**), Community Development Block Grant – Mitigation (**CDBG-MIT**) and all other allocations made to the Government of Puerto Rico.

The PRDOH anticipates awarding the resultant contract(s) for an initial **three (3) year term with the option of two (2) annual extensions**. All services to be performed as a result of the contract(s) will be issued through task orders.

This scope of services is based upon circumstances existing at the time the RFP 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.

The Selected Proposer(s) will be directly responsible for ensuring the accuracy, timeliness, and completion of all tasks assigned under this contract. This scope of services is based upon circumstances existing at the time of solicitation. The PRDOH is not liable for the rejections or cancellation of this RFP.

### 2. PRDOH's Reservation of Rights

See Section 2.3. of the document with the instructions of this RFP which contains a full list of the PRDOH's reservation of rights.

### 3. **Key Staff Requirements, Roles, and Responsibilities**

The Proposer(s) shall have or will secure, at its own expense, all personnel required in performing the services under the Financial and Accounting Consulting Services procurement process. **Key Staff** are resources that must be ready to begin working within two (2) weeks after the contemplated contract execution date and may be working throughout the term of the contract. The PRDOH reserves the right to request

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the removal of any staff not performing to standard at PRDOH's sole discretion. Replacements to the Key Staff require written consent of the PRDOH.

PRDOH expects the Proposer(s) to provide competent and fully qualified staff that are authorized or permitted under federal, state, and local law to perform the scope of services under the contract.

The Proposer(s) shall provide detailed information and evidence about the experience and qualifications of the Key Staff to be assigned, including degrees, certifications, licenses, and years of relevant experience. Proposer(s) shall specifically identify resources currently employed by the Proposer(s) who will serve as Key Staff. This includes the Proposer(s)' own staff and staff from any subcontractors to be used. The Proposer(s) should demonstrate that its Key Staff meet the desired requirements listed below and have the necessary experience and knowledge to successfully implement and perform the tasks and services. Also, the Proposer(s) shall be capable of working within deadlines.

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Key Staff	Requirements	Roles & Responsibilities
<b>Senior Manager</b>	+ Must be a Certified Public Accountant	+ Document and monitor internal controls
	+ Must have seven (7) years of solid core accounting experience in major government/Business cycles to include work paper preparation and documentation	+ Evaluate complex financial and accounting reports and records
	+ Must be able to work within deadlines and prioritize work	+ Provide advice and direction to other accountants
	+ Must have good communication and analytical skills	+ Review and certify the financial capacity report
	+ Must be bilingual (Spanish and English)	+ Review deliverables

Staff	Requirements	Roles & Responsibilities
<b>Manager</b>	+ Must have a bachelor's degree in Accounting, Finance, or related areas	+ Prepare/Review deliverables
	+ Must have three (3) years of related experience	+ Examine the completeness of financial statements
<b>Assistant or Associate</b>	+ Must be bilingual (Spanish and English)	+ Validate reports, statements, and other financial and accounting information
		+ Examine assigned financial and accounting documents to verify the accuracy of computations and uniform application of policies
		+ Review valuation analyses and reports
	+ Must have a bachelor's degree in Accounting, Finance, or related areas.	+ Examine assigned financial documents
<b>Assistant or Associate</b>	+ Must have one (1) year of related experience	+ Prepare deliverables
	+ Must be bilingual (Spanish and English)	+ Assess financial statements and related accounting information
		+ Assist the Senior Manager and Manager

#### 4. Services Requested

##### 4.1. Task 1: Financial and Accounting Assessments

The PRDOH is seeking consultants with expertise and capabilities in financial and accounting consulting services, including, but not limited to, financial statements auditing, financial capacity evaluation, financial requirements for federal grants, and evaluations of the line of credit. The Proposer(s) will assist with PRDOH's procurement evaluation and Subrecipients procurement's evaluation upon request from the PRDOH. The Proposer(s) will be assigned to evaluate all CDBG-DR and CDBG-MIT processes, and any future allocation, whether new or ongoing, at the time that the awarded contracts have been executed. All Proposer(s) shall demonstrate they possess adequate resources to perform the requested services that may include but are not limited to the following:

- 4.1.1. Assist the PRDOH with the preparation of guidelines to establish appropriate Financial Requirements to be included in acquisitions in compliance with the

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CDBG-DR and CDBG-MIT Regulations and full and open competition. The Selected Proposer(s) will:

- (i) Recommend the criteria to be used to evaluate the financial capacity of Selected Proposers/Bidders.
- (ii) Assure the Financial Requirements comply with CDBG-DR/CDBG-MIT Regulations.
- (iii) Assure the Financial Requirements comply with full and open competition.
- (iv) Assess the evaluation criteria and scoring for each financial information requirement.
- (v) Perform any other service required to complete these tasks.

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**4.1.2. The Selected Proposer(s) will:**

- (i) Provide guidance to determine the available methods to establish the availability of lines of credit of each financial institution and/or the availability of cash.
- (ii) Perform any other service required to complete these tasks.

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**4.1.3. The Selected Proposer(s) will assist the PRDOH in evaluating documentation to establish the financial capabilities of Potential Contractors participating in acquisition processes. The Selected Proposer(s) will:**

- (i) Identify and prepare a list of the evaluated documents from each Potential Contractor.
- (ii) Verify each of the documents based on the established financial requirements for the acquisition processes.
- (iii) Analyze the financial capacity of the Proposer(s) based on the established evaluation criteria.
- (iv) Review of Interim operational results.
- (v) Prepare a report stating whether the Potential Contractor complied or not complied with the information requested.
- (vi) Compile the evaluations of each of the Potential Contractors according to the value granted.
- (vii) Among the documents to be assessed should include the following: audited financial statements or most recent financial statements, bank information, and commercial credit lines information.
- (viii) Perform any other service required to complete these tasks.

**4.2. Task 2: Additional Services**

The services listed above are not meant to be an exhaustive list of the services the Selected Proposer will be asked to provide during the term of the Contract; additional services may be required throughout the contract term. Additional services required, may include, but are not limited to:



**4.2.1.** Provide general guidance on accounting services and support to PRDOH on an as needed basis to comply with GASB 34, and support compliance with federal and local regulations.

**4.2.2.** The Selected Proposer(s) will provide guidance to the PRDOH in other tasks related to the financial area, fiscal matters, and operational matters that PRDOH understands necessary and requests the guidance.

- Provide support to the PRDOH during reconsiderations or appellate processes.

## 5. Deliverables

### 5.1. Task 1: Financial and Accounting Assessments

The key deliverables to be produced during the contract term for the Financial and Accounting Consulting Services shall include, but are not limited to:

Deliverable	Timeline
First draft revision	On or before <b>five (5) days</b> after request
Second draft revision	On or before <b>five (5) days</b> after request
Third draft / Final report	On or before <b>five (5) days</b> after request
Additional revisions	On or before <b>three (3) days</b> after request

### 5.2. Additional Services

Deliverables for additional services and support shall be determined by mutual agreement. The key deliverables are to be provided as PDF format by email.

## 6. Payment

Payments shall be issued for services provided previously approved by the PRDOH. It is the Selected Proposer's responsibility to provide all services as set forth under the Scope of Services. The Selected Proposer shall submit an invoice to PRDOH after delivery of the goods is provided. If PRDOH determines that the submitted invoice and supporting documentation is acceptable, then the invoice will be approved for payment.

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

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## 7. Response Requirements

In response to this Solicitation, the Proposer(s) should return the entire completed Proposal Submission package. Proposer(s) should carefully follow the format and instructions outlined therein. All documents and information must be fully completed and signed as required.

The proposal should include enough details to permit the PRDOH to conduct a meaningful evaluation of the proposed services. However, overly elaborate responses are not requested or desired.

Proposer(s) shall submit in their proposal resources for all the staff requested in this Scope of Services to be considered a responsive proposal. Evidence of compliance with the Key Staff requirements must also be submitted.

**NOTE:** FALSE OR MISLEADING STATEMENTS REGARDING STAFF QUALIFICATIONS OR PRIOR PROJECTS WILL RESULT IN THE DISQUALIFICATION OF THE RESPONSE AND CANCELLATION OF ANY RESULTING PURCHASE ORDER IF DISCOVERED AFTER THE AWARD.

### 7.1. SAM Registry

Proposer(s) must be registered in the System for Award Management (**SAM**) at the time of the Proposal submission or initiate the registration process right after the Proposal submission. For more information about SAM go to <https://www.sam.gov/SAM/>. Awards will only be issued to entities which are cleared and not ineligible for award of a contract due to suspension, debarment, or HUD imposed limited denial of participation.

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## ATTACHMENT C COMPENSATION SCHEDULE

### Robles & Associate, LLC Financial and Accounting Consulting Services Request for Proposals No. CDBG-DRMIT-RFP-2023-03

The following sections contain cost information that considers the annual cost and hourly costs distributed by the Procurement Division in compliance with the Request for Proposals (**RFP**) CDBG-DRMIT-RFP-2023-03 and the Price Forms submitted by the awarded proposers.

The Contractor presented an hourly rate that would be compensated for the actual hours worked.

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**Robles and Associates LLC** was awarded the amount of \$1,026,000.00 for an initial contract for the term of three (3) years with the option of two (2) annual extensions upon mutual agreement. The Proposer will be compensated based on hours worked and hourly rates for each staff as identified in RFP-2023-03.

Distribution Table <b>Robles and Associates LLC</b>				
Key Staff Positions	Qty:	Total Hours	Hourly Rates	Total:
Senior Manager	1	60	\$125.00	\$7,500.00
<b>Technical Staff Positions</b>				
Manager	1	120	\$100.00	\$12,000.00
Assistant or Associate	1	120	\$75.00	\$9,000.00
<b>Monthly Sub-Total</b>				<b>\$28,500.00</b>
<b>[E] Maximum Cost of Cost Estimating Services for 3 Years (36 Months)</b>				<b>\$ 1,026,000.00</b>
<b>TOTAL PROPOSAL COST</b>				<b>\$1,026,000.00</b>

#### Notes on: Cost Estimating Services and Tasks

1. The contract is expected to function on an on-call basis by the contractor. Therefore, there could be months where the estimated monthly cost is less or more than that stated in the estimate. The contract is expected to function as a not-to-exceed contract from which services will be invoiced based on actual hours worked by each resource.
2. Estimated costs for each position should not be interpreted as a cap of costs or hours that may be invoiced for a specific position. Invoicing shall be based on the actual needs of resources for the services requested by the PRDOH.
3. Rate Per Hour includes overhead, profit, royalties, reimbursements, travel, fringe benefits, taxes, as well as any other additional fees and administrative costs applicable to the services.



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

**ATTACHMENT D**

**PERFORMANCE REQUIREMENTS**

**FINANCIAL AND ACCOUNTING CONSULTING SERVICES**

**ROBLES & ASSOCIATES, LLC.**

The Financial and Accounting Consulting Services shall provide services in accordance with the Scope of Services (SoS) (Attachment D) of this contract.

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Task	Sub-Task	Description	Timeframe	Deliverables
Task 1: Financial and Accounting Consulting Assessments	SoS Section 4.1.1  Preparation of Guidelines Financial Requirements	Assist the PRDOH with the preparation of guidelines to establish appropriate Financial Requirements to be included in acquisitions in compliance with the CDBG-DR and CDBG-MIT Regulations and full and open competition.	<b>First draft revision</b> On or before five (5) days after request. <b>Second draft revision</b> On or before five (5) days after request. <b>Third draft / Final report</b> On or before five (5) days after Request. <b>Additional revisions</b> On or before three (3) days after request.	Final Capacity Report  The Corresponding document must be submitted in the established or required format, as per PRDOH parameters.
	SoS Section 4.1.2  Guidance to determine line of credit	Provide guidance to determine the available methods to establish the availability of lines of credit of each financial institution and/or the availability of cash.  Perform any other service required to complete these tasks.	<b>First draft revision</b> On or before five (5) days after request. <b>Second draft revision</b> On or before five (5) days after request. <b>Third draft / Final report</b> On or before five (5) days after Request. <b>Additional revisions</b> On or before three (3) days after request.	Guidance to determine line of credit  The Corresponding document must be submitted in the established or required format, as per PRDOH parameters.
	SoS Section 4.1.3  Evaluation of Financial Capacity of Potential Contract.	Assist the PRDOH in evaluating documentation to establish the financial capabilities of Potential Contractors participating in acquisition processes.	<b>First draft revision</b> On or before five (5) days after request. <b>Second draft revision</b> On or before five (5) days after request. <b>Third draft / Final report</b> On or before five (5) days after Request. <b>Additional revisions</b> On or before three (3) days after request.	Evaluation of Financial Capacity of Potential Contract  The Corresponding document must be submitted in the established or required format, as per PRDOH parameters.
Task 2: Financial and Accounting	SoS Section 4.2.1	Additional services may be required throughout the contract term.	Mutual Agreement	The Corresponding document must be submitted in the

Consulting Assessments	Additional Services			established or required format, as per PRDOH parameters.
	SoS Section 4.2.2  Additional Services	Provide guidance to the PRDOH in other tasks related to the financial area, fiscal matters, and operational matters that PRDOH understands necessary.	Mutual Agreement	The Corresponding document must be submitted in the established or required format, as per PRDOH parameters.

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**INSURANCE REQUIREMENTS**  
**Request for Proposals**  
**CDBG-DRMIT-RFP-2023-03**  
**Financial and Accounting Consulting Services**  
**Community Development Block Grant – Disaster Recovery**  
**Community Development Block Grant - Mitigation**  
**Puerto Rico Department of Housing**

**SPECIAL INSURANCE AND BONDING SPECIFICATIONS**

- A. The successful **subrecipient**, before the **Contract execution**, must submit to the **Puerto Rico Department of Housing (\*PRDOH)** the hereafter mentioned certificates of insurance policies and/or bonds including all endorsements and agreements required under the special contractual conditions, in form satisfactory to **\*PRDOH**, as provided in detail in this Insurance Requirements as per the following:

1. **(X) State Insurance Fund Workers' Compensation Insurance Policy**

In accordance with the Worker's Compensation Act No. 45, the successful **subrecipient**, shall provide Worker's Compensation Insurance. The successful **subrecipient**, shall furnish the **\*PRDOH** the certificate from the State Insurance Fund Corporation (Spanish Acronym, CFSE).

2. **(X) Commercial General Liability (Special Form) with LOC Classification that must include and a brief description of operations to be realized detail in all the Certificates of Insurance and including the following insurance limits and Coverages**

COVERAGE	LIMIT
<b>I. Commercial General Liability:</b>	
• Each Occurrence	\$1,000,000
• General Aggregate	\$1,000,000
• Products & Complete Operations	\$1,000,000
• Personal Injury & Advertising	\$1,000,000
• Fire Damage	\$100,000 (Any one Fire)
• Medical Expense	\$10,000 (Any one person)
<b>II. Employer's Liability Stop Gap:</b>	
• Bodily Injury by Accident Each Employee	\$1,000,000
Each Accident	\$1,000,000
• Bodily Injury by Disease	

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## INSURANCE REQUIREMENTS

### Request for Proposals

CDBG-DRMIT-RFP-2023-03

**Financial and Accounting Consulting Services  
Community Development Block Grant – Disaster Recovery  
Community Development Block Grant - Mitigation  
Puerto Rico Department of Housing**

## SPECIAL INSURANCE AND BONDING SPECIFICATIONS

COVERAGE	LIMIT
Each Employee	\$1,000,000
Each Accident	\$1,000,000

3. (X) Comprehensive Automobile Liability Form including the following insurance coverages

LIMIT
<ul style="list-style-type: none"><li>• Auto Liability - \$1,000,000</li><li>• Physical Damages - \$1,000,000</li><li>• Medical Payments - \$ 10,000</li></ul>
<b>The Commercial Auto cover must be applied to the following symbols:</b>
<ul style="list-style-type: none"><li>• Liability Coverage -1</li><li>• Physical Damages – 2 and 8</li><li>• Hired – Borrowed Auto – 8</li><li>• Non-Owned Auto Liability – 9</li></ul>

4. (X) Professional Liability &/or Errors & Omissions Policy

**(X) Professional Liability Certified Public Accountant and any other professional related to the project.**

(X) **A.** Risk, interest, location and limits

(X) **A.1** Description of work to be done

(X) **A.2** Limit:

(X) each occurrence	\$1,000,000
(X) Aggregate	\$1,000,000
(X) Deductible	\$ 10,000

(X) **A.3** Certification that the insurance contract has been given as surplus lines coverage under the Commonwealth of Puerto Rico Insurance Code, when applicable.

5. (X) Umbrella



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

**INSURANCE REQUIREMENTS**  
**Request for Proposals**  
**CDBG-DRMIT-RFP-2023-03**  
**Financial and Accounting Consulting Services**  
**Community Development Block Grant – Disaster Recovery**  
**Community Development Block Grant - Mitigation**  
**Puerto Rico Department of Housing**

**SPECIAL INSURANCE AND BONDING SPECIFICATIONS**

Limit - \$1,000,000

6. (X) The policies to be obtained must contain the following endorsements including as additional insured the ***Puerto Rico Department of Housing (\*PRDOH), U.S. Department of Housing and Urban Development (HUD), and the Government of Puerto Rico.***

- (X) a. Breach of warranty
- (X) b. Waiver and / or Release of Subrogation
- (X) c. Additional Insured Clause
- (X) d. Hold Harmless Agreement
- (X) e. 30 Days Cancellation Clause

**B. IMPORTANT NOTICE TO INSURANCE AND SURETY COMPANIES AND THEIR REPRESENTATIVES**

All insurance companies and all guarantors who issue policies or bonds under our special contractual conditions are subject to:

1. Be authorized to do business within the ***Commonwealth of Puerto Rico*** and have the corresponding ***license issued by the Commissioner of Insurance.***
2. To be enjoying a good economic situation and classified under the Category ***of B+ by the AM Best Rating Guide.***
3. Submit to the ***\*PRDOH*** a written certification as evidence of full payment of premiums by the Contractor. Mention each risk coverage premium separately.
4. Avoid sub-contractual obligations of premium financing or any other kind, which may be detrimental to the public interest.
5. Avoid any request for cancellation by the contractor prior to the expiration date of the policy, without the consent of the Contract Division of the ***\*PRDOH***: Discuss any refund of unearned premium.





GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

**INSURANCE REQUIREMENTS**  
**Request for Proposals**  
**CDBG-DRMIT-RFP-2023-03**  
**Financial and Accounting Consulting Services**  
**Community Development Block Grant – Disaster Recovery**  
**Community Development Block Grant - Mitigation**  
**Puerto Rico Department of Housing**

**SPECIAL INSURANCE AND BONDING SPECIFICATIONS**

6. Follow all Federal Bail and Acceptance Insurance Regulations, when applicable.
7. Indicate in the appropriate place of all insurance policies and/or bonds, **the full description of the project, work or service to be rendered.**
8. Not to make any **Endorsement** to insurance policies and bonds issued under the special conditions mentioned above, unless approved by the Insurance Section of the **\*PRDOH**. To ensure that all insurance policies or bonds are issued to comply with all of our special insurance conditions with respect to the period of coverage, type of risk coverage, as well as all limits, as specified,
9. Clarify any questions regarding insurance requirements by any means of communication with the Insurance Section of the **\*PRDOH** under the Secretary for Legal Affairs.
10. The Contractor shall, throughout the performance of Work under the Contract and until the Final Acceptance of the Program, maintain current, and in effect all the required insurance, except the Builder's Risk, which shall terminate on the date of substantial completion.
11. Insurance coverage in the minimum limit amounts set forth herein shall not be construed to release the Contractor from liability in excess of such coverage limit. Contractor must give thirty (30) calendar days written notice to PRDOH before any policy coverage is change, canceled or not renewed and shall cause the insurance carrier to do the same.

**C. EVIDENCE OF INSURANCE COVERAGE OF EACH SUBCONTRACTOR TO BE SUBMITTED BY THE SUCCESSFUL BIDDER AS THE PRIME CONTRACTOR:**

The successful **subrecipient**, as the prime contractor, has the duty to require each of the subcontractors to maintain in force all insurance policies and/or bonds necessary to cover their individual participation in the risk or risks related to the subcontracted work or service to be rendered.



**INSURANCE REQUIREMENTS**  
**Request for Proposals**  
**CDBG-DRMIT-RFP-2023-03**  
**Financial and Accounting Consulting Services**  
**Community Development Block Grant – Disaster Recovery**  
**Community Development Block Grant - Mitigation**  
**Puerto Rico Department of Housing**

**SPECIAL INSURANCE AND BONDING SPECIFICATIONS**

Therefore, prior to commencing work or receiving written notice to proceed with such work, the successful prime contractor has the responsibility to provide the **\*PRDOH** with all the **certificates of insurance and/or bonds required** under the Special conditions approved by the Insurance Section of the **\*PRDOH**. All insurance policies shall remain in effect for the entire contractual period.

In case of any **change order** and/or amendment resulting in alteration of the original project completion date or total original cost, the prime contractor shall take the necessary steps to request the insurer to include such changes in all related insurance policies and/or bond and to submit evidence by appropriate endorsements with effective dates. Cancellations without consent are not accepted.

The **\*PRDOH** reserves the right to stop any work or service under contract until the breach of these requirements has been remedied, so that any delay in the performance of the contract based on any breach of the insurance coverage requirements shall be deemed the sole responsibility of the Main Contractor.

**D. CONFLICT OR DIFFERENCE BETWEEN THE SPECIFICATIONS OF THE TENDERING, PROCEDURE AND SPECIAL INSURANCE CONDITIONS AND BONDS**

In the event of any conflict or difference in the description of coverage or amount or limits, etc., with respect to insurance requirements, the "**Special Conditions of Insurance and Bonds**" as set forth in this **Insurance Requirements** shall prevail over any other insurance specifications. **\*PRDOH reserves the right to modify any Insurance Requirements at any time, in accordance with the Program's needs.**

**E. CERTIFICATE OF CONTRACT DIVISION**

We hereby certify, to our best knowledge and understanding, that we have prepared the aforementioned "**Insurance and Bonds Special Conditions**" after a proper evaluation of the related risks, based on the information of the nature of the project and description submitted to us, as requested by the Contracting Program through a written application.

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GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

## **INSURANCE REQUIREMENTS**

**Request for Proposals**

**CDBG-DRMIT-RFP-2023-03**

**Financial and Accounting Consulting Services**

**Community Development Block Grant – Disaster Recovery**

**Community Development Block Grant - Mitigation**

**Puerto Rico Department of Housing**

## **SPECIAL INSURANCE AND BONDING SPECIFICATIONS**

**Request for Proposals**

**Financial and Accounting Consulting Services**

**Community Development Block Grant – Disaster Recovery**

**Puerto Rico Department of Housing**

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June 30, 2023

Date

*Sonia Damaris Rodríguez*

Sonia Damaris Rodríguez

Insurance Specialist

CDBG-DR Program



## ATTACHMENT F

### 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/>.

These terms and conditions must be included in their entirety by the CONTRACTOR in all purchase orders or subcontracts that are directly related to the Agreement, even though some of the terms and conditions might not apply to a particular kind of purchase order or subcontract.

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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 Continuing Appropriations Act, 2018, and Supplemental Appropriations for Disaster Relief Requirements, 2017 (**Pub. L. 115-56**) approved on September 8, 2017, as amended; the Bipartisan Budget Act of 2018 (**Pub. L. 115-123**) approved on February 9, 2018, as amended; the Additional Supplemental Appropriations for Disaster Relief Act, 2019, (**Pub. L. 116-20**) approved on June 6, 2019, as amended; as well as 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 Puerto Rico Department of Housing (**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 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:

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- (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.

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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 C.F.R. 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 timelines 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, religion 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.

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**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 24 C.F.R. §578.95; 24 C.F.R. §570.489(g) and (h); and 24 C.F.R. §570.611, 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)

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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.

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**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. §§ 3701-3708) 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. §§ 3141, et seq.) 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.

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## **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).

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- 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.

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#### **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 C.F.R. 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 Exec. Order No. 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 Exec. Order No. 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 Exec. Order No. 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.

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**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.

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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)**

**CLEAN AIR ACT**

- 1) --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.
- 2) --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.

- 3)–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.

#### **WATER POLLUTION CONTROL ACT**

- 1)–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.*

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- 2)–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.

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- 3)–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.

The CONTRACTOR and all subcontractors shall comply with the requirements of the Clean Air Act, as amended, 42 U.S.C. § 7401 *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 5 C.F.R. Part 919 Subpart E and 24 C.F.R. Part 58 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. Part 32 or on the List of Violating Facilities issued by the Environmental Protection Agency (**EPA**) pursuant to 24 C.F.R. Part 58, 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. § 7414) 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.

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**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 of Lobbying Activities", 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 the 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 the 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.

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- 2) The parties to this Agreement agree to comply with HUD's regulations in 24 C.F.R. Part 75 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 75 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 75, 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 75. 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 75.
- 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 75 require employment opportunities to be directed, were not filled to circumvent the CONTRACTOR's obligations under 24 C.F.R. Part 75.
- 6) Noncompliance with HUD's regulations in 24 C.F.R. Part 75 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 (46 U.S.C. § 5307) 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)

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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 76-252, 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.

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### **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

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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.

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#### **42. RELIGIOUS ACTIVITY**

The CONTRACTOR agrees to abstain from using any funds related to this Agreement for inherently religious activities prohibited by 24 C.F.R. § 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).

#### **46. UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT (URA)**

Every project funded in part or in full by Community Development Block Grant – Disaster Recovery (CDBG-DR) funds, and all activities related to that project, are subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, 42 U.S.C. § 4601 et seq., and section 104(d) of the Housing and Community Development Act of 1992, as amended (HCDA), 42 U.S.C. § 5304(d), except where waivers or alternative requirements have been provided by the U.S. Department of Housing and Urban Development (HUD). The implementing regulations for URA are at 49 C.F.R. Part 24, and the regulations for section 104(d) are at 24 C.F.R. Part 42, subpart C. Additionally, HUD has established regulations specific to CDBG-funded housing activities at 24 C.F.R. § 570.606. PRDOH has also established the Uniform Relocation Assistance Guide & Residential Anti-Displacement and Relocation Assistance Plan (URA & ADP Guide) which provides guidance and requirements regarding URA compliance and minimizing displacement that are applicable to all CDBG-DR programs. The primary purpose of these laws and regulations is to provide uniform, fair, and

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equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects.

When CDBG-DR funds are planned, intended, or used for any activity or phase of a project and the phases are interdependent, URA applies to that activity or project. This includes any property acquisition, even if CDBG-DR funds are not used to fund the purchase, if the contract to acquire property is executed with the intention of seeking CDBG-DR funds to complete the project or an interdependent phase of the project. Contractors are responsible for ensuring URA compliance throughout the design, proposal, and implementation of any project that includes real property acquisition or displacement of residential or business occupants.

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#### **47. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970 (OSH ACT)**

The CONTRACTOR shall comply with the Occupational Safety and Health Act of 1970 (OSH Act) as supplemented by the Department of Labor regulations. This Act created the Occupational Safety and Health Administration (OSHA). OSHA sets and enforces protective standards of safety and health in the workplace. Under the OSH Act, employers have a responsibility to provide a safe workplace.

Employers must comply with the 29 CFR 1910 General Obligations Clause of the OSH Act. This clause requires employers to maintain their workplaces free from serious recognized hazards. This includes the adoption of safety and health guidelines and the subsequent training of the employer's workforce in these.

CONTRACTORS whose Scope of Work includes construction activities must comply with the General Clauses, and also with provisions of 29 CFR 1926 "Construction Health and Safety Regulations". It shall be a condition of any contract for construction, alteration and/or repair, including painting and decorating, that no contractor or subcontractor for any part of the contract work shall require any worker or mechanic employed in the performance of the contract to work in an environment or in unhealthy, hazardous or dangerous working conditions to their health or safety.

#### **48. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)**

The Federal Funding Accountability and Transparency Act of 2006 (**FFATA**), as amended, was signed with the intent of reducing wasteful government spending and providing citizens with the ability to hold the government accountable for spending decisions. 2 C.F.R. § Part 170 outlines the requirements of recipients' in reporting information on subawards and executive total compensation under FFATA legislation. Any non-Federal entity that receives or administers Federal financial assistance in the form of grants, loans,

loan guarantees, subsidies, insurance, food commodities, direct appropriations, assessed and voluntary contributions; and/or other financial assistance transactions that authorize the non-Federal entities' expenditure of Federal fund, is subject to these requirements. Prime contract awardees and prime grant awardees are required to report against subcontracts and subgrants awarded in the FFATA Subaward Reporting System (FSRS), the reporting tool for Federal prime awardees. This information reported will then be displayed on a public and searchable website: [www.USASpending.gov](http://www.USASpending.gov).

### 33. PROCUREMENT

The Uniform Guidance procurement requirements (2 C.F.R. § Part 200, Subpart D) went into effect on July 1, 2018. These requirements are applicable to CDBG-DR funded projects, or as provided by 83 Federal Register 5844 VI A(1)(b)(2) permits a state grantee to elect to follow its own procurement policy. These policies and procedures ensure that Federal dollars are spent fairly and encourage open competition at the best level of service and price.

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### 34. CHANGE ORDERS TO CONTRACTS

Change orders are issued when the initial agreed-upon pricing or work to be completed requires modification. First, the CONTRACTOR must complete a Change Order Request Form. This form and supporting documentation must be delivered to the PRDOH for review. Each change order must have a cost analysis. Once the Project Manager approves the change order, it is returned to the contractor for execution. Change orders are only invoiced on the final draw and categorized as "change orders." The amount listed on the invoice must match the previously approved amount and must be cost-reasonable. The PRDOH is responsible for verifying cost reasonableness. Verification documentation for cost reasonableness becomes an attachment to the change order.

### 45. LIMITED ENGLISH PROFICIENCY

Executive Order No. 13166, signed on August 11, 2000, requires programs, subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (**LEP**) and/or deaf/hard of hearing. Fair access is ensured through the implementation of a Language Assistance Plan (**LAP**), which includes non-English-based outreach, translation services of vital documents, free language assistance services, and staff training. Vital documents are defined as depending on the importance of the program, information, encounter, or service



involved, and the consequence to the LEP person if the information in question is not provided accurately or in a timely manner.

#### **46. PERSONALLY IDENTIFIABLE INFORMATION**

In accordance with 2 C.F.R. § 200.303, regarding internal controls of a non-Federal entity, a grantee must guarantee the protection of all Personally Identifiable Information (PII) obtained. The program will enact necessary measures to ensure PII of all applicants is safeguarded as to avoid release of private information. If a contractor or employee should experience any loss or potential loss of PII, the program shall be notified immediately of the breach or potential breach.

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#### **51. PROCUREMENT OF RECOVERED MATERIALS**

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (**EPA**) at 40 C.F.R. part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

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**END OF DOCUMENT**



## ATTACHMENT G

### CONTRACTOR CERTIFICATION REQUIREMENT

#### ROBLES & ASSOCIATES LLC

##### I. Contractor (or Subrecipient) Certification Requirement:

1. The expected subcontractor(s) in connection with the contract<sup>1</sup> is (are) the following:

**NOT APPLICABLE**

2. Neither the Contractor (or subrecipient) nor any of its owners<sup>2</sup>, partners, directors, officials, or employees, has agreed to share or give a percentage of the contractor's (or subrecipient's) compensation under the contract<sup>3</sup> to, or otherwise compensate, any third party, whether directly or indirectly, in connection with the procurement, negotiation, execution or performance of the contract.
3. To the best knowledge of the signatory (after due investigation), no person has unduly intervened in the procurement, negotiation, or execution of the contract, for its own benefit or that of a third person, in contravention of applicable law.
4. To the best knowledge of the signatory (after due investigation), no person has: (i) offered, paid, or promised to pay money to; (ii) offered, given, or promised to give anything of value to; or (iii) otherwise influenced any public official or employee with the purpose of securing any advantages, privileges or favors for the benefit of such person in connection with the contract (such as the execution of a subcontract with the Contractor, beneficial treatment under the contract, or the written or unwritten promise of a gift, favor, or other monetary or non-monetary benefit).
5. Neither the Contractor (or subrecipient), nor any of its owners, partners, directors, officials, or employees or, to the best of its knowledge (after due investigation), its representatives or sub-contractors, has required, directly or indirectly, from third persons to take any action with the purpose of influencing

<sup>1</sup> As used herein, the term "contract" is inclusive of any amendments, modifications, or extensions.

<sup>2</sup> For purposes of this Certification, a contractor's "owner" shall mean any person or entity with more than a ten percent (10%) ownership interest in the Contractor.

<sup>3</sup> As used herein, the term "contract" is inclusive of any amendments, modifications, or extensions.

any public official or employee in connection with the procurement, negotiation, or execution of the contract, in contravention of applicable law.

6. In compliance with Executive Order No. 2021-029 and CC 013-2021, the Contractor certifies as of the date hereof, that it is in a contractual relationship with the following entities of the Government of Puerto Rico: **SEE ATTACHED LIST**

<sup>4</sup> The Contractor also certifies that said entities are all the entities of the Government of Puerto Rico with which they maintain a contractual relationship. In addition, the Contractor recognizes and accepts that omitting any information regarding any current contractual relationship with any governmental entity could result in the termination of this agreement if so, required by PRDOH.

7. Any incorrect, incomplete, or false statement made by the contractor's (or subrecipient's) representative as part of this certification shall cause the nullity of the proposed contract and the contractor (or subrecipient) must reimburse immediately to the Commonwealth any amounts, payments or benefits received from the Commonwealth under the proposed contract.

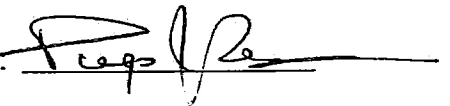
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The above certifications shall be signed under penalty of perjury by the Chief Executive Officer (or equivalent highest rank officer) in the following form:

**"I hereby certify under penalty of perjury that the foregoing is complete, true, and correct."**

By:

Signature: 

Position:

Date: Nov 15, 2023

<sup>4</sup> The Contractor is required to disclose the names of the entities of the Government of Puerto Rico with whom it has contracts until the Agreement is signed.

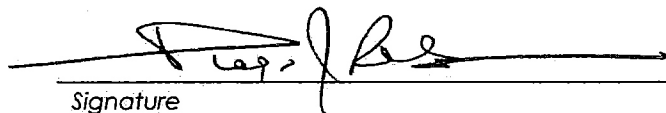


## ATTACHMENT H NON-CONFLICT OF INTEREST CERTIFICATION ROBLES & ASSOCIATES LLC

The CONTRACTOR certifies that:

1. No public servant of this executive agency has a pecuniary interest in this contract, subrecipient agreement, purchase, or commercial transaction.
2. No public servant of this executive agency has requested me or accepted from 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) requested or accepted 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 has requested from me, directly or indirectly, for him (her), for any member of his or her family unit, or for any other person, business, or entity, something 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.

"I hereby certify under penalty of perjury that the foregoing is complete, true, and correct."

  
Signature

11/15/2023  
Date

Diego J. Robles  
Printed Name  
Robles & Associates LLC

President  
Position