GOVERNMENT OF PUERTO RICO
Department of Housing

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

PRDOH REGISTERED
DEC 0 4 2020
2021-DR0057
CDBG-DR CONTRACT ADMINISTRATION

SUBRECIPIENT AGREEMENT
BETWEEN THE
PUERTO RICO DEPARTMENT OF HOUSING
AND THE
MUNICIPALITY OF HATILLO

This **SUBRECIPIENT AGREEMENT** (hereinafter, the "Agreement") is entered into this 23 day of November, 2020, by and between the **PUERTO RICO DEPARTMENT OF HOUSING** (the "PRDOH"), a public agency of the Government of Puerto Rico created under Act No. 97, of June 10, 1972, as amended, 3 L.P.R.A. § 441 *et seq.*, known as the "Department of Housing Organic Act" (the "Organic Act"), with principal offices at 606 Barbosa Ave., San Juan, Puerto Rico, represented herein by its Secretary, Luis C. Fernández Trinchet, of legal age, attorney, single, and resident of Guaynabo, Puerto Rico; and the **MUNICIPALITY OF HATILLO** (the "Subrecipient"), a Municipality, with principal offices at Hatillo, Puerto Rico, represented herein by its Mayor, José A. Rodríguez Cruz, of legal age, married, and resident of Hatillo, Puerto Rico, collectively the "Parties".

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I. RECITALS AND GENERAL AWARD INFORMATION

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

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

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

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

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

WHEREAS, on August 14, 2018, an additional allocation of $8.22 billion for recovery was allocated to Puerto Rico under Federal Register Vol. 83, No. 157, (83 FR 40314). 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, under the Additional Supplemental Appropriations for Disaster Relieve Act of 2019, signed into law June 6, 2019 (Pub. L. 116-20), an additional $277 million were appropriated by Congress for disaster recovery assistance to the Government of Puerto Rico under CDBG-DR.

WHEREAS, on January 27, 2020, an additional allocation of $277 million for unmet infrastructure recovery needs was allocated to Puerto Rico under Federal Register Vol. 85, No. 17, (85 FR 4681). 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.

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WHEREAS, on September 20, 2018, the Governor of Puerto Rico and the Secretary of HUD signed Grant Agreement Number B-17-DM-72-0001; allowing PRDOH access to $1,507,179,000 in CDBG-DR funding obligated under PL 115-56, as amended.

WHEREAS, on February 21, 2020, the Governor of Puerto Rico and the Secretary of HUD signed Grant Agreement Number B-18-DP-72-0001; allowing PRDOH access to $1,700,000,000 in CDBG-DR funding, obligated under PL 115-123, as amended.

WHEREAS, according to the approved current Action Plan, Puerto Rico intends to undertake the **City Revitalization Program** (hereinafter, "**the Program**"). The focus of the Program is to establish a fund for municipal governments and eligible entities to enable a variety of critical recovery activities aimed at reinvigorating downtown areas, urban centers, and key community corridors.

WHEREAS, the approved current Action Plan allocated a total budget of one billion two hundred twenty-three million dollars ($1,223,000,000) to the Program. The PRDOH will distribute the total budget for the Program in three (3) Rounds, which not necessarily need to be subsequential. The distribution will occur as follows: Round One (1) -direct distribution of six hundred million dollars ($600,000,000) among the seventy-eight (78) municipalities; Round Two (2) -direct distribution of three hundred and forty-five million dollars ($345,000,000) among the seventy-eight (78) municipalities who have participated and completed a Municipal Recovery Plan through the CDBG-DR Municipal Recovery Planning Program (**MRP Program**); and, Round Three (3) -the distribution of funds will be by competitive process through the publication of a Notice of Funding Availability (**NOFA**) for the remaining one hundred seventy eight million dollars ($178,000,000.00) open to all eligible entities (municipalities and non-for-profit organizations).

WHEREAS, as the Subrecipient strengthens its internal capacity it may submit requests for amendments to this Agreement.

WHEREAS, the Subrecipient will assist the PRDOH in utilizing CDBG-DR funds to carry out the Program, pursuant to this Agreement;

WHEREAS, the CDBG-DR funds made available for use by the Subrecipient under this Agreement constitute a Subaward of the PRDOH's Federal Award, the use of which must be in accordance with requirements imposed by Federal statutes, regulations, and the terms and conditions of the PRDOH's Federal Award;

WHEREAS, the PRDOH has the legal power and authority, in accordance with its enabling statute, the Organic Act, as amended, *supra*, the federal laws and regulations creating and allocating funds to the CDBG-DR program and the current Action Plan, to issue and award the subaward, enter and perform under this Agreement; and

WHEREAS, the Subrecipient has duly adopted the Resolution dated March 3, 2020 and with Identification No. 27, Series 2019 - 2020, authorizing the Subrecipient to enter into this Agreement with the PRDOH, and by signing this Agreement, the Subrecipient assures PRDOH that Subrecipient shall comply with all the requirements described herein.

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GENERAL AWARD INFORMATION

The Subaward from PRDOH to the Subrecipient contemplated hereunder is for carrying out a portion of the Federal Award described in Section I above; thus, a federal assistance relationship is created with the Subrecipient. This Agreement shall be updated to reflect any changes to the Federal Award and the following award information.

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CDBG-DR Grantee Federal Award Identification Number:	PRDOH DUNS #: 054115628
CDBG-DR Grantee Federal Award Date:	September 20, 2018
Federal Award project description:	See **Exhibit A** for Scope of Work
Subrecipient Contact Information:	José A. Rodríguez Cruz Municipality of Hatillo PO BOX 8 Hatillo, PR 00659
Subrecipient Unique Identifier:	DUNS number: 120680009
Subaward Period of Performance:	Start Date: Effective Date, as defined in Section IV of this Agreement. End Date: **thirty-six (36) months** from Start Date
Funds Certification:	Dated: September 23, 2020 Authorized Amount: $1,323,593.55 Funds Allocation: CDBG-DR "R02M27CR-DOH-LM" CDBG-DR "R02M27CR-DOH-UN" Account Number: 6090-01-000 See **Exhibit E** for Funds Certification

PRDOH has allocated to the Subrecipient a total amount of six million six hundred and seventeen thousand nine hundred and sixty-seven dollars and seventy-four cents ($6,617,967.74) for project development under Round One (1) of the Program. Out of this total allocation, the Program has made immediately available the authorized amount set forth in the table above in order to commence project development and implementation under this Round of funding. Additional funding may be requested by the Subrecipient, up to the total Round One (1) municipal allocation, when the Subrecipient has spent seventy percent (75%) of their funding and with the submission of additional eligible projects that will justify the need for said additional amounts. Any additional funding requested after the execution of this Agreement is contingent upon availability of funding from HUD.

NOW, THEREFORE, in consideration of the need for recovery from Hurricanes Irma and María, and the premises and mutual covenants described herein, the Parties mutually agree to the terms described in this Agreement.

TERMS AND CONDITIONS

II. ATTACHMENTS

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

Exhibit A	Scope of Work
Exhibit B	Timelines and Performance Goals
Exhibit C	Key Personnel
Exhibit D	Budget
Exhibit E	Funds Certification
Exhibit F	HUD General Provisions
Exhibit G	Special Conditions

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

III. SCOPE OF WORK

The Subrecipient shall be responsible for performing the activities detailed in **Exhibit A** (hereinafter, the "Scope of Work") of this Agreement, herein attached and made an integral part of this Agreement, which may be amended from time to time with the consent of both Parties. The Subrecipient shall complete the Scope of Work in a manner satisfactory to the PRDOH and consistent with the terms and conditions of this Agreement and applicable Federal and local statutes, laws and regulations.

A. Subrecipient Management Responsibilities

1. The Subrecipient shall submit to the PRDOH the required project application forms, in the format provided by PRDOH. The Project Application will consist of a project proposal submission that will be evaluated for compliance with Program eligibility requirements and available budget allocations. Following this evaluation and as authorized by the PRDOH, the Subrecipient may proceed in acquiring technical and advisory services for full project development following all established requirements for the Program.

2. As a condition of receiving this Subaward, the Subrecipient shall perform the procurement, management, monitoring and reporting of the services included in the **Exhibit A** for the Program.

3. All services shall be made in accordance with PRDOH guidelines, HUD guidelines and regulations, and other applicable state and federal laws and regulations.

4. The services contracts shall be subject to the previous written approval of PRDOH to become effective and will incorporate any clauses or dispositions required by PRDOH, including, but not limited to, the Contract termination for convenience of the PRDOH.

5. The Subrecipient shall prepare and submit to PRDOH all required project(s) documentation, such as compliance information, construction drawings, and specifications, construction permits and endorsements, cost estimate, property acquisition, right of ways, etc., in accordance with the **Exhibit A.** The PRDOH reserves authority and discretion to review and require revisions before approving use of funds for project implementation.

V. EFFECTIVE DATE AND TERM

This Agreement shall be in effect and enforceable between the parties from the date of its execution. The performance period of this Agreement is **thirty-six (36) months** from the date of its execution, ending in November 23, 2023.

The End of Term shall be the later of: (i) November 23, 2023; (ii) the date as of which the Parties agree in writing that all Close-Out Requirements[2] have been satisfied or, where no Close-Out Requirements are applicable to this Agreement, the date as of which the Parties agree in writing that no Close-Out Requirements are applicable hereto; or (iii) such later date as the Parties may agree to in a signed amendment to this Agreement.

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The Subrecipient hereby acknowledges that this Agreement is subject to the grant agreement between the Government of Puerto Rico or the PRDOH, and HUD (the "Grant Agreement"); and the availability of the allocated CDBG-DR funds. The Subrecipient also acknowledges and agrees that any suspension, cancellation, termination or otherwise unavailability of the CDBG-DR allocation(s) shall result in the immediate suspension, cancellation, or termination of this Agreement, upon PRDOH's notice.

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A. Contract Extensions:

PRDOH may, at its sole discretion, extend the Agreement's term for additional terms, upon mutual written agreement of the Parties. 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 term of this Agreement cannot exceed the extension.

B. Notice to Proceed:

The Subrecipient shall not, and shall not be obligated to, commence performance of the Scope of Work until PRDOH issues the notice to proceed (hereinafter, "Notice to Proceed" or "NTP") authorizing the same pursuant to the terms and conditions of this Agreement. Upon the Subrecipient receipt from PRDOH of the NTP, the Subrecipient shall promptly commence with the performance of the Work. The NTP shall be issued in the form attached hereto as **Exhibit A**. The Subrecipient agrees to acknowledge its receipt of the NTP by countersigning it and returning such acknowledged copy to PRDOH on the date the NTP is received by the Subrecipient. The Subrecipient shall timely provide copies of such notice of commencement to its employees and Subcontractors.

Any performance of the Scope of Work (**Exhibit A**) prior to the issuance of the NTP shall be considered by the PRDOH as an unapproved activity not subject to reimbursement.

VI. BUDGET

A. Budget

The Subrecipient shall complete all activities in the Scope of Work of this Agreement (**Exhibit A**) in accordance with the Budget (**Exhibit D**) attached herein and made integral part of this Agreement (the "Budget") as such Budget may be amended from time to time.

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2 "Close-Out Requirements" means all requirements to be satisfied by each party in order to close-out this Agreement and the CDBG-DR funds provided herein in accordance with applicable Requirements of Law, including the execution and delivery by one or more of the Parties of all close-out agreements or other legal instruments and the taking of any actions by one or more of the Parties in connection with such close-out, in any case as required under applicable Requirements of Law.

B. General Administration

Prohibited Activities: The Subrecipient may only carry out the roles and responsibilities described in this Agreement and the activities related to the performance of the Scope of Work described in **Exhibit A** of this Agreement. Notwithstanding anything to the contrary in this Agreement, the Subrecipient shall not be obligated to perform any work or services outside the Scope of Work described in **Exhibit A** of this Agreement.

The Subrecipient is prohibited from charging to the PRDOH the costs of CDBG and/or CDBG-DR ineligible activities, including those described at 24 C.F.R. § 570.207, unless waived or made eligible by an applicable Federal Register Notice, from using funds provided herein or personnel employed in the administration of activities under this Agreement for political activities, inherently religious activities, or lobbying. The Subrecipient may be financially liable for the carry out of activities outside of the parameters of the Scope of Work of this Agreement.

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C. National Objectives

All activities funded with CDBG-DR funds must meet one of the CDBG-DR Program's National Objectives: (i) benefit low-and moderate-income persons; (ii) aid in the prevention or elimination of slums or blight, or; (iii) meet community development needs having a particular urgency, as defined in 24 C.F.R. § 570.208, as amended by waiver published in the Federal Register, Vol. 83, No. 28 (83 FR 5844) on February 9, 2018.

The Subrecipient certifies that the activities carried out under this Agreement shall meet one of the HUD national objective(s) as defined in 24 C.F.R. § 570.483.

The Subrecipient shall ensure that the services meet the applicable CDBG-DR National Objective(s) and that the subcontractor or third party complete the applicable forms to document the National Objective(s).

D. Levels of Accomplishment – Performance Goals and Timelines

The Subrecipient shall complete the activities required under the Scope of Work of this Agreement in accordance with the timeframes and performance goals set forth in **Exhibit B** ("Timelines and Performance Goals") of this Agreement, herein attached and made an integral part of this Agreement.

E. Nonperformance Standard

If at the end of the **six (6) months** from the Effective Date, as defined in **Section V** of this Agreement, the Program activity has not begun or at any time during the term the Program activity has not accomplished the performance objectives set forth by the PRDOH in **Exhibit B** ("Timelines and Performance Goals"), the PRDOH, may, at its sole discretion, terminate this Agreement, de-obligate funds made available under this agreement, and/or recapture funds previously expended by the Subrecipient under this agreement from non-federal funds. No contract extensions shall be granted unless the Subrecipient can document circumstances beyond its control that prevented start of the activity. The PRDOH shall review the properly filed and documented circumstances which are alleged to have prevented the initiation of activity and exclusively reserves the right to decide if an extension is warranted, relative to the reasons stated as well as the prevailing circumstances.

F. Staffing

The Subrecipient shall supervise and direct the completion of all activities under this Agreement. Any changes in assigned key personnel (hereinafter, the "Key Personnel") assigned or their responsibilities under the activities are subject to the prior approval of the PRDOH. If possible, it is the best practice for the Subrecipient to provide PRDOH with

ample written notice to the personnel changes and requests. Ample notice in this context shall be **ten (10) business days.** If that is not possible, then the Subrecipient shall make all reasonable efforts to notify PRDOH of changes.

At a minimum, the Subrecipient shall assign the staff with the identified responsibilities to the identified activities as described in **Exhibit C** ("Key Personnel") of this Agreement, herein attached and made integral part of this Agreement.

Depending on the needs of the Program activity, the Subrecipient shall provide staff and/or procure professional service contractors to assist with the compliance of said activities. The staff who will support the Program activities included in the Scope of Work, shall solely perform those tasks and shall be remunerated hourly.

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The Subrecipient shall monitor the performance of its staff, and contractors against the goals and performance standards as stated in the **Exhibit B** ("Timelines and Performance Goals").

G. Pre-Award Costs[1]

Pre-award costs applicable to the Subrecipient are strictly prohibited.

IV. PERFORMANCE, MONITORING AND REPORTING

A. Monitoring

The PRDOH shall monitor the performance of the Subrecipient as necessary to ensure that the funds allocated to the Subrecipient are used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of this Agreement, including the timeframes and performance goals set forth in **Exhibit B** associated with the activities included in the Scope of Work (**Exhibit A**).

This review shall include: (1) reviewing financial and performance reports required by the PRDOH; (2) following-up and ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the Subrecipient from the PRDOH detected through audits, on-site reviews, and other means; and (3) issuing a management decision for audit findings pertaining to this Federal award provided to the Subrecipient from the PRDOH as required by 2 C.F.R. § 200.521.

Substandard performance, as specified in policies and procedures reviewed and approved by PRDOH, shall constitute noncompliance with this Agreement.

If action to correct such substandard performance is not taken by the Subrecipient within **fifteen (15) days** after being notified by PRDOH, PRDOH may impose additional conditions on the Subrecipient and suspend or terminate this Agreement, disallow all or part of the cost of the activity or action not in compliance or initiate other remedies for noncompliance, as appropriate and permitted under 2 C.F.R. § 200.338.

B. Reporting

The Subrecipient shall submit regular monthly progress reports to the PRDOH, on the form and with the content to be specified and required by the PRDOH. The PRDOH shall later notify Subrecipient in writing the guidelines and requirements applicable to the submittal of the monthly progress reports, and such notification shall be deemed incorporated by reference to this Agreement.

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[1] Pre-award costs refer to the payment of any activity performed prior to the execution of this agreement. See 2. C.F.R. § 200.209 and § 200.458

Any proposed budget to be managed by the Subrecipient shall clearly specify proposed funding for administrative costs and/or program delivery costs and/or planning costs, to the extent that such costs are considered applicable categories for funding.

The Budget may include a reserve of the Subaward for PRDOH's activity delivery costs and expenditures related to the Program. The Subrecipient may not access the reserve identified in the Budget without written consent from the PRDOH.

The PRDOH may require a more detailed budget breakdown than the one contained herein, and the Subrecipient shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the PRDOH. Any amendments to the budget must be approved in writing and signed by the PRDOH and the Subrecipient.

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B. Indirect Costs

Indirect costs invoiced, if any, must be consistent with the conditions set forth herein. Indirect costs may be charged to PRDOH under a negotiated indirect cost rate agreement with a federal cognizant agency, a de minimis indirect cost rate (for applicable entities), or an indirect cost proposal prepared in accordance with 2 C.F.R. part 200, subpart E, submitted to a federal cognizant agency, and as approved by PRDOH in accordance with written policies and procedures, which shall be included in the Budget (**Exhibit D**).

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C. Program Income

PRDOH reserves the right to authorize the Subrecipient to retain Program Income[3] to be used in eligible program activities as described in this Agreement. The Subrecipient shall notify PRDOH, within **twenty-four (24) hours** of receipt, of any Program Income generated by activities carried out with CDBG-DR funds made available under this Agreement. All Program Income (as defined at 24 C.F.R. § 570.500) generated by activities carried out with the CDBG-DR Funds must be returned to PRDOH if retention of such is not previously authorized by PRDOH. Program Income is subject to all applicable CDBG-DR laws, regulations and PRDOH's policies and procedures for so long as it exists. Any interest earned on cash advances from the U.S. Treasury or interest paid on CDBG funds held in a revolving fund account is not Program Income and shall be remitted promptly to the PRDOH for transmittal to the U.S. Treasury no less frequently than annually.

All Program assets, other than Program Income (property, equipment, etc.), if any, shall revert to PRDOH upon termination of this Agreement in accordance with applicable Federal, laws, regulations, HUD Notices, policies, and guidelines.

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[3] As defined in section VI(A)(19)(a) of the HUD Notice 83 Fed. Reg. 5844, 5856 (February 9, 2018, as may be amended by HUD), *Program Income* is:

> [...] gross income generated from the use of CDBG–DR funds, except as provided in subparagraph (d) of this paragraph, and received by a State or a Subrecipient of a State."
>
> [...]
>
> Program income includes, but is not limited to, the following: (a) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG–DR funds; (b) Proceeds from the disposition of equipment purchased with CDBG–DR funds; (c) Gross income from the use or rental of real or personal property acquired by a State, local government, or Subrecipient thereof with CDBG–DR funds, less costs incidental to generation of the income (i.e., net income); (d) Net income from the use or rental of real property owned by a State, local government, or Subrecipient thereof, that was constructed or improved with CDBG–DR funds; (e) Payments of principal and interest on loans made using CDBG–DR funds; (f) Proceeds from the sale of loans made with CDBG–DR funds; (g) Proceeds from the sale of obligations secured by loans made with CDBG–DR funds; (h) Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account; (i) Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not low- and moderate-income, where the special assessments are used to recover all or part of the CDBG–DR portion of a public improvement; (j) Gross income paid to a State, local government, or a Subrecipient thereof, from the ownership interest in a for profit entity in which the income is in return for the provision of CDBG–DR assistance.

PRDOH will later notify the Subrecipient in writing the applicable procedures for the return or reversion of Program Income and Program assets to the PRDOH, and such notification shall be deemed incorporated by reference to this Agreement.

D. Reversion of Assets

Use and Reversion of Assets. The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 24 C.F.R. part 84 and 24 C.F.R. §§ 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

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The Subrecipient shall transfer to PRDOH any CDBG-DR funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.

Real property under the Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of $25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 C.F.R. § 570.208 until **five (5) years** after expiration of this Agreement [or such longer period of time as PRDOH deems appropriate]. If the Subrecipient fails to use CDBG-DR assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Subrecipient shall pay PRDOH an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG-DR funds for acquisition of, or improvement to, the property. Such payment shall constitute Program Income to the PRDOH. The Subrecipient may retain real property acquired or improved under this Agreement after the expiration of the **five (5)-year period** or such longer period of time as PRDOH deems appropriate.

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In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be Program Income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this Agreement shall be (a) transferred to the PRDOH for the CDBG-DR program or (b) retained after compensating the PRDOH an amount equal to the current fair market value of the equipment less the percentage of non-CDBG-DR funds used to acquire the equipment.

VII. PAYMENT

A. Amount

This Agreement is based on the reimbursement of funds to the Subrecipient expended on approved CDBG-DR items. Funding is contingent on a CDBG-DR award to PRDOH or a Grant Agreement between the Government of Puerto Rico or the PRDOH, and HUD, and PRDOH's receipt of CDBG-DR funds. It is expressly agreed and understood that the total funding amount to be paid by the PRDOH to the Subrecipient under this Agreement shall not exceed the amount specified in the Budget (**Exhibit D**). Such payment shall be compensation for all allowable services required, performed and accepted under this Agreement. However, PRDOH reserves the right to reduce the funding amount if CDBG-DR funding is not provided at the currently anticipated levels and/or if the actual costs for the approved activities are less that those set forth in the Budget (**Exhibit D**).

Any additional funds to complete the services requested by the PRDOH to the Subrecipient shall be subject to funds availability and shall require an amendment to this Agreement.

B. Requests for Reimbursements

The Subrecipient shall submit to PRDOH requests for reimbursements of activities under this Agreement and consistent with the approved Budget (hereinafter, the "Request for Reimbursement") and Scope of Work on a monthly basis. Each Request for Reimbursement shall be broken down into requested reimbursements against the Budget line items specified in **Exhibit D.**

The Subrecipient shall submit Requests for Reimbursements to the PRDOH, on the form and with the content specified and required by the PRDOH. The Requests for Reimbursements must be submitted with all supporting invoices, bills, time sheets, monthly reports, and any other document necessary to justify the payment, or any other supporting document requested by PRDOH. The Request for Reimbursement must also be accompanied by documentation from the Subrecipient demonstrating that all procurements for which payment is requested have been made in accordance with this Agreement.

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If PRDOH determines that the submitted Request for Reimbursement and supporting documents are acceptable, then the invoice shall be approved for payment. An authorized representative of the PRDOH shall review each Request for Reimbursement and, if adequate, shall approve and process its payment. Payments to the Subrecipient shall be made by check or electronic funds transfer (EFT). PRDOH reserves the right to conduct any audit it deems necessary.

In order for the Subrecipient to receive payment for any work performed hereunder, the following certification must be included in each Request for Reimbursement submitted to the PRDOH:

> **"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 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."**

The PRDOH shall pay to the Subrecipient CDBG-DR funds available under this Agreement (See **Exhibit E,** "Funds Certification") based upon information submitted by the Subrecipient for allowable costs permitted under this Agreement and consistent with the approved Budget. Payments shall be made for eligible and allowed expenses actually incurred by the Subrecipient, and not to exceed actual cash requirements. PRDOH reserves the right to adjust payments in accordance with program income balances available in Subrecipient accounts.

VIII. NOTICES

All notices, requests, approvals, and consents of any kind made pursuant to this Agreement shall be in writing and shall be deemed to be effective as of the date sent by certified mail, return receipt requested, or email. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this Agreement shall be directed to the following contract representatives:

CDBG-DR Grantee:	Luis C. Fernández Trinchet, Esq., CFA Secretary Puerto Rico Department of Housing 606 Barbosa Avenue Juan C. Cordero Building Río Piedras, Puerto Rico 00918
Subrecipient:	José A. Rodríguez Cruz Municipality of Hatillo PO BOX 8 Hatillo, PR 00659

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IX. AMENDMENT AND TERMINATION

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A. Amendments

This Agreement may be amended provided that such amendments make specific reference to this Agreement, comply with programmatic policies, procedures, and guidelines, are executed in writing and signed by a duly authorized representative of each party, and approved by PRDOH. Such amendments shall not invalidate this Agreement, nor relieve or release the Parties from their obligations under this Agreement. Unless specified, such amendments are not intended to effect nor will they constitute an extinctive novation of the obligations of the Parties under the Agreement and amendment.

This Agreement may be amended by the parties hereto, for the purpose of including any other CDBG-DR funded program included in the HUD-approved Hurricanes Irma and María current Action Plan.

The PRDOH may, in its discretion, amend this Agreement to conform with federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications shall be incorporated only by written amendment signed by both the PRDOH and the Subrecipient.

However, PRDOH reserves the right to notify in writing to Subrecipient 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.

B. Suspension or Termination

1. Termination for Cause

The PRDOH may terminate this Agreement, in whole or in part, upon **thirty (30) days'** notice, whenever it determines that the Subrecipient has failed to comply with any term, condition, requirement, or provision of this Agreement. Failure to comply with any terms of this Agreement, include (but are not limited to) the following:

a. Failure to attend mandatory technical assistance and/or training, or comply with any of the rules, regulations, or provisions referred to herein, or such statutes, regulations, executive orders, HUD guidelines, PRDOH's Program Guidelines, as applicable, and policies or directives as may become applicable at any time;
b. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement;
c. Ineffective or improper use of funds provided under this Agreement; or,
d. Submission of reports by the Subrecipient to the PRDOH that are incorrect or incomplete in any material respect.

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The Subrecipient shall have up to **thirty (30) days** to resolve issues listed above to the satisfaction of PRDOH.

2. Termination for Convenience of the PRDOH

The PRDOH may terminate this Agreement any time by a notice in writing from the PRDOH to the Subrecipient. If the Agreement is terminated by the PRDOH as provided herein, the Subrecipient shall be paid the total compensation as the allowable services actually performed up until the date of termination. Any compensation under this paragraph must be for documented costs that are CDBG-DR eligible, and allowable, allocable, and reasonable in accordance with Uniform Administrative Requirements.

This Agreement may also be terminated in whole or in part by either the PRDOH or the Subrecipient, or based upon Agreement by both the PRDOH and the Subrecipient in accordance with the requirements in 2 C.F.R. part 200, subpart D.

3. Notification and Recoupment of Costs Incurred Prior to Termination

The PRDOH shall promptly notify the Subrecipient, in writing, of its determination and the reasons for the termination together with the date on which the termination shall take effect and any other notifications required under 2 C.F.R. part 200, subpart D. Upon termination, the PRDOH retains the right to recover any improper expenditures from the Subrecipient and the Subrecipient shall return to the PRDOH any improper expenditures no later than **thirty (30) days** after the date of termination. In the case of a Termination for Convenience only, the PRDOH may, at its sole discretion, allow the Subrecipient to retain or be reimbursed for costs reasonably incurred prior to termination, that were not made in anticipation of termination and cannot be canceled provided that said costs meet the provisions of this Agreement, 2 C.F.R. part 200, subpart E, Cost Principles, and any other applicable state or Federal statutes, regulations or requirements.

4. 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 Subrecipient a **thirty (30) day** notice of termination specifying the extent to which the performance of the work under this Agreement is terminated, and the effective date of termination. Upon receipt of such notice, the Subrecipient shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. If the Subrecipient does not deliver to the PRDOH all information, studies, and other materials property of the PRDOH within the established timeframe, and the PRDOH invests any additional funds to reproduce the information, studies, and other materials not provided by the Subrecipient upon termination, then the PRDOH will disallow from payments to the Subrecipient under this Agreement the funds expended for the PRDOH to reproduce such information, studies, and other materials. 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.

5. 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 Subrecipient **five (5) days'** written notice of such suspension. Upon receipt of said notice the Subrecipient shall immediately discontinue all Services affected.

6. Immediate Termination

In the event the Subrecipient is subjected to a criminal or civil action, suit, proceeding, inquiry or court of applicable jurisdiction, or any governmental agency, or the Subrecipient shall be subject to an order, judgment, or opinion, issued by any federal or local authority, a court of applicable jurisdiction, or any governmental agency, in connection with the execution, delivery, and performance by the Subrecipient of this Agreement or the Subrecipient 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 No. 2 of January 2, 2018, as amended, known as the "Anti-Corruption Code for the New Puerto Rico". The Subrecipient has a continuous obligation to report to PRDOH any proceedings which apply to the Subrecipient under this paragraph.

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In the event that the grant of funds by HUD under any allocations of the CDBG-DR may be suspended, withdrawn or canceled, this Agreement will be immediately terminated.

7. Period of Transition.

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

8. Availability of Funds

This Agreement is contingent upon the availability of funds from HUD. It is expressly understood and agreed that the obligation to proceed under this Contract is conditioned upon the receipt of Federal funds. If the funds anticipated for the continuing fulfillment of the Agreement are, at any time, not forthcoming or insufficient, either through the failure of the Federal government to provide funds or the discontinuance or material alteration of the program under which funds were provided, or if funds are not otherwise available to PRDOH, the PRDOH has the right upon **ten (10) working days** written notice to the Subrecipient, to terminate this Agreement without damage, penalty, cost or expenses to PRDOH of any kind whatsoever. The effective date of termination shall be as specified in the notice of termination.

X. COMPLIANCE WITH FEDERAL STATUTES, REGULATIONS AND THE TERMS AND CONDITIONS OF THE FEDERAL AWARD AND ADDITIONAL PRDOH REQUIREMENTS

The "HUD General Provisions", which are attached to, and made an integral part of this Agreement as **Exhibit F**, set forth certain requirements imposed by HUD with respect to

the PRDOH's Federal award or CDBG-DR Grant. The Subrecipient agrees to carry out its obligations under this Agreement in compliance with all the requirements described in the **Exhibit F** attached to this Agreement to the extent that such requirements are applicable to programs such as the program contemplated in this Agreement.

This Agreement also includes terms and conditions of the PRDOH's Federal Award or CDBG-DR Grant that are imposed on the Subrecipient, and the Subrecipient agrees to carry out its obligations in compliance with all the obligations described in this Agreement.

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The "Special Conditions", which are attached herein, and made an integral part of this Agreement as **Exhibit G,** is reserved for particular circumstances, conditions or specific requirements as they arise from the demands of the Program.

A. General Compliance

The Subrecipient shall comply with all applicable provisions of the Housing and Community Development Act of 1974, as amended, and the regulations at 24 C.F.R. § 570, as modified by the Federal Register notices that govern the use of CDBG-DR funds available under this Agreement. See Federal Register Notice 83 FR 5844 (February 9, 2018). Notwithstanding the foregoing, (1) the Subrecipient does not assume any of the PRDOH's responsibilities for environmental review, decision-making, and action, described in 24 C.F.R. part 58 and (2) the Subrecipient does not assume any of the PRDOH's responsibilities for initiating the review process under the provisions of 24 C.F.R. part 52. The Subrecipient shall also comply with all other applicable Federal, state and local laws, regulations, and policies that govern the use of the CDBG-DR funds in complying with its obligations under this Agreement, regardless of whether CDBG-DR funds are made available to the Subrecipient on an advance or reimbursement basis. This includes without limitation, applicable Federal Registers; 2 C.F.R. part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Community Development Act of 1974; 24 C.F.R. part 570 Community Development Block Grant; applicable waivers; Fair Housing Act, 24 C.F.R. § 35, 24 C.F.R. part 58, 24 C.F.R. part 135; National Historic Preservation Act, and any other applicable state laws or regulations, including the requirements related to nondiscrimination, labor standards and the environment; and Action Plan amendments and HUD's guidance on the funds. Also, Subrecipient shall comply, without limitation, those set forth in **Exhibit F.**

Where waivers or alternative requirements are provided for in the applicable Federal Register Notice dated February 9, 2018, at 83 FR 5844 or any future Federal Register Notice published by HUD ("HUD Notices"), such requirements, including any regulations referenced therein, shall apply.

The Subrecipient also agrees to comply with all other applicable Federal, State, and local laws, regulations, HUD Notices, policies, and guidelines, whether existing or to be established, provided the same are applied to activities occurring after the date the policy or guideline was established, governing the Grant Funds provided under this Agreement. In the event a conflict arises between the provisions of this Agreement and any of the foregoing, the Federal, State, and local laws, regulations, HUD Notices, policies, and guidelines shall control and this Agreement shall be interpreted in a manner so as to allow for the terms contained herein to remain valid and consistent with such Federal, State, and local laws, regulations, HUD Notices, policies and guidelines.

The Subrecipient shall also comply with applicable PRDOH's policies and guidelines as established in Program Guidelines and their amendments, if any, as found in the CDBG-

DR Website (www.cdbg-dr.pr.gov) which are herein included and made integral part of this Agreement, as it may be updated from time to time.

B. Duplication of Benefits

The Subrecipient shall not carry out any of the activities under this Agreement in a manner that results in a prohibited duplication of benefits as defined by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5155) and described in Appropriations Act. The Subrecipient must comply with HUD's requirements for duplication of benefits, imposed by Federal Register notice on the PRDOH, which are published in a separate notice entitled "Clarification of Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees" (76 FR 71060, published November 16, 2011). The Subrecipient shall carry out the activities under this Agreement in compliance with the PRDOH's procedures to prevent duplication of benefits.

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C. Drug-Free Workplace

The Subrecipient must comply with drug-free workplace requirements in Subpart B of part 2429, which adopts the government wide implementation (2 C.F.R. part 182) of sections 5152-5158 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. §§ 701-707).

D. Insurance & Bonding

The Subrecipient shall carry sufficient insurance coverage and bonding from insurers licensed to conduct business in the Government of Puerto Rico to protect all contract assets from loss due to any cause, including but not limited to theft, fraud, and/or physical damage. The Government of Puerto Rico, the Puerto Rico Department of Housing, and the U.S. Department of Housing and Urban Development shall be named as additional insured on all such insurance. The Subrecipient shall meet all other insurance requirements as the PRDOH may impose from time to time. In addition, all insurance carriers and bonding companies shall meet minimum size and financial stability/financial rating requirements as may be imposed by the PRDOH from time to time. Certificates of insurance shall be provided to the PRDOH and full and complete copies of the policies and/or bonds shall be provided to the PRDOH upon its request for same.

Notwithstanding the above, for construction or facility improvement performed by the Subrecipient's contactors, subcontractors, or third parties, the Subrecipient shall ensure that its contractors, subcontractors, or third parties, at a minimum, comply with the bonding requirements at 2 C.F.R. part 200, subpart D.

E. Hold Harmless

The Subrecipient shall and hereby agrees to hold harmless, defend (with counsel acceptable to the PRDOH) and indemnify the PRDOH and each and all of its successors, affiliates, or assigns, and any of their employees, officers, directors, attorneys, consultants, agents, managers, and affiliates, from and against any and all damages, costs, attorneys' fees, claims, expenses, injuries, property damage, causes of action, violations of law, violations of this Agreement, and losses of any form or nature arising from or related to the conduct of the Subrecipient in the performance of the efforts called for in this Agreement. This indemnity shall expressly include, but is not limited to, the obligation of the Subrecipient to indemnify and reimburse the PRDOH for any and all attorneys' fees and other litigation or dispute resolution costs incurred or to be incurred in the PRDOH's enforcement of this Agreement or any portion thereof against the Subrecipient or otherwise arising in connection with the Subrecipient's breach, violation, or other non-compliance with this Agreement. This clause shall survive indefinitely the termination of this Agreement for any reason.

F. PRDOH Recognition

Unless otherwise directed by the PRDOH, the Subrecipient shall ensure recognition of the role of HUD and the PRDOH in providing funding, services, and efforts through this Agreement. Unless otherwise directed by the PRDOH, all activities, facilities, and items utilized pursuant to this Agreement shall be prominently labeled as to role of HUD and of the PRDOH. In addition, the Subrecipient shall include a reference to the support provided herein in all publications made possible with funds made available under this Agreement. The PRDOH reserves the right to direct specific reasonable recognition requirements on a case-by-case basis, including but not limited, to the size and content, waiver, removal or addition of such recognition.

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G. Logos Clause

The Parties hereto will not use the name of the other party, seals, logos, emblems or any distinctive trademark/ trade name, without the prior written express authorization of the other party.

H. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

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The Subrecipient shall comply with the applicable provisions in 2 C.F.R. part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. part 200. These provisions include:

I. Financial & Program Management

The Subrecipient shall expend and account for all CDBG-DR funds received under this Agreement in accordance with 2 C.F.R. part 200 subpart D §302 - §303 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

The Subrecipient shall administer its program in conformance with Cost Principles as outlined in 2 C.F.R. part 200 subpart E, as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

J. Documentation and Record Keeping

The Subrecipient shall maintain all records required by applicable law to be maintained, including but not limited to the Federal regulations specified in (I) 2 C.F.R. part 200; (2) 24 C.F.R. § 570.506; and (3) the applicable HUD Notices that are pertinent to the activities to be funded under this Agreement, as well as any additional records required by the PRDOH. Such records shall include but not be limited to:

a. Records providing a full description of each activity undertaken;
b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR programs, as modified by the HUD Notices;
c. Records required to determine the eligibility of activities;
d. Records required to document the acquisition, improvement, use, or disposition of real property acquired or improved with CDBG-DR funds;
e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG-DR program;
f. Financial records as required by (1) 24 C.F.R. § 570.502; and (2) 2 C.F.R. part 200;
g. Other records necessary to document compliance with Subpart K of 24 C.F.R. part 570.

K. Access to Records

The Subrecipient shall furnish and cause each of its own subcontractors to furnish all information and reports required hereunder and shall permit access to its books, records

and accounts by the PRDOH, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

L. Record Retention and Transmission of Records to the PRDOH

The Subrecipient shall retain all official records on programs and individual activities shall be retained for the greater of **five (5) years**, starting from the closeout of the grant between PRDOH and HUD, or the end of the affordability period for each housing activity, whichever is longer. If any other laws and regulations as described in 24 C.F.R. § 570.490 applies to a project, the record retention period may be extended. All records involved in litigation, claims, audits, negotiations, or other actions, which have started before the expiration date of their retention, will be kept until completion of the action and resolution of all issues or the end of the regular **five (5) year period**, whichever is longer. (See 2 C.F.R. § 200.333 and 24 C.F.R. § 570.490(d).)

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Records shall be made available to PRDOH upon request.

M. Client Data and Other Sensitive Information

In the event that the Subrecipient comes to possess client data and other sensitive information as a result of this Agreement, then the Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to PRDOH monitors or their designees for review upon request.

The Subrecipient must comply with 2 C.F.R. § 200.303 and shall take reasonable measures to safeguard protected personally identifiable information, as defined in 2 C.F.R. § 200.82, and other information HUD or the PRDOH designates as sensitive or the Subrecipient considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality. Additionally, the Subrecipient must comply with the *PRDOH CDBG-DR Personal Identifiable Information Policy,* as found in the CDBG-DR Website (www.cdbg-dr.pr.gov), which is herein included and made integral part of this Agreement, as it may be updated from time to time

The Subrecipient shall comply with all State or local requirements concerning the privacy of personal records, consistent with 24 C.F.R. § 570.508 (local governments) and 570.490(c) (States).

N. Close-Out

The Subrecipient obligation to PRDOH shall not end until all close-out requirements are completed. Activities during this close-out period may include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the PRDOH), properly addressing Program Income (as that term is defined in section VI (A)(19)(a) of the HUD Notice 83 Fed. Reg. 5844, 5856 (February 9, 2018, as may be amended by HUD)), balances, and accounts receivable to the PRDOH), determining the custodianship of records, and the Subrecipient certification of compliance with the terms of this Agreement. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Subrecipient has control over CDBG-DR funds, including Program Income.

Notwithstanding the terms of 2 C.F.R. § 200.343, upon the expiration of this Agreement, the Subrecipient shall transfer to the recipient any CDBG-DR funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG-DR funds,

further, any real property under the Subrecipient's control that was acquired or improved in whole or in part with CDBG-DR funds (including CDBG-DR funds provided to the Subrecipient in the form of a loan) shall be treated in accordance with 24 C.F.R. § 570.503(b)(7).

O. Audits and Inspections

All Subrecipient records with respect to any matters covered by this Agreement shall be made available to the PRDOH, HUD, and the Comptroller General of the United States, or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Subrecipient within **thirty (30) days** after receipt by the Subrecipient. Failure of the Subrecipient to comply with the above audit requirements shall constitute a violation of this Agreement and may result in the withholding of future payments and/or termination.

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P. Single Audit

The Subrecipient must be audited as required by 2 C.F.R. part 200, subpart F, when the Subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 C.F.R. §200.501 - Audit requirements. Once said threshold is reached or exceeded, the Subrecipient shall notify the PRDOH and shall report that event in the corresponding monthly progress report, as provided in Part VI - Performance, Monitoring, and Reporting, Subpart B (Reporting) of this Agreement.

The Subrecipient shall procure or otherwise arrange for the audit to be conducted for that year, as required in 2 C.F.R. §200.501(a)-(b); moreover, that it is properly performed and submitted when due in accordance with provisions that include but are not limited to those set forth in 2 C.F.R. §200.512 - Report submission, as stated in 2 C.F.R. §200.508(a) – Auditee responsibilities.

Among other relevant provisions, the Subrecipient shall comply with: (a) the Electronic submission of data and reports to the Federal Audit Clearinghouse (FAC) (2 C.F.R. § 200.512(d)) and; (b) ensuring that reports do not include protected personally identifiable information as set forth in 2 C.F.R. § 200.512(a)(2)).

Q. Inspections and Monitoring

The Subrecipient shall permit the PRDOH and auditors to have access to the Subrecipient's records and financial statements as necessary for the PRDOH to meet the requirements of 2 C.F.R. part 200.

R. Corrective Actions

The PRDOH may issue management decisions and may consider taking enforcement actions including but not limited to corrective actions in 24 C.F.R. § 570.910 if noncompliance is detected during monitoring and audits. The PRDOH may require the Subrecipient to take timely and appropriate action on all deficiencies pertaining to the Federal award provided to the Subrecipient from the pass-through entity detected through audits, on-site reviews, and other means. A timely and appropriate action shall be predicated on reasonable standard wherein the Subrecipient utilizes all available resources to correct the noted issue or issues. In response to audit deficiencies or other findings of noncompliance with this Agreement, the PRDOH may impose additional conditions on the use of the CDBG-DR funds to ensure future compliance or provide training and technical assistance as needed to correct noncompliance.

S. Procurement and Contractor Oversight

The Subrecipient shall not enter into any contract for goods or services with any entity without the written consent of the PRDOH prior to the execution of such contract. Unless

specified otherwise within this Agreement, the Subrecipient shall procure all materials, property, equipment, or services in accordance with the requirements of the PRDOH's procurement policies and procedures, and 2 C.F.R. §§ 200.318-326, as applicable, including but not limited to the need to appropriately assess the lease versus purchase alternatives. PRDOH's procurement policies and procedures as found in the CDBG-DR Website (www.cdbg-dr.pr.gov) is herein included and made integral part of this Agreement, as it may be updated from time to time.

The Subrecipient shall include all applicable PRDOH's conditions (as revised from time to time by the PRDOH in accordance with applicable law, rule or regulation) in any contract entered into under this Agreement. Subrecipient shall also require all contractors to flow down the PRDOH's Conditions, as well as termination for convenience of the PRDOH, to all subcontractors as well as the requirement to flow down such terms to all lower-tiered subcontractors. These Conditions include required terms for project contracts, HUD General Provisions, Participation by Minority Group Members and Women Requirements and Procedures for Contracts with Housing Trust Fund Corporation, Standard Clauses for Contracts with the PRDOH and required diversity forms.

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The Subrecipient must comply with CDBG-DR regulations regarding debarred or suspended entities at 24 C.F.R. § 570.609 or 24 C.F.R. § 570.489(l) as appropriate. CDBG-DR funds may not be provided to excluded or disqualified persons.

The Subrecipient shall maintain oversight of all activities under this Agreement and shall ensure that for any procured contract or Agreement, its contractors perform according to the terms and conditions of the procured contracts or Agreements, and the terms and conditions of this Agreement.

T. Nondiscrimination

The Subrecipient shall comply with 24 C.F.R. part 6, which implements the provisions of section 109 of title I of the Housing and Community Development Act of 1974 (Title I) (42 U.S.C. § 5309). Section 109 provides that no person in the United States shall, on the ground 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 Federal financial assistance.

The Subrecipient shall adhere to the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-6107) (Age Discrimination Act) and the prohibitions against discrimination on the basis of disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) (Section 504). Section 109 of the Housing and Community Development Act of 1974 makes these requirements applicable to programs or activities funded in whole or in part with CDBG-DR funds. Thus, the Subrecipient shall comply with regulations of 24 C.F.R. part 8, which implement Section 504 for HUD programs, and the regulations of 24 C.F.R. part 146, which implement the Age Discrimination Act for HUD programs.

The Subrecipient shall ensure that all CDBG-DR activities conducted by itself or its contractors are consistent with the applicable federal and local legal provisions, regulations, and policies that prohibit discrimination on the basis of race, creed, color, national origin, religion, sex, disability, familial status, actual or perceived sexual orientation or gender identity, marital status, or age, as established in the CDBG-DR Fair Housing and Equal Opportunity (FHEO) Policy for CDBG-DR Programs.[4]

[4] Follow the link for document access at the CDBG-DR Website: https://cdbg-dr.pr.gov/en/download/fair-housing-and-equal-opportunity-fheo-policy-for-cdbg-dr-programs/.

U. Architectural Barriers Act and the Americans with Disabilities Act

The Subrecipient shall ensure that its Activities are consistent with requirements of Architectural Barriers Act and the Americans with Disabilities Act.

The Architectural Barriers Act of 1968 (42 U.S.C. §§ 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of "residential structure" as defined in 24 C.F.R. § 40.2 or the definition of "building" as defined in 41 C.F.R. § 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. §§ 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (appendix A to 24 C.F.R. part 40 for residential structures, and appendix A to 41 C.F.R. part 101-19, subpart 101-19.6, for general type buildings).

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The Americans with Disabilities Act (42 U.S.C. § 12131; 47 U.S.C. § 155, 201, 218 and 225) (ADA) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

The Subrecipient agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 C.F.R. § 570.607, as revised by Executive Order 13279. The applicable non- discrimination provisions in Section 109 of the HCDA are still applicable.

V. Title VI of the Civil Rights Act of 1964 (24 C.F.R. part 1)

1. General Compliance:

The Subrecipient shall comply with the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352), as amended and 24 C.F.R. § 570.601 and § 570.602. No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this Agreement. The specific nondiscrimination provisions at 24 C.F.R. § 1.4 apply to the use of these funds. The Subrecipient shall not intimidate, threaten, coerce, or discriminate against any person for the purpose of interfering with any right or privilege secured by title VI of the Civil Rights Act of 1964 or 24 C.F.R. part 1, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under 24 C.F.R. part 1. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of 2 C.F.R. part 1, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

2. Assurances and Real Property Covenants:

As a condition to the approval of this Agreement and the extension of any Federal financial assistance, the Subrecipient assures that the program or activities described in this Agreement shall be conducted and the housing, accommodations, facilities, services, financial aid, or other benefits to be provided shall be operated and administered in compliance with all requirements imposed by or pursuant to this part 1.

If the Federal financial assistance under this Agreement is to provide or is in the form of personal property or real property or interest therein or structures thereon, the Subrecipient's assurance herein shall obligate the Subrecipient or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the recipient retains ownership or possession of the property, whichever is longer. In all other cases the assurance shall obligate the Subrecipient for the period during which Federal financial assistance is extended pursuant to the contract or application.

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This assurance gives the PRDOH and the United States a right to seek judicial enforcement of the assurance and the requirements on real property.

In the case of real property, structures or improvements thereon, or interests therein, acquired with Federal financial assistance under this Agreement or acquired with CDBG-DR funds and provided to the Subrecipient Under this Agreement, the instrument effecting any disposition by the Subrecipient of such real property, structures or improvements thereon, or interests therein, shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

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If the Subrecipient receives real property interests or funds or for the acquisition of real property interests under this Agreement, to the extent that rights to space on, over, or under any such property are included as part of the program receiving such assistance, the nondiscrimination requirements of this part 1 shall extend to any facility located wholly or in part in such space.

3. Women- and Minority-Owned Businesses (W/MBE)

The Subrecipient shall take the affirmative steps listed in 2 C.F.R. § 200.321(b)(1) through (5) to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible when the Subrecipient procures property or services under this Agreement. As used in this Agreement, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. § 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian- Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

In compliance with the CDBG-DR Minority and Women-Owned Business Enterprise Policy (M/WBE Policy), the Subrecipient shall complete a utilization plan to identify how they plan on successfully achieving the contracting goals for MBE and WBE's. Subrecipient shall also complete quarterly reporting to provide information on contracting opportunities and payouts provided to WBE or MBE contractors or subcontractors. Subrecipient shall also document their efforts and submit those to PRDOH on a quarterly basis. See the M/WBE Policy, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov) which is herein included and made integral part of this Agreement, as it may be updated from time to time.

4. Notifications

The Subrecipient will send to each labor union or representative of workers with which it 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 worker's representative of the Subrecipient's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

5. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

The Subrecipient shall, in all solicitations or advertisements for employees placed by or on behalf of the Subrecipient, state that it is an Equal Opportunity or Affirmative Action employer.

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W. Labor Standards

The Subrecipient shall comply with the in labor standards in Section 110 of the Housing and Community Development Act of 1974, as amended, and ensure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this Agreement 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, as amended (40 U.S.C. § 3141, et seq.), and 29 C.F.R. part 1, 3, 5, 6, and 7, provided, that this requirement shall apply to the rehabilitation of residential property only if such property contains not less than 8 units.

The Subrecipient agrees to comply with the (18 U.S.C. § 874) and it's implementing regulations of the U.S. Department of Labor at 29 C.F.R. part 3 and part 5. The Subrecipient shall maintain documentation that demonstrates compliance with applicable hour and wage requirements. Such documentation shall be made available to the PRDOH for review upon request.

The Subrecipient is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; or nepotism activities.

X. Section 3 of the Housing and Urban Development Act of 1968

The Subrecipient shall comply with the provisions of Section 3 of the HUD Act of 1968, as amended, 12 U.S.C. § 1701u, and thereby implementing its regulations set forth in 24 C.F.R. § 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the Federal financial assistance provided under this Agreement and binding upon Grantee, Subrecipient, and any of Subrecipient's subrecipient, contractors, and subcontractors. Failure to fulfill these requirements shall subject Grantee, Subrecipient, and any of Subrecipient's subrecipient, contractors, and subcontractors, as well as their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. Subrecipient certifies and agrees that no contractual or other impediment exists that would prevent compliance with these requirements.

Subrecipient further agrees to comply with the Section 3 requirements stated below and to include verbatim this language in all subsequent subrecipient Agreements, contracts, and subcontracts executed under this Agreement:

> "A. The work to be performed under this Agreement is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted

projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

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

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

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

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

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

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. § 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and sub contracts 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)."

Subrecipient further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project

are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area of the neighborhood in which the project is located, and to low- and very low- income participants in other HUD programs.

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

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Subrecipient certifies and agrees that no contractual or other legal impediment exists that would prevent compliance with these requirements.

Y. Conduct

1. Contracts

a. Approvals: The Subrecipient shall not enter into any contracts with any agency or individual in the performance of this Agreement without the written consent of the PRDOH prior to the execution of such Agreement.
b. Monitoring: The Subrecipient will monitor all contracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.
c. Content: The Subrecipient shall cause all of the provisions of this contract in its entirety to be included in and made a part of any contract executed in the performance of this Agreement.
d. Selection Process: The Subrecipient shall undertake to insure that all contracts awarded for the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements, as included in the CDBG-DR Procurement Manual and Contractual Requirements, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov) which is herein included and made integral part of this Agreement, as it may be updated from time to time. Executed copies of all contracts shall be forwarded to the PRDOH along with documentation concerning the selection process.
e. Notification: The Subrecipient shall notify and provide a copy of any and all contracts related to this Agreement and CDBG-DR funds to the Contract Administration Area of the PRDOH CDBG-DR Legal Division within **three (3) days** of its execution. Additionally, the Subrecipient shall provide a copy of any and all subcontracts executed by its Contractors to the Contract Administration Area of

the PRDOH CDBG-DR Legal Division within **three (3) days** of its execution.

2. Hatch Act

The Subrecipient shall comply with the Hatch Act, 5 USC §§ 1501 – 1508, and shall ensure that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

3. Conflict of Interest

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The Subrecipient agrees to abide by the provisions of 2 C.F.R. part 200, as applicable, and 24 C.F.R. § 570.611, which include (but are not limited to) the following:

a. It is presumed that the Subrecipient is subject to state and local ethic laws and regulations related to the conduct of its officers, employees or agents engaged in the award and administration of this Agreement.
b. In the event the Subrecipient is not, the Subrecipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of this Agreement. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would rise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the Parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or Parties to sub Agreements. However, recipients may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.
c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-DR assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or Agreement with respect to the CDBG-DR assisted activity, or with respect to the proceeds from the CDBG-DR assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of **two (2) years** thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the PRDOH, the Subrecipient, or any designated public agency.
d. Clause of Governmental Ethics Certification of Absence of Conflict of Interests - The Subrecipient certifies that: (1) No public servant of the PRDOH has pecuniary interest in this contract. (2) No public servant of the PRDOH has solicited or accepted, directly or indirectly, for him (her), for any member of his family unit or for any other person, gifts, allowances, favors, services, donations loans or any other thing of monetary value. (3) No public servant of the PRDOH related to this transaction, asked for or accepted any good of economic value, from

any person or organization as payment for the duties and responsibilities of his employment. (4) No public servant of the PRDOH has solicited, directly or indirectly, for him (her), any member of his family unit, neither for any other person, business or organization, any good of economic value, including gifts, loans, promises, favors or services in exchange for his(her) obligations and performance of said public employment, to influence or favor any organization. (5) No public servant of the PRDOH has kinship relationship, within the fourth degree of consanguinity and second by affinity, with nobody in public employment that has faculty to influence and to participate in the institutional decisions of this Agreement.

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Z. Citizen Grievances

If the Subrecipient receives any complaint or grievance, it shall refer said complaint or grievance immediately to the PRDOH CDBG-DR Program so that PRDOH may respond appropriately.

AA. Technical Assistance and Trainings

The Subrecipient shall attend any and all technical assistance and/or trainings that the PRDOH requires from time to time at its discretion. Failure to attend may be considered as cause for termination.

XI. CDBG-DR POLICIES AND PROCEDURES

In addition to what is established in this Agreement, the Grantee shall comply with all CDBG-DR program specific and general policies and procedures, including, but not limited to, the Subrecipient Management Policy, OS&H Guideline, MWBE Policy, Procurement Manual and Contractual Requirements, 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 Website (www.cdbg-dr.pr.gov), which are herein included and made integral part of this Agreement, as they may be updated from time to time, and reporting requirements as established by the PRDOH.

XII. INDEPENDENT CONTRACTOR

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the Parties. The Subrecipient shall at all times remain an "independent contractor" with respect to the efforts to be performed under this Agreement. The PRDOH shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance, as the Subrecipient is an independent entity.

XIII. ASSIGNMENT OF RIGHTS

The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the PRDOH.

XIV. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby, and all other parts of this Agreement shall nevertheless be in full force and effect.

XV. SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement, and

shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.

XVI. CONSOLIDATIONS, MERGERS, OR DISSOLUTIONS

In the event that participating entities are consolidated or merged with another entity or agency, Subrecipient will notify PRDOH of such action within a **fifteen (15) day** period of being notified of it. PRDOH will have **fifteen (15) days** to state its position. With PRDOH's written approval, Subrecipient must ensure that the resulting entity becomes responsible for Subrecipient's tasks under this legal agreement. A timeframe of no more than **fifteen (15) days** from the date that any merger or consolidation becomes effective will be provided to make amendments or transitory changes, so that the tasks assigned to personnel at Subcontractor under this Agreement are carried out by the resulting entity with little or no lapse in performance objectives and the ability to fulfill the scope of work for the program as outlined provide notice to any other agency or entity it may consider consolidating or merging with in advance, to advise and provide orientation on Subcontractor's duties under this Agreement and make the survival or transfer of those in Attachments D and E. Subcontractor is to tasks a condition to any merger, consolidation, or dissolution involving Subcontractor during the time span of this Agreement.

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XVII. NON-WAIVER

The PRDOH's failure to act with respect to a breach by the Subrecipient does not waive its right to act with respect to subsequent or similar breaches. The failure of the PRDOH to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

XVIII. BANKRUPTCY

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

XIX. 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, San Juan Part.

XX. COMPLIANCE WITH LAW

It is the intention and understanding of the Parties hereto that each and every provision of law required to be inserted in this Agreement should be and is inserted herein. Furthermore, it is hereby stipulated that every such provision is deemed to be inserted and if, through mistake or otherwise, any such provision is not inserted herein or is not inserted in correct form, then this Agreement shall forthwith, upon the application of any Party, be amended by such insertion so as to comply strictly with the law and without prejudice to the rights of any Party.

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

A. **Interagency Services Clause:** Both contracting parties acknowledge and agree that services retained may be provided to any entity of the Executive Branch with which the contracting entity makes an interagency agreement or by direct provision of the

Office of the Chief of Staff of the Governor (*Secretario de la Gobernación*). These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this Agreement. For purposes of this clause, the term "Executive Branch entity" includes all agencies of the Government of Puerto Rico, as well as public instrumentalities and corporations and the Office of the Governor.

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

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XXII. SUBROGATION

The Subrecipient acknowledges that funds provided through this Agreement are Federal funds administered by HUD under the CDBG-DR Program and that all funds provided by this Agreement are subject to audit, disallowance, and repayment. Any disagreement with adverse findings may be challenged and subject to Federal regulation, however, the Subrecipient shall promptly return any and all funds to the PRDOH, which are found to be ineligible, unallowable, unreasonable, a duplication of benefits, or non-compensable, no matter the cause. This clause shall survive indefinitely the termination of this Agreement for any reason.

XXIII. COMPTROLLER REGISTRY

The PRDOH shall remit a copy of this Agreement to the Office of the Comptroller for registration within **fifteen (15) days** following the date of execution of this Agreement and any subsequent amendment hereto. The services object of this Agreement may not be invoiced or paid until this Agreement has been registered by the PRDOH at the Comptroller's Office, pursuant to Act No. 18 of October 30, 1975, as amended by Act No. 127 of May 31, 2004.

XXIV. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement among the Parties for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written among the Parties with respect to this Agreement.

XXV. FEDERAL FUNDING

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

XXVI. RECAPTURE OF FUNDS

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

XXVII. OVERPAYMENT

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

XXVIII. COUNTERPARTS

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

XXIX. SURVIVAL OF TERMS AND CONDITIONS

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The terms and conditions of this Agreement related to the following subjects shall survive the termination or expiration of this Agreement: interpretive provisions; consideration; warranties; general affirmations, federal assurances, federal and state certifications; CDBG-DR and state funding, recapture of CDBG-DR and/or state funds, overpayment of CDBG-DR and/or state funds; ownership and intellectual property, copyright; records retention methods and time requirements; inspection, monitoring and audit; confidentiality; public records; indemnification and liability; infringement of intellectual property rights; independent contractor relationship; compliance with laws; notices; choice of law and venue; severability; dispute resolution; consolidations, merger and dissolution. Terms and conditions that, explicitly or by their nature, evidence the Parties' intent that they should survive the termination or expiration of this Agreement shall so survive.

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

PUERTO RICO DEPARTMENT OF HOUSING, CDBG-DR Grantee

By: Luis C. Fernández-Trinchet (Nov 23, 2020 11:04 AST)
Name: Luis C. Fernández Trinchet, Esq., CFA
Title: Secretary

SUBRECIPIENT

By: José A. Rodríguez Cruz (Nov 23, 2020 10:52 AST) (Signature)
Name: José A. Rodríguez Cruz
Title: Mayor of the Municipality of Hatillo
DUNS: 120680009

GOVERNMENT OF PUERTO RICO
Department of Housing

EXHIBIT A

SCOPE OF WORK

CITY REVITALIZATION PROGRAM

MUNICIPALITY OF HATILLO

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1. Program Overview/Background

Hurricane Irma (DR-4336) and Hurricane María (DR-4339), two (2) federally declared disasters, catastrophically impacted Municipality of Hatillo (the "Subrecipient") in September 2017. In response, the Puerto Rico Department of Housing (**PRDOH**) has developed the City Revitalization Program (**Program**), which establishes a fund for municipal governments and eligible entities to enable a variety of critical recovery activities aimed at reinvigorating downtown areas, urban centers, and key community corridors.

These activities will make storm impacted urban areas and community corridors more resilient, promote redevelopment and private investment, and will lead to the re-greening or restoration of areas that lost natural resources from the Hurricanes. As part of prior recovery processes, mayors and citizens have expressed a desire not only to rebuild these areas, but to restore and enhance these main streets, plazas, and downtown/business districts that are vital to the community. The Program relies on both planning efforts, as well as PRDOH planning processes through the Municipal Recovery Planning Program (**MRP Program**), to identify projects for the Program.

The Program offers funding in three (3) rounds. Applicants in each round will have a specified period of time to submit project concepts to the PRDOH that meet Program objectives for the specific round of the Program. Municipal governments must agree to take part in the MRP Program in order to fully participate in second and third rounds of the Program. By participating in this process, each of Puerto Rico's seventy-eight (78) municipal governments will have the opportunity to access Program funds with the goal of at least two (2) eligible projects per municipality, one in each of the first two (2) rounds of funding.

A portion of the total Program funds should meet the RE-Green Puerto Rico Initiative that will allow municipal governments and their partners to use CDBG-DR funds to address losses to Puerto Rico's natural resources and green landscape. Projects submitted for funding consideration that align with the RE-Green Initiative will be credited toward meeting the overall funding objective for a total goal of ten percent (10%) of the allocated municipal budget.

2. National Objective

Given that the Program will provide funding to a wide range of activities in downtown areas and key corridors across Puerto Rico, PRDOH anticipates that each national objective shown below will be applicable.

Projects in the Program shall meet of one of the following national objectives:

- Benefit to Low and Moderate Income (**LMI**) Persons (24 C.F.R. § 570.483(b))
  - Area Benefit
  - Limited Clientele
- Urgent Need (**UN**) activities (24 C.F.R. § 570.483(d))

- Aid in prevention or elimination of Slums or Blight (**SB**) (24 C.F.R. § 570.483(c)(3)]

PRDOH will work with entities that are funded through this Program to determine the national objective for each project.

3. Program Description

PRDOH will work collaboratively with Subrecipient to execute projects selected for funding under the Program. The Program will provide CDBG-DR funding to municipal governments and eligible entities to enable a variety of critical recovery activities aimed at reinvigorating downtown areas, urban centers, and key community corridors. It will focus investments, reduce sprawl, and create a symbiotic environment to nurture complimentary investments from the private sector.

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This Program is designed to fund and provide flexibility to fund a wide range of activities that address the recovery and resiliency needs of downtown areas and key corridors across Puerto Rico.

4. Tasks

The Subrecipient will prepare and submit all necessary documentation related to proposed projects for development under this Program. Proposed projects documentation shall demonstrate compliance with all eligibility requirements established in City Revitalization Program Guidelines.

PRDOH will provide funding and technical assistance to the Subrecipient to complete the following tasks:

Task 1. Subrecipient Staff
Activity: The Subrecipient shall submit to the PRDOH an organizational chart presenting each resource position necessary to perform all tasks of this agreement. The organizational chart shall identify which positions will be provided by Subrecipient's employees and which positions will be provided through contracted professional services.

For each professional service to be contracted, the Subrecipient shall submit a plan for procurement of services including the following information: service description, schedule of request announcement and estimated cost of service.

The Subrecipient shall submit to the PRDOH the request for authorization of key personnel that will perform services for the positions established in Exhibit C of this agreement. The PRDOH will provide necessary forms to Subrecipient for authorization requests of employees. The PRDOH will not reimburse the Subrecipient for work performed by employees without an authorization before performing work.

Deliverable: The Subrecipient shall submit an organizational chart identifying positions of Subrecipient's employees and contracted professional services. Subrecipient shall submit to the PRDOH for revision and approval a request of authorization for key personnel for positions established in Exhibit C of this agreement.

Task 2. Project(s) Pre-Application Submission
Activity: The PRDOH will create grant access to the Project Pre-Application System through a dedicated account for the Subrecipient. For each project, the Subrecipient will prepare, complete and submit all required information and documentation through the Project Pre-Application System, which is part of PRODH's System of Record, in compliance with Program's guidelines and procedures. The Subrecipient is responsible to provide at least the

following information: Tie to Storms, National Objectives, Summary Description, Address and Location, Area Size, Funding, Complexity, Property Acquisition, Flood Zone Analysis, Operation and Maintenance Plan and Preliminary Environmental Analysis.

The PRDOH will subsequently evaluate all information submitted by the Subrecipient to determine the eligibility of each proposed project and notify to the Subrecipient which projects are eligible and approved for next Task, which is Project Application Submission.

The Subrecipient may acquire professional services to prepare and submit the Pre-Application Submission for each project. To acquire professional services the Subrecipient shall comply with procurement processes in compliance with PRDOH's Procurement Manual, as found at www.cdbg-dr.pr.gov.

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Deliverable: For each project, a Project Pre-Application Submission containing all information to be evaluated for eligibility by the PRDOH. For every professional service procurement process, the Subrecipient shall submit all required procurement documentation before starting the procurement processes and contracting any service.

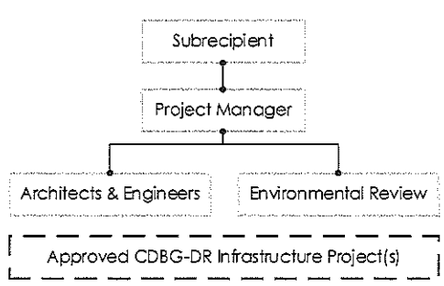
Task 3. Project(s) Application Submission

Activity: After receiving Pre-Application approval from PRDOH, the Subrecipient will prepare and submit all required forms and documentation for the completion of the Project Application in compliance with Program Guidelines and procedures utilizing internal staff and/or contracted professional services. The Subrecipient shall submit a Project Workplan for each project Application. The submission of each Project Workplan documentation shall be made via the PRDOH's System of Record. The Workplan shall contain: Project Detail Description, Requirements, Space Program, Re-Green Initiatives, Land and Topography, Zoning Code, Implementation Schedule and Cost Estimate.

The Subrecipient may acquire professional services to prepare and submit the Application documentation for each project. To acquire professional services the Subrecipient shall comply with procurement processes in compliance with PRDOH's Procurement Manual, as found at www.cdbg-dr.pr.gov. Submit the Project Management Services procurement package to PRDOH for revision and approval in compliance with PRDOH Procurement Manual.

As part of this Task, the Subrecipient shall implement an organizational structure to develop and submit the Application of each approved project. The required organizational structure will be responsible to provide all professional services including project management services, architecture/engineering services and environmental review services (as required by 24 C.F.R. part 58). Figure 1 represents the organizational structure to be implemented by the Subrecipient.

Figure 1. Subrecipient Organizational Chart for Project Development



The Subrecipient shall fulfill the above-mentioned professional services, in compliance with the following roles and responsibilities (see Tasks 2.1, 2.2, and 2.3):

Task 3.1 Project Management Services

Utilizing internal staff and/or contracted professional services, Subrecipient shall perform all required Project Management services including the following examples of roles and responsibilities:

a) Act as point of contact for the Program.
b) Lead coordination and control over execution of approved project(s) activities.
c) Assist coordination and report overall and specific project(s) activities.
d) Monitor project(s) status and establish necessary tools for controlling schedule, budget, and scope.
e) Lead and coordinate the implementation of change management, risk management, and quality assurance.
f) Lead and approve project(s) monitoring activities to prepare and present reports as required by the PRDOH.
g) Lead, coordinate, and facilitate all necessary high profile, program-wide public presentations and meetings, subrecipient meetings, and government or non-government stakeholders' meetings.
h) Coordinate, support, and analyze performance measurement of subrecipients and contractors, and report results in coordination with PRDOH or representative.
i) Maintain a complete understanding of all applicable CDBG-DR Program's policies, requirements, procedures, and guidelines; and identify/promote all necessary corrective actions.
j) Coordinate documentation submissions for approved project(s).
k) Track and report status and performance of approved project(s).
l) Provide, coordinate, or manage technical assistance to technical team (e.g., consultants and employees performing technical work to develop project).
m) Review and recommend for payment, the invoices related to professional services certifications for payment and construction change orders.
n) Monitor and prepare progress reports to communicate the status of work, pending matters, and the budgetary situation of the project(s).
o) Identify, communicate, and resolve delays or situations that affect the scope, budget, or schedule of the project(s).
p) Lead the management of project development from each Project Application through necessary planning, design, construction, and closure of the project.
q) Monitor compliance with regulations, laws, safety codes, standards, policies, management of program resources, and current procedures applicable to the development of construction projects.

Task 3.2 Architecture and Engineering Services

Utilizing internal staff and/or contracted professional services, Subrecipient shall perform all required Architecture and/or Engineering services including the following examples of responsibilities:

a) Shall be performed by personnel with currently valid license for the professional practice in Puerto Rico.
b) Lead and develop design of project(s).
c) Coordinate and perform necessary field studies.
d) Prepare, coordinate, and manage required permitting documentation.

e) Coordinate and prepare necessary cost estimates to determine reasonable cost of project(s).
f) Coordinate and prepare necessary acquisition studies and documentation.
g) Coordinate and prepare construction bid documentation of approved project(s)
h) If necessary, participate in the supervision of construction activities.
i) Prepare and implement work plan for environmental review performance in coordination with Environmental Professional as soon as subrecipient's projects reach enough level of development to identify project elements and activities to start the assessment as established in 24 C.F.R. part 58.
j) Coordinate and perform delivery of design documentation to PRDOH for review. The design documentation to be delivered to PRDOH shall at least include drawings, plans, specifications, permit documentation, studies, cost estimate, and other documents upon request.
k) Apply the most recent federal, Commonwealth, and local construction codes that may apply to project(s).
l) Manage changes and risks associated to changes in policies, regulations, and construction codes applicable to project(s).
m) If necessary, prepare presentations to PRDOH regarding the approved project(s).

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Task 3.3 Environmental Services

Utilizing internal staff and/or contracted professional services, Subrecipient shall perform all necessary Environmental Services including the following examples of roles and responsibilities:

a) Maintain awareness, knowledge, and applicability of most recent federal and local environmental laws, regulations, and policies that may apply to PRDOH's CDBG-DR projects.
b) Support preliminary environmental evaluations to determine eligibility of project pre-application under CDBG-DR programs.
c) Lead the coordination and preparation of environmental related studies, analysis of impacts, and recommendations for projects under CDBG-DR programs.
d) Participate in the identification of current best practices and cost-effective solutions required to be considered in construction documentation.
e) Lead the coordination and preparation of all required documentation to comply with NEPA, 24 C.F.R. part 58 all applicable environmental related laws and regulations in Puerto Rico.
f) Prepare, complete and submit to PRDOH, for review and approval, all documents for Environmental Review of project(s)
g) Lead the coordination and preparation of all documentation required to accomplish environmental reviews, for example: project description, maps, photographs, studies, consultation, and other correspondence, public notices, programmatic agreements, etc.
h) Provide all necessary support to the PRDOH to develop and process activities regarding requests for release of funds for CDBG-DR programs.
i) Lead the coordination of monitoring activities for environmental compliance during the construction of projects.

The Subrecipient shall inform and coordinate with the PRDOH regarding every necessary procurement for professional services. The Subrecipient shall submit to the PRDOH the required documentation before proceeding with procurement and shall expect comments from PRDOH that might require revision of the submitted procurement documentation before receiving an

approval to continue with the procurement process. The Subrecipient may request technical assistance to the PRDOH in order to prepare any required documentation related to the procurement process.

Deliverables: For each preliminary approved project, delivery of one (1) Application Workplan package documentation. For every professional service procurement process, the Subrecipient shall submit all required procurement documentation before starting the procurement processes and contracting any service.

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Task 4. Project Design Development

Activity: By means of internal staff and/or contracted professional services, the Subrecipient shall prepare all necessary construction documents for project development and implementation for each project approved by the PRDOH. This Task includes preparation of all required construction documentation including the following examples: drawings, property acquisition drawings and documentation, technical studies and analyses, required permits and endorsements, cost estimates, construction schedule, and necessary construction bid documentation.

During the performance of this Task, the Subrecipient shall perform all necessary deliveries to PRDOH of construction documents at established benchmarks for revision and to demonstrate progress of work. The periodicity of deliveries shall be coordinated with the PRDOH before commencing the design development of project.

After the revision of each delivery, the Subrecipient shall expect comments from PRDOH that might require revision of the documentation. PRDOH expects to receive all necessary progress deliveries with a compliance certification of applicable codes and regulations, and the progress accomplished, prepared by the architect/engineer in charge of the design of each project. The Subrecipient may request technical assistance to the PRDOH to prepare required documentation.

The Construction Bid Package shall include, but not limited to: Project Implementation Schedule, Construction Drawings, Construction Specifications, Design, Permits, Endorsements, Environmental Review, Authorization to Use Grant Funds (AUGF), Construction procurement process amongst others PRDOH requirements.

Deliverable: Construction Bid Package for each approved project.

Task 5. Environmental Review and Clearance

Activity: The Subrecipient will be responsible to coordinate and prepare all necessary information to complete the Environmental Review for each approved project in compliance with 24 C.F.R. part 58 regulation. The Subrecipient may request technical assistance from the PRDOH to prepare and process required documentation.

For each approved project, the Subrecipient shall prepare and submit to PRDOH for review all required documentation to support the environmental findings for one of the following:

a) If Exempt or Categorically Excluded Not Subject to 24 C.F.R. § 58.5 (CENST), complete review for this category using the provided template and submit to PRDOH for review.
b) If Categorically Excluded Subject to 24 C.F.R. § 58.5 (CEST), complete review for this category using the provided template and submit to PRDOH for review.

c) If an Environmental Assessment (EA) is required, complete review for this category (including any requirements for Phase I or II site assessment) using the provided template and submit to PRDOH for review.

For each approved project, the Subrecipient shall submit the Environmental Review Record, in accordance with 24 C.F.R. § 58.38, to the PRDOH for review and signature of the PRDOH's Certifying Officer. All activities must be of no impact or with obtainable mitigation activities to render the action to one of no impact. All mitigation activities must be clearly identified in the environmental review.

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For each project, if approved and the Findings of No Significant Impact (FONSI) and CEST certified by the Certifying Officer, the Subrecipient must publish the FONSI or the Notice of Intent (NOI) to Request Release of Funds (RROF) public notice for an EA or a NOI/RROF for a CEST in a newspaper of general circulation (in accordance with 24 C.F.R. § 58.43).

After all comments are received and addressed by the Subrecipient with the review modified as appropriate, the PRDOH will complete the applicable Sections of the provided template for the RROF and, as Responsible Entity, submit the RROF to HUD for approval.

For each approved project, the Subrecipient cannot initiate any activities for which the funding is requested before the Authority to Use Grant Funds (AUGF) is received by the PRDOH and forwarded to the Subrecipient. The Subrecipient shall notify in writing the PRDOH of any change to the approved project scope and shall perform a re-evaluation of the Environmental Review to determine if the change impacts the environmental determination for the project.

During the performance of this Task, the Subrecipient shall deliver to PRDOH reports of progress of work for revision. After the revision of each delivery, Subrecipient shall expect comments from PRDOH that might require revision of the documentation.

Deliverable: For each approved project, if not Exempt, the publication of the FONSI/NOI/RROF for an EA or a NOI/RROF for a CEST in a newspaper of general circulation (in accordance with 24 C.F.R. § 58.43). Afterwards, PRDOH will submit the AUGF to HUD. With HUD's approval for the AUGF, the Subrecipient will be allowed to move forward with the project.

Task 6. Construction Bid

Activity: For each approved project, upon completion of the Environmental Review and receiving HUD's Authorization to Use Grant Funds, the Subrecipient shall complete the Construction Bid Package necessary for the procurement of construction services.

The Subrecipient shall follow and comply with PRDOH's Procurement Manual and CDBG-DR applicable regulations for the procurement of construction services. The Subrecipient shall submit to the PRDOH the construction bid package documentation before proceeding with bid announcement and await PRDOH's approval before proceeding with procurement processes. PRDOH reserve the right to require revision and resubmission of procurement documentation. The Subrecipient may request technical assistance from the PRDOH to prepare required documentation for the construction bid process.

After receiving PRDOH's approval for bid announcement, the Subrecipient shall continue with the construction bid process. After receiving bid proposals and completed their evaluation, the Subrecipient shall prepare the draft construction bid award report and submit it to the PRDOH for approval before proceeding to award the bid. PRDOH reserve the right to require revision and resubmission of draft award documentation. After PRDOH's approval, the Subrecipient may proceed to award the bid and execute the construction contract.

The Subrecipient shall comply with the registration of executed contract in Puerto Rico's Comptroller Office in compliance with applicable law and regulation.

Deliverable: For each approved project, bid documentation for PRDOH revision and approval, including the executed construction contract registered in Puerto Rico's Comptroller Office.

Task 7. Construction Inspection Services

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Activity: Utilizing internal staff and/or contracted professional services, the Subrecipient shall provide appropriate construction inspection services for each approved project.

The Subrecipient may acquire professional services to perform construction inspection services for each project. To acquire professional services the Subrecipient shall comply with procurement processes in compliance with PRDOH's Procurement Manual.

The Subrecipient shall comply with at least the following roles and responsibilities for construction inspection services:

a) Attend preconstruction meeting and participate in weekly construction meetings
b) Serve as the field/construction Point of Contact
c) Provide daily and regular correspondence with the Construction Contractor
d) Coordinate project schedule with Construction Contractor and other required participants
e) Maintain necessary written communication with Project Manager and the Subrecipient
f) Inspect progress and construction methods to ensure construction work meets contract requirements
g) Communicate and resolve field problems with Construction Contractor, Project Manager, and any other affected parties
h) Coordinate necessary activities to perform required materials testing
i) Coordinate testing results evaluation with Architect and/or Engineer to ensure compliance with project requirements
j) Assist the Construction Contractor with the coordination of required utility relocation
k) Coordinate inspection activities with required Public or Private Utility Entity as required by permits or endorsements
l) Prepare and submit necessary digital daily and monthly reports to at least document weather conditions, on-site construction personnel, hours worked, construction equipment used, detailed description of construction activities observed, photos, and documentation of any field decisions
m) Ensure compliance with all permits and endorsements of construction project
n) Measure and document project quantities, maintain digital record, and log of all quantities
o) Prepare cost estimates and submit to Project Manager/Architect/Engineer for review
p) Review Contractor quality control documentation
q) Coordinate survey and staking needs for the project
r) Conduct wage interviews with individual employees and provide report documentation to the Project Manager
s) Prepare necessary project closeout documentation
t) Prepare punch list with, among other necessary items, list of deficiencies that need to be corrected
u) Monitor work zone traffic control
v) Monitor project safety in compliance with OSHA regulations

If necessary, the Subrecipient shall perform the procurement for construction inspection services of the project in compliance with the scope established in Task 3. The Subrecipient is responsible to coordinate construction inspection services to assure this service is contracted prior to construction start. Construction inspection services shall be provided in compliance with all applicable laws and regulations.

Deliverable: Appropriate construction inspection services capacity is in place with construction activities.

Task 8. Training

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Activity: The Subrecipient will be responsible to participate in mandatory sessions of training of the following topics:

a) CDBG-DR eligible projects requirements and National Objectives.
b) CDBG-DR Procurement requirements.
c) Prevention of Fraud, Waste, and Abuse.
d) Duplication of Benefits avoidance.
e) CDBG-DR financial management.
f) CDBG-DR monitoring and reporting.
g) Others, as requested by PRDOH.

Task 9. Reporting

Activity: The Subrecipient will be responsible to submit monthly reports to the PRDOH to inform status of tasks, work progress, construction schedule analysis, and financial status by project. Each report must be prepared in compliance with PRDOH's reporting requirements.

Task 10. Invoicing

Activity: The Subrecipient will be responsible to submit monthly invoices for reimbursement of costs regarding internal staff or contracted services. Each invoice must be prepared in compliance with PRDOH's invoicing requirements. The PRDOH will not reimburse the Subrecipient for work performed by employees without an authorization before performing work.

Task 11. Construction Project Closeout

Activity: For each construction project with final completion certification, the Subrecipient shall submit to the PRDOH all required documentation necessary for project closeout compliance with PRDOH's requirements.

Deliverable: The Subrecipient is responsible to submit a Construction Project Closeout Binder.

GOVERNMENT OF PUERTO RICO
Department of Housing

EXHIBIT B

TIMELINES AND PERFORMANCE GOALS

CITY REVITALIZATION PROGRAM

MUNICIPALITY OF HATILLO

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TASKS	DESCRIPTION	TIMEFRAME DATES ALL TERMS DEPEND ON PROJECT COMPLEXITY	DELIVERABLES
Identification of Subrecipient Staff	After receiving Notice to Proceed (NTP), Subrecipient submits request authorization of internal key personnel.	**Within 10 days** after receiving NTP.	Submit to the PRDOH for revision, one Key Personnel Authorization Form for each employee.
Identification of Organizational Structure	Notify PRDOH the use of internal staff and/or contracted professional services for the management of the Program.	**Within 30 days** after receiving NTP.	Submit Organizational Structure and Professional Services Contracting Plan to PRDOH for revision.
Project Management Services	If the Subrecipient requires, complete contracting professional services to perform all required Project Management services in compliance with Scope of Services in Exhibit A of this agreement.	**Within 90 days** after receiving NTP.	Submit the Project Management Services procurement package to PRDOH for revision and approval in compliance with PRDOH Procurement Manual.
Project(s) Pre-Application Submission	After receiving access to Pre-Application System, Subrecipient will complete and submit Pre-application of each project to be evaluated for approval by PRDOH.	If the Subrecipient notified to PRDOH to use internal personnel; **Within 90 days** after receiving access to Pre-Application System. If the Subrecipient decide to contract a Project Management Services; **Within 45 days after the execution of the contract for Project Management.**	Project Pre-Application Package Submission in System for revision and approval.
Project(s) Workplan Application Submission	For each project, after receiving PRDOH's approval of Pre-Application and having in place a Project Manager, Subrecipient will complete and	For each project, **within 30 days** after receiving PRDOH's Pre-Application approval.	Project Workplan Application Submission in System.

	submit Workplan Application to be evaluated for approval by PRDOH.		
Architecture and Engineering (A&E) Services	If necessary, contracting A&E professional services to perform all required Architecture and Engineering Services including all permits and environmental services and in compliance with Scope of Services in Exhibit A of this agreement.	**Within 90 days** after receiving PRDOH's Project Workplan Application approval.	Submit the Architecture and Engineering Services procurement package for revision and approval to PRDOH in compliance with PRDOH Procurement Manual.
Project Design Development	Subrecipient complete construction bid package including a Project Implementation Schedule, all permits and Authorization to Use Grant Funds (AUGF).	As established in Architecture and Engineering Services contract.	Construction Bid Package (Including but not limited to: Project Implementation Schedule / Construction Drawings/ Construction Specifications/ Design / Permits / Endorsements / Environmental Review / Authorization to Use Grant Funds (AUGF)/ Construction procurement process / Others)
Construction Bid	For each PRDOH's approved Project Design Development, the Subrecipient shall perform the Construction Bid process in compliance with PRDOH's Procurement Manual and after receiving PRDOH's Procurement Division approval.	Within the timeframe established on the Project Implementation Schedule.	Construction Services Contract.
Construction Inspection Services Procurement	If necessary, contracting Construction Inspection Services in compliance with Scope of Services in Exhibit A of this agreement.	Within the timeframe established on the Project Implementation Schedule.	Submit the Construction Inspection Services procurement package for revision and approval to PRDOH in compliance with PRDOH Procurement Manual.
Close-out	Subrecipient will complete project Close-out in compliance with PRDOH requirements.	**Within 120 days** after construction final completion certification.	Project Closeout Binder

The Subrecipient shall develop workplans, schedules, reports and/or any other document as may be requested by PRDOH or Representative in connection to the above timelines and performance goals. The Subrecipient shall submit any of such documents for review and approval as requested by the PRDOH within the specified time frame provided for such request. PRDOH reserve the rights to request any information to the Subrecipient as part of the Grantee responsibilities.

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GOVERNMENT OF PUERTO RICO
Department of Housing

EXHIBIT C

KEY PERSONNEL

CITY REVITALIZATION PROGRAM

MUNICIPALITY OF HATILLO

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The following table shows the Key Personnel staffing plan for the Municipality of Hatillo (the "Subrecipient") that will be participating of the City Revitalization Program (Program) as part of the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program. This information reflects a combination existing employees or new hired employees that will be participating on the Program.

I. **Staff positions and maximum budget for self-performed services**

[A] Name of Staff Position (Subrecipient Self-Performed Services)	[B] Staff Position Maximum Budget (for 36 months)
Manager	$0.00
Coordinator	$57,600.00
Financial Manager	$0.00
Financial Assistant	$65,592.00
Compliance Manager	$0.00
Outreach and Community Coordinator	$0.00
Administrative Assistant	$0.00

II. Staff positions Roles Description:

Name of Position	Role Description
Manager	Subrecipient's key staff leading the staff and managing CDBG-DR Program activities including communications, meetings, documentation, compliance, procurements, contracting, project development, invoicing and reporting.
Coordinator	Subrecipient's key staff providing support to coordinate CDBG-DR Program activities including communications, meetings, documentation, compliance, procurements, contracting, project development, invoicing and reporting.
Financial Manager	Subrecipient's key staff leading CDBG-DR Program financial related activities including policies, procedures, controls, payroll, budget management, invoicing, accounting and reporting.
Financial Assistant	Subrecipient's key staff providing assistance regarding CDBG-DR Program financial related activities including policies, procedures, controls, payroll, budget management, invoicing, accounting and reporting.
Compliance Manager	Subrecipient's key staff managing all CDBG-DR Program compliance related activities including policies, procedures, training, monitoring and reporting.
Outreach and Community Coordinator	Subrecipient's key staff coordinating and supporting to CDBG-DR Program activities regarding outreach and communications with community.
Administrative Assistant	Subrecipient's key staff aiding and supporting in CDBG-DR Program administrative activities including communications, meetings, documentation, compliance, procurements, contracting, project development, invoicing and reporting.

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III. Notes:

1. Staff positions names, in column [A], are generic names assumed to designate roles to Subrecipient's staff, therefore these positions names may not necessarily coincide to current positions within Subrecipient's roster of employees.
2. Subrecipient will request authorization before any staff performs any work for the CDBG-DR Program, the request shall be completed submitting a standard form provided by PRDOH. Failure to obtain staff authorization from PRDOH, will result in payroll payment deduction for each unauthorized staff.
3. Subrecipient may use one or more of its employees for each of the approved staff positions, therefore the maximum budget shall consider the summary of payroll costs for employees authorized for the position.
4. Subrecipient may recruit new employees to fill-in staff positions included in column [A] that are not occupied at the start date of this agreement.
5. Subrecipient shall require to each staff position daily time entry reports with a description of work performed during the report period.
6. Staff Position Maximum Budget, shown in column [B], represent to total budget authorized for Subrecipient's personnel working as a staff position for the CDBG-DR Program.
7. The Staff Position Maximum Budget shall be considered as the total authorized budget for the term of the agreement for each Subrecipient's staff position.
8. After this agreement is executed, the Subrecipient may request in writing an amendment to modify the distribution of budgeted amounts for any of the positions.
9. The total authorized available budget for all Subrecipient's staff positions will be established in Budget Exhibit of this agreement. The specific amount will be indicated in item described as "Subrecipient Self-Performed Services" of Budget Exhibit.

GOVERNMENT OF PUERTO RICO
Department of Housing

EXHIBIT D - BUDGET

CITY REVITALIZATION PROGRAM

MUNICIPALITY OF HATILLO

1. Funding Allocation Overview

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On March 4th,2020, the Puerto Rico Department of Housing (PRDOH) launched the City Revitalization Program (CRP or the Program) and distributed the notification of the first round of funding (Round 1) to the seventy-eight (78) municipal governments of Puerto Rico. Through Round 1 distribution, the PRDOH allocated a total amount of six hundred million dollars ($600,000,000) amongst all municipal governments. The allocation was distributed using weighted values considering factors such as Population, Water Area, Coastline Length, Real Property Losses, Critical Infrastructure in Flooding Areas and Un-Employment Rate Variation after the impact of hurricanes Irma and María.

2. Total Allocation and Authorized Budget

a) The PRDOH designated to the Municipality of Hatillo (the "Subrecipient") a total allocation amount of $6,617,967.74 for the City Revitalization Program.
b) The Subrecipient will serve as administrator and manager for the services included in the Exhibit A - Scope of Work (SOW).
c) PRDOH authorizes the Subrecipient to a maximum budget amount of $1,323,593.55 for the initiation of necessary activities to perform necessary tasks, roles, and responsibilities included in the SOW.
d) The Subrecipient may request to the PRDOH authorization to receive an increase in budget by submitting a written request, including explanatory justification for the increase.
e) Change in the maximum authorized budget amount will require an amendment to this Subrecipient Agreement.
f) The Subrecipient shall submit monthly reports to the PRDOH to provide information regarding the progress of SOW activities including financial status and use of the authorized budget.

3. Distribution of Authorized Maximum Budget

a) The maximum budget amount shall be distributed in the following three (3) items:

Item Id	Item Name:	Maximum Authorized Budget
1	Subrecipient Self-Performed Services	$123,192.00
2	Professional Services (Contracted)	$1,200,401.55
3	Construction Services (Contracted)	$0.00
	Total Authorized Budget:	$1,323,593.55

GOVERNMENT OF PUERTO RICO
Department of Housing

Exhibit E

September 23, 2020

Maytte Texidor-López, Esq.
Legal Director CDBG-DR
Puerto Rico Department of Housing

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Katherine Meléndez Mateo
CDBG-DR Finance Director
Puerto Rico Department of Housing CDBG-DR

CCC

César A. Candelario Candelario
Budget Manager CDBG-DR
Puerto Rico Department of Housing

CERTIFICATION OF FUNDS FOR PRDOH SUBRECIPIENT AGREEMENT WITH MUNICIPIO DE HATILLO FOR THE CITY REVITALIZATION PROGRAM RELATED TO CDBG-DR

As requested by the Deputy Director - Contract Administration of CDBG-DR, we certify the availability of funds for **$1,323,593.55** for "PRDOH Subrecipient Agreement with Municipio de Hatillo for the City Revitalization Program". These funds are part of the **CDBG-DR Grant "B-18-DP-72-0001".**

The breakdown of the certified funds is as follows:

Project	Activity Number	Account	Description	Total Funds Certified
Multi Sector	R02M27CR-DOH-LM	6090-01-000	Program Funds	$ 926,515.49
	R02M27CR-DOH-UN			397,078.06
			Total	**$1,323,593.55**

These funds will be distributed into their proper accounts once we receive the documentation with the related works.

If you have any questions or comments, please call me at (787)274-2527.

KMM/CCC/ac

GOVERNMENT OF PUERTO RICO
Department of Housing

EXHIBIT F
HUD GENERAL PROVISIONS

HUD GENERAL PROVISIONS

Given that the Agreement 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 Agreement. In addition, SUBRECIPIENT 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/

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

These general provisions may be updated from time to time. It is the sole responsibility of the SUBRECIPIENT 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 AGREEMENT shall be deemed to be inserted herein and the AGREEMENT 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 AGREEMENT shall forthwith be physically amended to make such insertion or correction.

2. STATUTORY AND REGULATORY COMPLIANCE

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

3. BREACH OF SUBRECIPIENT AGREEMENT TERMS

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

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4. REPORTING REQUIREMENTS

The SUBRECIPIENT shall complete and submit all reports, in such form and according to such schedule, as may be required by the PRDOH and/or the Government of Puerto Rico. The SUBRECIPIENT 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, 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 SUBRECIPIENT which are related to this AGREEMENT, 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 AGREEMENT 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 SUBRECIPIENT will take necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used in subcontracting when possible. Steps include, but are not limited to:

(i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
(ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
(iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
(iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises; and
(v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

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

8. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

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

9. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

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

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

The SUBRECIPIENT shall comply with the provisions of Section 109 of the Housing and Community Development Act of 1974. No person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the

benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Section 109 further provides that discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended, is prohibited.

11. SECTION 504 OF THE REHABILITATION ACT OF 1973

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

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

12. AGE DISCRIMINATION ACT OF 1975

The SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT shall notify the PRDOH as soon as possible if this AGREEMENT or any aspect related to the anticipated work under this AGREEMENT raises an actual or potential conflict of interest (as defined at 2 C.F.R. Part 215 and 24 C.F.R. § 85.36 or 84.42, if applicable). The SUBRECIPIENT 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 SUBRECIPIENT shall provide the PRDOH any additional information necessary to fully assess and address such actual or potential conflict of interest. The SUBRECIPIENT 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 SUBRECIPIENT 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.

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The SUBRECIPIENT 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 AGREEMENT.

The SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT shall indemnify, defend, and hold harmless the Government of Puerto Rico, PRDOH, 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 SUBRECIPIENT in the performance of the services called for in this AGREEMENT.

18. COPELAND "ANTI-KICKBACK" ACT
(Applicable to all construction or repair contracts)

Salaries of personnel performing work under this AGREEMENT 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 SUBRECIPIENT 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 SUBRECIPIENT shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-330) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

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All laborers and mechanics employed by SUBRECIPIENTS 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 SUBRECIPIENTS 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 SUBRECIPIENT shall comply with the Davis Bacon Act (40 U.S.C. §§ 276a to 276a-7) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by SUBRECIPIENTS or subcontractors, including employees of other governments, on construction work assisted under this AGREEMENT, 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 SUBRECIPIENT 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 SUBRECIPIENT shall fail to fulfill in a timely and proper manner his or her obligations under this AGREEMENT, or if the SUBRECIPIENT shall violate any of the covenants, agreements, or stipulations of this AGREEMENT, the PRDOH shall thereupon have the right to terminate this AGREEMENT by giving written notice to the SUBRECIPIENT 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 SUBRECIPIENT under this Agreement shall, at the option of the PRDOH, become the PRDOH's property and the SUBRECIPIENT shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. Notwithstanding the above, the SUBRECIPIENT 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 SUBRECIPIENT, and the Government of Puerto Rico and/or PRDOH may withhold any payments to the SUBRECIPIENT 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 SUBRECIPIENT is determined.

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22. TERMINATION FOR CONVENIENCE
(Applicable to contracts exceeding $10,000)
The PRDOH may terminate this AGREEMENT at any time by giving at least ten (10) days' notice in writing to the SUBRECIPIENT. If the AGREEMENT is terminated by the PRDOH as provided herein, the SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT

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 SUBRECIPIENT;
(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 SUBRECIPIENT including social or recreational programs; and
(ix) Any other term, condition, or privilege of employment.

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2) The SUBRECIPIENT 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 SUBRECIPIENT'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 SUBRECIPIENT 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 SUBRECIPIENT'S obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants with disabilities. The SUBRECIPIENT must ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the SUBRECIPIENT may have the notice read to a visually disabled individual, or may lower the posted notice so that it might be read by a person in a wheelchair).

5) The SUBRECIPIENT will notify each labor organization or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT agrees as follows:

1) The SUBRECIPIENT shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

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

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

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

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7) In the event of the SUBRECIPIENT'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 SUBRECIPIENT may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

8) The SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the SUBRECIPIENT may request the United States to enter into such litigation to protect the interests of the United States.

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

The SUBRECIPIENT 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 SUBRECIPIENT agrees that a breach of this certification is a violation of the equal opportunity clause of this Agreement.

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

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

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

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

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

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

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

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

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4) Agreement by the SUBRECIPIENT 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 SUBRECIPIENT will take such action as the government may direct as a means of enforcing such provisions.

27. ANTI-LOBBYING
(Applicable to contracts exceeding $100,000)
By the execution of this AGREEMENT, the SUBRECIPIENT 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 SUBRECIPIENT, 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 SUBRECIPIENT shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

3) The SUBRECIPIENT 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.

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

The SUBRECIPIENT shall comply with Puerto Rico bonding requirements, unless they have not been approved by HUD, in which case the SUBRECIPIENT 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 SUBRECIPIENT for one hundred percent (100%) of the Agreement price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the SUBRECIPIENT's obligations under such contract.

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

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

1) The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects

covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

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

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3) The SUBRECIPIENT agrees to send to each labor organization or representative of workers with which the SUBRECIPIENT has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the SUBRECIPIENT'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.

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

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

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

7) With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance

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

8) For contracts exceeding $100,000, the SUBRECIPIENT 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.

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30. FAIR HOUSING ACT

SUBRECIPIENT 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, disability, 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

SUBRECIPIENT 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

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

The Hatch Act applies to political activities of certain state and local employees. As a Puerto Rico Department of Housing SUBRECIPENT, 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 SUBRECIPIENT may not do the following activities: be a candidate in partisan elections; use official influence to interfere in elections; coerce political contributions from subordinates in support of political parties or candidates the office of special counsel operates a website that provides guidance concerning hatch act issues.

33. HEALTH AND SAFETY STANDARDS

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

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34. PERSONNEL

The SUBRECIPIENT 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 SUBRECIPIENT 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 AGREEMENT.

35. WITHHOLDING OF WAGES

If in the performance of this Agreement, there is any underpayment of wages by the SUBRECIPIENT or by any subcontractor thereunder, the PRDOH may withhold from the SUBRECIPIENT 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 SUBRECIPIENT 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 AGREEMENT shall be promptly reported in writing by the SUBRECIPIENT to the PRDOH for the latter's decision, which shall be final with respect thereto.

37. DISCRIMINATION BECAUSE OF CERTAIN LABOR MATTERS

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

38. INTEREST OF MEMBERS OF LOCAL PUBLIC AGENCY AND OTHERS

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The SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT

The SUBRECIPIENT 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 SUBRECIPIENT further agrees that no person having any such interest shall be employed in the performance of this Agreement.

41. POLITICAL ACTIVITY

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

42. RELIGIOUS ACTIVITY

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

43. FLOOD DISASTER PROTECTION ACT OF 1973

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The SUBRECIPIENT 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 SUBRECIPIENT 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.

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45. VALUE ENGINEERING

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

The SUBRECIPIENT 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).

GOVERNMENT OF PUERTO RICO
Department of Housing

EXHIBIT G
SPECIAL CONDITIONS

CITY REVITALIZATION PROGRAM

MUNICIPALITY OF HATILLO

(Additional information regarding these special conditions can be found in the **City Revitalization Program Guidelines.**)

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1. The Municipality of Hatillo (the "Subrecipient") agrees, to participate in the CDBG-DR Municipal Recovery Planning (**MRP**) Program in order to qualify for participation in Round 2 Program funding. Additional funding amounts corresponding to Round 2 will be included under a separate SRA amendment.

2. **Policies and Procedures:**
   Within **one hundred and eighty (180) days** after this SRA is executed, the Subrecipient shall develop, update and implement all policies and procedures in compliance with PRDOH CDBG-DR policies and, state and federal regulations, including but not limited to:

   a. Citizen Complaints procedures in accordance with 24 C.F.R. § 570.431(5) of Citizen Participation, 24 C.F.R. § 570.486 and 24 C.F.R. § 91.115.

   b. Financial management (2 C.F.R. § 200.302) and Internal controls (§200.303) policies and procedures in compliance with state and federal requirements in applicable regulation.

   c. Monitoring related policies and procedures in compliance with 2 C.F.R. § 200.328 Monitoring and Reporting Program Performance.

   d. Procurement standards (2 C.F.R. §§ 200.318 – 200.326) and requirements established in PRDOH CDBG-DR Procurement Manual.

   e. Policies to regulate access and use of systems and protecting Personally Identifiable Information (**PII**) in compliance with 2 CFR § 200.79 and § 200.82.

3. **Organizational Chart:** Within **sixty (60) days** after this SRA is executed, Subrecipient shall submit to the PRDOH CDBG-DR Program an updated organizational structure that clearly establishes the segregation of duties in the implementation and management of the CDBG-DR programs and activities, including the finance division, in compliance with requirements in 2 C.F.R. § 200.303 for internal controls and the Standards for Internal Controls in the Federal Government by GAO.

4. **Financial Workflow:** Within **sixty (60) days** after this SRA is executed, Subrecipient shall provide an internal financial workflow including staff roles and responsibilities.

5. **Personally Identifiable Information:** Subrecipient shall comply with all requirements to protect **PII** in compliance with all applicable regulations and the appropriate segregation of duties within their system.

6. **Capacity Building, Training and Technical Assistance:** Within **one hundred eighty (180) days** after this SRA is executed, Subrecipient shall participate in capacity building activities directed to the development and implementation of effective internal controls of federal awards to ensure that the municipality is capable of managing federal awards in compliance with federal statutes and regulation, with special

emphasis on those established in 2 C.F.R. part 200 and 24 C.F.R. § 570.501. The Subrecipient shall participate in the following training and capacity building seminars as provided by PRDOH:

a. Internal controls development and implementation.

b. Monitoring procedures to ensure the effectiveness of internal controls.

c. Financial Management.

d. Procurement requirements.

e. All applicable systems to manage CDBG-DR program data.

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f. Citizen complaints management and reporting.

g. Protected Personally Identifiable Information.

In addition to the above, the Subrecipient shall participate in capacity building activities provided by PRDOH which include but are not limited to, topics related to Fair Housing Act, Davis-Bacon Act, Section 3 of the Housing and Urban Development Act and Minority and Women Owned Enterprises, among others.

7. **Capacity Development in Procurement**
Subrecipient shall participate in procurement requirements capacity development activities before commencing any procurement activity.

HATILLO - SRA

Final Audit Report 2020-11-23

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