

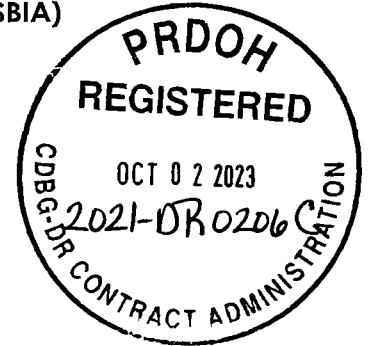


## AMENDMENT C

### COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR) SMALL BUSINESS INCUBATORS AND ACCELERATORS PROGRAM (SBIA)

#### AMENDMENT C TO THE SUBRECIPIENT AGREEMENT BETWEEN THE PUERTO RICO DEPARTMENT OF HOUSING AND LOTE 23 LLC

Contract No. 2021-DR0206  
Amendment No. 2021-DR0206C



This **AMENDMENT C TO THE SUBRECIPIENT AGREEMENT ("AMENDMENT C")** is entered into this 29 day of September, 2023, by and between the **PUERTO RICO DEPARTMENT OF HOUSING ("PRDOH")**, a public agency of the Government of Puerto Rico created under Act No. 97, of June 10, 1972, as amended, 3 LPRA § 441 *et seq.*, known as the "**Department of Housing Organic Act**" ("**Organic Act**"), with principal offices at 606 Barbosa Ave., San Juan, Puerto Rico, represented herein by its Secretary, Hon. William O. Rodríguez Rodríguez, of legal age, attorney, single, and resident of Guaynabo, Puerto Rico; and **LOTE 23 LLC ("Subrecipient")**, a nonprofit corporation, with principal offices at 1552 Ponce de León Avenue, San Juan, Puerto Rico, represented herein by its Executive Director, Cristina Sumaza Santos, of legal age, married, and resident of San Juan, Puerto Rico; collectively the "**Parties**".

#### I. RECITALS AND GENERAL AWARD INFORMATION

**WHEREAS**, on May 14, 2021, the PRDOH and the Subrecipient executed a Subrecipient Agreement, registered as Contract Number 2021-DR0206 ("**Agreement**"), for the amount of **two million three hundred fifty-three thousand nine hundred eighty-three dollars and thirty-seven cents (\$2,353,983.37)** for the Subrecipient to undertake its activities under the **Small Business Incubators and Accelerators Program ("SBIA" or "Program")**. The Parties agreed on a performance period of **four (4) years** from the day of the execution of the Agreement, ending on **May 13, 2025**.

**WHEREAS**, the Agreement was amended on June 10, 2022, through **Amendment A**, registered as Contract Number 2021-DR0206A, to modify and amend certain terms and conditions of the Agreement, as well as including updated versions of the **Exhibit C** (Key Personnel) and the **Exhibit D** (Budget). The total authorized budget and term of the Agreement remained the same.

**WHEREAS**, the Agreement was amended on May 10, 2023, through **Amendment B**, registered as Contract Number 2021-DR0206B, to modify and amend certain terms and conditions of the Agreement, as well as including updated versions of the **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 and Other Federal Statutes, regulations, and PRDOH Requirements), and **Exhibit G** (Subrogation and Assignment Provision) were incorporated by reference to the Agreement. Additionally, a new **Exhibit I** (Non-Conflict of Interest Certification) was added to the Agreement. Moreover, the total budget amount was increased by \$87,360.31 for a new total authorized budget of **\$2,441,343.68**. The term of the Agreement remained the same.

**WHEREAS**, as per Section IX (A) of the Agreement, the Agreement may be amended in writing and signed by a duly authorized representative of each party. Nonetheless, the

amendment shall not invalidate the Agreement, nor release the Parties from their obligations under the Agreement.

**WHEREAS**, this **AMENDMENT C** does not constitute an extinctive novation of the obligations of the parties under the Agreement.

**WHEREAS**, the PRDOH has the legal power and authority, in accordance with its enabling statute, the Organic Act, the Federal laws and regulations creating and allocating funds to the CDBG-DR Program and the current Action Plan, to enter into this **AMENDMENT C**.

**WHEREAS**, the Subrecipient has the legal power and authority to enter into this **AMENDMENT C** with the PRDOH, in accordance with the adopted Resolution, dated September 14, 2023, authorizing **LOTE 23, LLC**, via its Authorized Representative, Cristina Sumaza Santos; and by signing this **AMENDMENT C**, the Subrecipient assures the PRDOH that it shall comply with all the requirements described herein.

**NOW, THEREFORE**, in consideration of the mutual promises and the terms and conditions set forth herein, the PRDOH and the Subrecipient agree to execute this **AMENDMENT C** subject to the following:

## II. TERMS AND CONDITIONS

### A. SAVINGS CLAUSE

The information included in this **AMENDMENT C** serves the purpose of modifying and amending certain terms and conditions under the Agreement, as established in the following sections B and C of this **AMENDMENT C**. All other provisions of the original Agreement, including its exhibits, shall continue to be in full force and effect.

### B. SCOPE OF THE AMENDMENT

The goal of the Program is to support and grow Puerto Rican small businesses by providing them with technical assistance to help grow their business skills and professional network through the structure of an Incubator or Accelerator. The Parties acknowledged the need to amend the Agreement in order to achieve the Program goals. In specific, the Parties agreed to amend the **Exhibit D** (Budget) to modify the Other Operating section.

All other provisions including the end term and total authorized budget remain unaltered.

### C. AMENDMENTS

- a. **Exhibit D** (Budget) of the Agreement is being replaced by an updated version hereto incorporated by reference into the Agreement (See **Attachment I**), to include the following modifications and budget redistribution in the Other Operating section:

1. **Bank Service Charges and Interests** – The item description is being changed to: "Bank services charges for asset acquisition accounts and interest charge for the line of credit used to cover the assets acquisition in accordance with conditions stipulated in 2 CFR 200.449-Interest." Also, the budget for this item is being increased from \$24,300.00 to \$30,000.00.
2. **Dues & Subscriptions** – The proposed budget for this item is being decreased from \$10,307.49 to \$4,607.49.

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### III. SEVERABILITY

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

### IV. SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this **AMENDMENT C** are included for convenience only and shall not limit or otherwise affect the terms of the Agreement, and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this **AMENDMENT C**.

### V. COMPTROLLER REGISTRY

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

### VI. ENTIRE AGREEMENT

The Agreement, as amended, constitutes the entire agreement among the Parties for the use of funds received under the Agreement, as amended, and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written among the Parties concerning the Agreement, as amended.

### VII. FEDERAL FUNDING

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

### VIII. NON-CONFLICT OF INTEREST CERTIFICATION

The Subrecipient reassures PRDOH its willingness to comply with the applicable conflict of interest policies by signing the Non-Conflict of Interest certification incorporated by reference into the Agreement via **AMENDMENT C** (See **Attachment II**).

**[SIGNATURES ON THE FOLLOWING PAGE.]**

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

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**PUERTO RICO DEPARTMENT OF HOUSING**  
**CDBG-DR Grantee**

By: William O. Rodríguez Rodríguez  
William O. Rodríguez Rodríguez (Sep 29, 2023 17:34 EDT)  
Name: William O. Rodríguez Rodríguez  
Title: Secretary

**LOTE 23 LLC**  
**Subrecipient**

By: Cristina Sumaza  
Cristina Sumaza (Sep 29, 2023 11:58 EDT)  
Name: Cristina Sumaza Santos  
Title: Executive Director



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## **EXHIBIT D – SECTION 1**

### **BUDGET**

#### **SMALL BUSINESS INCUBATORS AND ACCELERATORS PROGRAM**

##### **LOTE 23 LLC**

##### **DESCRIPTION OF SERVICES**

We provide a platform for chefs, food entrepreneurs and producers to develop, test, and prove their concepts within the community. Our goal is to allow participants to work with the community to gather feedback, transform their ideas, and in turn, strengthen themselves.

Our incubation program focuses on supporting individuals with experience in the food industry that have high-value concepts or products. By high value we mean – great taste, great price, and a great experience. By providing participants a solid business acumen and a physical space to validate their products, we help them effectively go through the first phase of launching a business with the necessary resources to have higher chances of success.

The incubator targets individuals that in addition to having experience in the food industry, have a product or concept already in the market, or have a concept designed and want to launch it during their time in the incubator program. In both cases, past experiences of founders will be important and taken into consideration.

Working with many individuals in the food industry, we have seen great talent and products, but they often do not have business acumen. Most of them are not effectively managing finances, building teams, delegating important tasks to experts, and focusing on the vision of where they want to take their businesses, which is why we focus our incubation program on two (2) areas: business acumen and leadership development.

- Provide access to hands-on educational training, mentors, coaching and access to resources that will help participants effectively develop their business model.
- Provide a physical space for classes, mentor meetings, and office space for participants to do office work and a fully equipped commissary kitchen, that lowers upfront costs of opening a food business.

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- Provide ongoing coaching to ensure participants stay on track and amplify their business growth during their time in the program. An emphasis will be given on the following curriculum during incubation phase (this may be subject to changes and revision based on participant's needs):

The staff will support the outreach, recruitment, implementation and compliance of the Small Business Incubator and Accelerator Program. Positions will include the tasks of directing and managing the program, the management and maintenance of the food park as a sales validation platform, outreach and operational coordination, and financial and accounting management.

STAFFING

| Position                            | Qty. of Resources[A] | Estimated Hours per month per Resource[B] | Estimated Months Needed [C] | Max. Hourly Rate [D] | Estimated Monthly Cost [E=AxBxD] | Cost of Staff Position [F=CxE] |
|-------------------------------------|----------------------|---|-----------------------------|----------------------|----------------------------------|--------------------------------|
| Managing Director                   | 1                    | 160                                       | 42                          | \$54.00              | \$ 8,640.00                      | \$ 362,880.00                  |
| Chief Financial Officer             | 1                    | 160                                       | 42                          | \$45.00              | \$ 7,200.00                      | \$ 302,400.00                  |
| Incubator Operations Manager        | 1                    | 147.4                                     | 5                           | \$32.00              | \$ 4,716.80                      | \$ 23,584.00                   |
| Procurement and Accounting Clerk    | 2                    | 22  | 3                           | \$19.00              | \$ 836.00                        | \$ 2,508.00                    |
| Park Operations Manager             | 1                    | 160                                       | 42                          | \$25.00              | \$ 4,000.00                      | \$ 168,000.00                  |
| Maintenance                         | 2                    | 160                                       | 42                          | \$14.00              | \$ 4,480.00                      | \$ 188,160.00                  |
| Handy Man                           | 1                    | 160                                       | 42                          | \$16.90              | \$ 2,704.00                      | \$ 113,568.00                  |
| Security                            | 1                    | 160                                       | 42                          | \$14.00              | \$ 2,240.00                      | \$ 94,080.00                   |
| Marketing Manager                   | 1                    | 160                                       | 27                          | \$14.00              | \$ 2,240.00                      | \$ 60,480.00                   |
| Incubator Operations Coordinator    | 1                    | 160                                       | 42                          | \$21.56              | \$ 3,449.60                      | \$ 144,883.20                  |
| Total Maximum Monthly Cost:         |                      |   |                             |                      | \$ 40,506.40                     |                                |
| Total Cost for 5 Years (60 Months): |                      |   |                             |                      |                                  | \$ 1,460,543.20                |

\*Estimated amounts could vary based on the actual needs of the program.

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The professional services below are fundamental to effectively manage the program outreach and promotion efforts, as well as ensuring that compliance requirements are being met across the board. Hiring marketing, graphic design, public relations, and advertising efforts to support the incubator program in having an integrated approach to the incubator’s brand, messaging, and promotion efforts. This will help us ensure we target the right audience of candidates to apply to the program. The audit services are an essential part of our operation to be in compliance with all the necessary financial and administrative requirements the nonprofit entity has.

PROFESSIONAL SERVICES

| Services Name                    | Services Description   | Budget       |
|----------------------------------|--|--------------|
| Audit Services                   | Annual external audit services, financial statements, and annual forms of the program. | \$ 3,583.33  |
| Garbage/Trash                    | Garbage collection services.   | \$14,850.00  |
| Exterminating Services           | Fumigation and pest removal services.  | \$ 3,780.00  |
| Total Services to be Contracted: |  | \$ 22,213.33 |

The operational costs of the food park are a big part of maintaining the physical sales platform for participants to validate their products, therefore the costs below are a critical part of our budget.

OTHER OPERATING

| Item Name                          | Item Description  | Budget        |
|------------------------------------|---|---------------|
| Utilities                          | Cost related to electricity, internet, gas service, water and sewer for the program.  | \$ 204,756.64 |
| Rent                               | Rent to be paid to the Land Administration (Administración de Terrenos) for the lot and the rent for the space used to meet for the workshops.  | \$ 147,374.88 |
| Insurance                          | Property insurance, contingency, Directors and Officers, total insurance in general required to operate the program.  | \$ 63,643.14  |
| Rent Office Park                   | Rent for office carriage for the park manager and equipment.  | \$ 11,205.00  |
| Bank Service Charges and Interests | Bank services charge for asset acquisition accounts and interest charge for the line of credit used to cover the assets acquisition in accordance with conditions stipulated in 2 CFR 200.449-Interest. | \$ 30,000.00  |
| Dues & Subscriptions               | Dues and subscriptions for the program.   | \$ 4,607.49   |
| Repair & Maintenance               | Costs for repair and maintenance materials that we manage internally with maintenance and handyman team.  | \$ 27,000.00  |

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|                                   |    |            |
|-----------------------------------|----|------------|
| Total Budget for Other Operating: | \$ | 488,587.15 |
|-----------------------------------|----|------------|

The asset acquisition and rehab of the facilities is needed for the physical platform to be in an optimal state to operate. The asset acquisition will provide participants with a real time sales platform that will help them validate the strategies learned during the program. The construction will provide an office space as well as an individual kiosk to each participant of the program.

Acquisition

| Item Name              | Item Description            | Budget        |
|------------------------|-----------------------------|---------------|
| Asset Acquisition      | Lote 23 Assets Acquisition. | \$ 470,000.00 |
| Total Expenses Budget: |                             | \$ 470,000.00 |

| Project/Proyecto   |  |                 |
|--|--|-----------------|
| Assets Acquisition   |  | \$ 470,000.00   |
| TOTAL COSTS/COSTO TOTAL                                      |  | \$ 470,000.00   |
| PROJECT ACTIVITY DELIVERY COSTS/COSTOS DIRECTOS DEL PROYECTO |  |                 |
| Staffing   | Payroll costs for personnel working for the program.   | \$ 1,460,543.20 |
| Professional Service   | Audit and marketing services required for the program. | \$ 22,213.33    |
| Other Operating  | Cost to run the program such as utilities and rent.    | \$ 488,587.15   |
| TOTAL COSTS/COSTO TOTAL                                      |  | \$ 1,971,343.68 |
| GRAND TOTAL/GRAN TOTAL                                       |  | \$ 2,441,343.68 |

Budget Re-distribution

- a) The Subrecipient may request in writing to the PRDOH a re-distribution of the Maximum Authorized Budgets shown above without exceeding the Total Authorized Budget.
- b) The PRDOH will evaluate the re-distribution request to validate purpose and balance of funds, and if determined the re-distribution is in benefit for the Program and the balance of funds is validated, the PRDOH will provide written authorization to the Subrecipient. Until the written authorization is submitted by the PRDOH, the re-distribution cannot be considered as authorized.
- c) This re-distribution of funds as described here shall be considered binding and will not require an amendment to this SRA.

END OF DOCUMENT





## NON-CONFLICT OF INTEREST CERTIFICATION

### SMALL BUSINESS INCUBATORS AND ACCELERATORS PROGRAM

### LOTE 23 LLC

The CONTRACTOR/SUBRECIPIENT certifies that:

1. No public servant of this executive agency has a pecuniary interest in this contract, subrecipient agreement, purchase, or commercial transaction.
2. No public servant of this executive agency has requested me or accepted from me, directly or indirectly, for him (her), for any member of his family unit or for any person, gifts, bonuses, favors, services, donations, loans or anything else of monetary value.
3. No public servant (s) requested or accepted any good of economic value, linked to this transaction, from any person of my entity as payment for performing the duties and responsibilities of their employment.
4. No public servant has requested from me, directly or indirectly, for him (her), for any member of his or her family unit, or for any other person, business, or entity, something of economic value, including gifts, loans, promises, favors or services in exchange for the performance of said public servant is influenced in my favor or of my entity.
5. I have no kinship relationship, within the fourth degree of consanguinity and second by affinity, with any public servant who has the power to influence and participate in the institutional decisions of this executive agency.

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

Cristina Sumaza  
Cristina Sumaza (Sep 29, 2023 11:58 EDT)  
Signature

Cristina Sumaza Santos  
Printed Name

September 29, 2023  
Date

Executive Director  
Position