



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

**AMENDMENT A to the SUBRECIPIENT AGREEMENT
BETWEEN THE**

PUERTO RICO DEPARTMENT OF HOUSING

AND

**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO COMO DESTINO, INC.,
DBA DISCOVER PUERTO RICO**

Contract Number 2020-DR0023



This **AMENDMENT A TO THE SUBRECIPIENT AGREEMENT** (hereinafter, the "Amendment") is entered into this 7 day of April, 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 LPRA § 441 *et seq.*, known as the "Department of Housing Organic Act" (hereinafter, 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 **CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO COMO DESTINO, INC.**, doing business as Discover Puerto Rico (hereinafter, the "Subrecipient" or "DPR"), a Puerto Rico nonprofit corporation authorized under Act No. 17 of March 30, 2017, known as the "Act to Promote Puerto Rico as a Destination (Act 17-2017)", with principal offices at 500 Calle de la Tanca, Ochoa Building, Suite 402B, San Juan, Puerto Rico, represented herein by its Chief Executive Officer, Brad Dean, of legal age, married, and resident of San Juan, Puerto Rico, (collectively, the "Parties").

I. RECITALS AND GENERAL AWARD INFORMATION

WHEREAS, on October 29, 2019, the PRDOH and DPR executed a Subrecipient Agreement, Contract Number 2020-DR0023, (hereinafter, "Agreement") for eight million dollars (\$8,000,000) for a period of performance ending in February 7, 2021, to undertake a portion of the Tourism and Business Marketing Program from the Economic Development portfolio, that consists in developing marketing activities outside the Island in order to attract visitors that can contribute to Puerto Rico's economy and to promote economic development. This Amendment does not change period of performance nor amount of the Agreement.

WHEREAS, it is the intention of the parties that this Amendment is not intended to effect nor does it constitute an extinctive novation of the obligations of the parties under the Agreement but is rather a modification and amendment of certain terms and conditions under the Agreement, including its exhibits.

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 subward, enter and perform under this Agreement; and

WHEREAS, the Subrecipient has duly adopted the Resolution dated September 19, 2019, authorizing the Subrecipient to enter into this Amendment with the PRDOH, and by signing this Amendment, the Subrecipient assures PRDOH that Subrecipient shall comply with all the requirements described herein.

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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 subject to the following:

TERMS AND CONDITIONS

II. SAVINGS CLAUSE

The information included in this **Amendment A** serves the purpose of conforming the Subrecipient Agreement to federal and state regulations and statutes as set forth in the sections below, in addition to modifying the Subrecipient Agreement exhibits, including the Budget, Timelines and Performance Goals and Scope of Work. All provisions of the Subrecipient Agreement shall continue to be in full force and effect.

III. SCOPE OF AMENDMENT

The PRDOH and DPR have agreed to enter into this Amendment with the purpose of conforming the Subrecipient Agreement to federal and state regulations and statutes. Additionally, the parties have agreed to modify the exhibits of the Subrecipient Agreement.

IV. AMENDMENTS¹

- A. *Exhibit A (Scope of Work) of the Agreement is replaced by a modified Exhibit A hereto incorporated by reference into the Agreement and this Amended Agreement and made part of the Agreement and Amended Agreement. (Attachment 1 of this Amendment).*

The purpose of the amendment to Exhibit A is to remove the following table from Clause #4 (Tasks),

#	Name of Marketing Activities
1	<i>Leisure Digital Media Plan</i>
2	<i>Meetings Digital Media Plan</i>
3	<i>Broadcast Advertising (Connected TV)</i>
5	<i>Tradeshows and Conferences</i>

as well as to remove the entire Tradeshows and Conferences section from Clause #4 (Tasks). The Amended Exhibit A is incorporated by reference into the Agreement and this Amended Agreement and made part of the Agreement and Amended Agreement.

- B. *Exhibit B (Timelines and Performance Goals) of the Agreement is replaced by a modified Exhibit B hereto incorporated by reference into the Agreement and this Amended Agreement and made part of the Agreement and Amended Agreement. (Attachment 2 of this Amendment)*

The purpose of the amendment of Exhibit B is to re-schedule the intended goals.

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¹ For easier review, amendments will appear in *italics* throughout the document.

- C. Exhibit D (Budget) of the Agreement is replaced by a modified Exhibit D hereto incorporated by reference into the Agreement and this Amended Agreement and made part of the Agreement and Amended Agreement. (Attachment 3 of this Amendment)

The purpose of the amendment of Exhibit D is to relocate the total Tradeshows and Conferences intended funds expenditure into the Advertising budget line.

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 Amendment. Should any inconsistency appear between the Attachments and this Amendment, the latter shall prevail.

- D. The parties agree to modify PRDOH's notice information on **Section VIII. NOTICES** as follows:

Luis C. Fernández Trinchet, Esq., CFA
Secretary
CDBG-DR Grantee: *Puerto Rico Department of Housing*
606 Barbosa Avenue
Juan C. Cordero Building
San Juan, PR 00918

- E. The parties agree to replace **Section IX. AMENDMENT AND TERMINATION, A. Amendments** as follows:

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.

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.

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F. The parties agree to replace **Section IX. AMENDMENT AND TERMINATION, B. Suspension or Termination, 1. Termination for Cause** as follows:

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, 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 DPR 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 DPR to the PRDOH that are incorrect or incomplete in any material respect.

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

G. The parties agree to replace **Section X. COMPLIANCE WITH FEDERAL STATUTES, REGULATIONS AND THE TERMS AND CONDITIONS OF THE FEDERAL AWARD AND ADDITIONAL PRDOH REQUIREMENTS, A. General Compliance** with the following:

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

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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 **Attachment 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.

H. The parties agree to replace **Section X. COMPLIANCE WITH FEDERAL STATUTES, REGULATIONS AND THE TERMS AND CONDITIONS OF THE FEDERAL AWARD AND ADDITIONAL PRDOH REQUIREMENTS, Y. Conduct, 1. Subcontracts** with the following:

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*

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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.*

- I. The parties agree to add a new subsection AA to **Section X. COMPLIANCE WITH FEDERAL STATUTES, REGULATIONS AND THE TERMS AND CONDITIONS OF THE FEDERAL AWARD AND ADDITIONAL PRDOH REQUIREMENTS** as follows:

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.

- J. The parties agree to add a new **Section XXX. CONSOLIDATIONS, MERGERS, OR DISSOLUTIONS** as follows:

XXX. 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.*

- K. The parties agree to add a new **Section XXXI. BANKRUPTCY** as follows:

XXXI. 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.

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V. SECTION HEADINGS AND SUBHEADINGS

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

VI. 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.

VII. GOVERNING LAW: JURISDICTION

The Agreement and 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 the Agreement and this Amendment in the Puerto Rico Court of First Instance, San Juan Part, notwithstanding jurisdiction may be averred in any U.S. District Court, including for diversity of citizenship.

VIII. 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 the Agreement and this Amendment 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 Amendment 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.

IX. GOVERNMENT CERTIFICATIONS

On March 12, 2020, the Governor of Puerto Rico declared an Island-wide state of emergency in response to the world pandemic of the virus Covid-19 through Executive Order OE-2020-20. On March 15th, the Governor established, through Executive Order OE-2020-23, a curfew and ordered social distancing for all citizens and the closure of all governmental operations, except those related to essential services until March 30, 2020.

On March 30, 2020, the Governor of Puerto Rico executed Executive Order OE-2020-029 with the purpose of extending the duration of an Island-wide lockdown established by Executive Order OE-2020-23 until April 12, 2020, among other measures. It is thus impossible for citizens, including the Subrecipient, to obtain certain government certifications.

However, the Subrecipient understands that in order to maintain a contractual relationship with the PRDOH, it must submit certain documents and certifications, including a debt certificate for all concept and a certification of filing income tax for movable objects from the Puerto Rico Municipal Tax Collection Center (CRIM, for its Spanish acronym).

Considering the extenuating circumstances through which Puerto Rico and the world is going through, PRDOH will execute this Amendment A to the Agreement conditioned to the submission of the aforementioned documents within **ten (10) days** of the government agencies returning to serve citizens.

X. SWORN STATEMENT PURSUANT TO ACT 2-2018

On March 27, 2020, the Puerto Rico Supreme Court issued Resolution EM-2020-06 in which it was established that notary publics in Puerto Rico may only issue legal documents in

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emergency or extreme necessity circumstances. Thus, it is impossible for Subrecipient to execute a sworn statement prior to the execution of this Amendment A.

Considering the extenuating circumstances through which Puerto Rico and the world is going through, PRDOH will execute this Amendment A to the Agreement conditioned to the submission of the sworn statement pursuant to Act No. 2 of January 2, 2018, as amended, known as the "Anti-Corruption Code for the New Puerto Rico" within **ten (10) days** of the Puerto Rico Supreme Court authorizes notarial services to resume normally.

IX. SUBROGATION

The Subrecipient acknowledges that funds provided through the Agreement and this Amendment are Federal funds administered by HUD under the CDBG-DR Program and that all funds provided by the Agreement and this Amendment 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 Amendment for any reason.

X. COMPTROLLER REGISTRY

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

XI. 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.


XII. COUNTERPARTS

This Amendment 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 Amendment is not executed by the PRDOH within thirty (30) days of execution by the other party, this Amendment shall be null and void.

XIII. SEVERABILITY

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

[Remainder of page left blank intentionally.]

Brad Dean


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

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

By: 
Name: Luis C. Fernández Trinchet, Esq, CFA
Title: Secretary

**CORPORACIÓN PARA LA PROMOCIÓN DE PUERTO RICO COMO DESTINO, INC., DBA
DISCOVER PUERTO RICO
CDBG-DR Subrecipient**

By: 
Name: Brad Dean
Title: Chief Executive Officer



EXHIBIT A

SCOPE OF WORK

TOURISM AND BUSINESS MARKETING PROGRAM

1. Program Overview/Background

Tourism is an important part of the economy of Puerto Rico and a vital component to its economic future. In 2016, Puerto Rico welcomed 3.7 million visitors, primarily from the United States. Despite annual fluctuations, the Island has generally enjoyed modest growth in inbound visitation with a combined annual growth rate. In fact, prior to Hurricanes Irma and María, tourism produced almost four billion dollars (\$4,000,000,000) per year in economic activity with a compound annual growth rate (**CAGR**) of 3.3% over the previous eight (8) years. This all changed after both Hurricanes.

The damage, destruction, and devastation caused by both Hurricanes, directly impacted leisure travel, business travel, tourism-oriented events, and promotions. Vacations, meetings, conferences, and events were cancelled. Professional planners shifted away from booking future meetings due to uncertainty about the likelihood (and pace) of recovery. Even after recovery efforts were underway, lingering questions about infrastructure (e.g. power grid, water quality) and workforce lingered, which has slowed the pace of economic recovery beyond what most destinations experience after a major natural disaster.

Independent previous research confirms this is still impacting tourism nearly two (2) years after Hurricanes Irma and María made landfall. Studies conducted by Mandala Research, confirmed that more than half of all travelers say the media coverage of Hurricane María has negatively impacted their impression of Puerto Rico as a travel destination. Of those who reported a negative impression in the most recent survey, 88% are concerned about electrical distribution, 85% are concerned about infrastructure, and 84% are concerned about the water supply.

With the funds provided under this Subrecipient Agreement, the Subrecipient will accelerate economic recovery of Puerto Rico's tourism industry by improving the perception of Puerto Rico's readiness among potential visitors.

This **Exhibit A**, Scope Work details the activities to be undertaken by the Subrecipient **Corporación para la Promoción de Puerto Rico como Destino, Inc.**, doing business as Discover Puerto Rico (DPR), which is Puerto Rico's official Destination Marketing Organization.

The focus of the Subrecipient is to undertake promotion activities outside the Island in order to attract visitors. The PRDOH designated eight million dollars (\$8,000,000) of the mentioned funds to the Subrecipient who will serve as administrator and servicer for the services herein described.

As part of the Economic Development Portfolio, this Subrecipient Agreement between the PRDOH and DPR authorizes this Subrecipient to expend eight million dollars (\$8,000,000) million in CDBG-DR funds for the Tourism & Business Marketing program.

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As the Subrecipient demonstrates a highly satisfactory performance, with the approval of PRDOH, it might submit a subsequent amendment for access to the balance of funds in the program budget.

2. National Objective

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 CFR § 570.208.

The Subrecipient certifies that the activities carried out under this Agreement shall meet the following national objective(s) and satisfy the following criteria:

- Urgent Need (UN).

3. Program Description

The increased revenue brought to local economies through tourism will fund jobs that stabilize households through primary, secondary and tertiary jobs created in communities across the Island.

The total allocation for the Tourism & Business Marketing Program is up to twenty five million dollars (\$25,000,000), subject to change with additional CDBG-DR Action Plan Amendments. In accordance with HUD rules as stipulated in 83 FR 40314 and 83 FR 4836, the Program will be implemented on a two-year timeline beginning from the first draw down of funds.

Through this Program, Puerto Rico will build full-scale tourism and business marketing campaigns to complement the need for local cultivation of small business growth, local employment opportunities with new businesses, and increased tourism.

3.1 Tourism Marketing


To stabilize the tourism industry and avoid projected (further) decline in economic activity, the Subrecipient proposes strategic, targeted marketing activities including an Economic Intervention Strategy to Revitalize Tourism.

This marketing strategy will enforce the established Key Performance Indicators (**KPI**) and will provide a necessary foundation for further economic recovery actions that can be initiated with CDBG-DR funds and measured throughout the marketing life cycle.

4. Tasks

The Subrecipient and the contracted professional service providers shall furnish this program production and grant compliance management services to successfully operate listed Marketing Activities.

The overall strategy is built upon the following opportunities where visitation can be increased, and economic progress can be accelerated in the life of the Program by investing in marketing and sales actions that will yield positive results (in alignment with the established KPIs) within the approved SRA term by the Subrecipient.


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- Use targeted advertising (primarily digital and broadcast, with other types of advertising to supplement this effort) to reach key audience segments that bear a higher likelihood of travel to Puerto Rico in the short-term, based upon previous research made by the Subrecipient. Markets with non-stop air service will be a priority. This will include specific previous research-based search engine promotion (e.g. purchasing highly-convertible search activity on OTA websites, Google, Bing, Yahoo, etc.), video advertising (e.g. video ad on highly-viewed travel sites), paid space ads (e.g. prominently-displayed creative content targeting online users with a high likelihood of visitation) and search engine optimization (e.g. optimizing the Subrecipient website for key searches such as "beach vacations" or "cultural experiences").
- Use broadcast advertising and earned media/influencer coverage to attract new visitors and untapped consumer segments in markets with growth opportunity. Markets with non-stop air service will be a priority. This will include tv commercials promoting Puerto Rico run on national cable television programming, digital broadcast (e.g. Netflix) and spot buys reaching key audience segments on highly-viewed programming.
- Select high-potential planners with average or better likelihood of booking an event in Puerto Rico and target them with sales efforts and social media promotion. This will encompass tactics designed to book meeting, convention and event business to Puerto Rico. It includes sales missions to key markets of origin (e.g. Chicago), familiarization tours (hosting meeting planners in Puerto Rico to tour facilities and see first-hand the progress that is underway), planner/travel agent educational programs and promoting at highly-qualified trade shows where planners conduct business.
- Utilize industry promotional events, high-impact promotional activities, lead generation services, sales missions and familiarization tours to create multiple sources of new leads that carry a high likelihood of booking an event in Puerto Rico. This includes specific public-private promotional partnerships with airlines, cruise lines and other entities directly involved in the visitor economy.
- Enhance the destination brand and grow likelihood of visitation through branded advertising, out-of-home promotion and earned media/influence coverage. This includes tactics designed to generate earned media (e.g. articles in travel magazines), social influencer coverage (e.g. posts by travel influencers with huge followings on Twitter, Facebook, Instagram) and out-of-home promotion (e.g. sponsored segment on live TV programming such as the Today Show).

To achieve the above, Discover Puerto Rico shall execute the following but not limited marketing activities:

Awareness and brand health

Design, place, monitor, and manage digital advertisements designed to update perceptions, improve awareness, and boost brand health of the destination. These advertisements will include optimized search advertising, paid search advertising, digital display ads, digital video advertising, and other digital advertising methods, as appropriate.

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Broadcasts Advertisements

Design, place, monitor, and manage broadcast advertisements designed to update perceptions, improve awareness, and boost brand health of the destination. These advertisements will include legacy television and/or OTT television.

Digital Advertisements

Design, place, monitor, and manage digital advertisements designed to update perceptions of professional meeting planners and build interest in Puerto Rico as a meeting and convention destination.

Earned Media Coverage

Boost awareness, likelihood of visitation, and earned media coverage through out-of-home promotion that is designed to reach key audience segments.

For more information please see the attachment labeled Tourism and Business Marketing CDBG-DR Budget.

5. Time Performance

The Subrecipient will administer this program within the Term agreed upon in this SRA.

6. Budget

\$8,000,000


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EXHIBIT B

TIMELINES AND PERFORMANCE GOALS

TOURISM AND BUSINESS MARKETING PROGRAM

Dates	Description
Months 1 to 3	<p>Mobilization</p> <p>DPR presents procurement needs to PRDOH. Train DPR staff with PRDOH Standard Operating Procedures for the Subrecipient monthly reports, CDBG-DR compliance, financial management, and invoicing.</p>
Month 1 to 8	<p>Launch</p> <p>PRDOH reviews and approves marketing activities strategy, procurement needs, and document templates developed by the DPR.</p>
Month 9-15	<p>Program Implementation</p> <p>\$8 million grant spending according to the approved marketing strategy and procurement process. DPR will follow PRDOH's requirements, for conducting periodic compliance monitoring. The quarterly marketing activities execution is estimated as follow:</p> <p>Quarter 3 2020 Media Advertising = 30% of the direct cost investment</p> <p>Quarter 4 2020 Media Advertising = 60% of the direct cost investment</p> <p>Quarter 1 2021 (January 2021) Media Advertising = 10% of the direct cost investment</p>
Last month	<p>Closeout</p> <p>DPR follows PRDOH CDBG-DR project file and Program closeout procedures, including reconciliation of account balances in DRGR.</p>

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EXHIBIT D – SECTION 1

BUDGET

TOURISM AND BUSINESS MARKETING PROGRAM

DESCRIPTION SERVICES

As stated on the CDBG-DR Action Plan, PRDOH allocated up to \$25 million for the Tourism and Business Marketing Program, serving as a basis for the execution of a detailed Subrecipient Agreement that complies with 2 C.F.R. part 200, related CDBG-DR regulation and applicable Puerto Rico and federal law and regulations.

In Federal Register Vol. 83, No. 28 (August 14, 2018), 83 FR 40314, the United States Department of Housing and Urban Development (HUD) granted the Government of Puerto Rico a waiver permitting the use of \$15,000,000 from the first allocation for tourism and business marketing activities to promote travel and to attract new businesses to disaster-impacted areas.¹

As a method of distribution, PRDOH assigns **\$8,000,000** to the **Corporación para la Promoción de Puerto Rico como Destino, Inc.**, which does business as Discover Puerto Rico (DPR). According to the CDBG-DR Action Plan, the Program aligns with the ECN 11 course of action from the Puerto Rico Recovery Plan.

With the funds provided, Puerto Rico will accelerate economic recovery of the Island's tourism industry by improving the perception of Puerto Rico's readiness among potential visitors.

Discover Puerto Rico has voluntarily decided not to submit charges for staff worked hours in performing the direct activities (marketing) for the Program. Instead, DPR will use the funds to invest in expanding its promotion scope and in strengthening the strategies of its marketing plan.

Please find below the Budget summary distribution as described in Exhibit D: Section 2.

Bral Dean

¹ <https://www.federalregister.gov/documents/2019/02/19/2019-02695/waivers-alternative-requirements-and-extensions-for-community-development-block-grant-disaster>

EXHIBIT D - SECTION 2 - BUDGET

Grant:	CDBG-DR - Tranche 1		
Contractor:	The Corporation for the Promotion of Puerto Rico as a Destination Inc., dba Discover Puerto Rico		
Program:	Tourism and Business Marketing		
DRGR Activity Code:	R01E19TBM-EDC		

Cost Type	Chart of Accounts Code	Activity Description	CONTRACT Budget
ADMINISTRATION			\$ -
TOTAL COSTS			\$ -
SALES PROGRAM			\$ -
TOTAL COSTS			\$ -
PROJECT			\$ 8,000,000.00
		Management of media advertising strategies such as digital advertising and traditional advertising, as a result of a procurement process.	\$7,840,000
TOTAL COSTS			\$ 7,840,000.00
PROJECT ACTIVITY DELIVERY COSTS			
		2% of total budget for the program activity delivery costs and related PRDOH expenditures.	\$ 160,000.00
TOTAL COSTS			\$ 160,000.00
GRAND TOTAL			\$ 8,000,000.00



Brad Dean