

AGREEMENT FOR PROFESSIONAL SERVICES

APPEAR

AS PARTY OF THE FIRST PART: The **GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO**, a public corporation of the Commonwealth of Puerto Rico, created by Act No. 17, enacted on September 23, 1948, as amended ("Act 17"), herein represented by its President Melba Acosta Febo, of legal age and resident of San Juan, Puerto Rico, hereinafter referred to as the "BANK".

AS PARTY OF THE SECOND PART: **V2A, LLC**, a limited liability company organized under the laws of the Commonwealth of Puerto Rico, with principal offices in San Juan, Puerto Rico, represented herein by its Director, Mr. René Yamín, of legal age, married and a resident of San Juan, Puerto Rico, hereinafter referred to as the "CONSULTANT".

WITNESSETH

WHEREAS, pursuant to Executive Order 2015-022 Governor Alejandro García Padilla created the Working Group for the Fiscal and Economic Recovery of Puerto Rico ("Working Group"), and granted the Government Development Bank for Puerto Rico the authority to contract on the Working Group's behalf any and all technical and consulting services to assist the Working Group in developing, composing and drafting a Fiscal and Economic Adjustment Plan for Puerto Rico;

WHEREAS, the BANK, by virtue of the powers conferred to it under Act 17, has the authority to engage professional, technical and consulting services that are necessary and convenient to the activities, programs, and operations of the BANK.

NOW, THEREFORE, the BANK and the CONSULTANT agree to enter into this Agreement under the following:

TERMS AND CONDITIONS

FIRST: The BANK engages the CONSULTANT to provide professional services to support the Working Group for the Fiscal and Economic Recovery of Puerto Rico and the BANK in the development of a draft fiscal adjustment and economic growth plan, as set forth in the Proposal dated July 9, 2015 (the "Proposal"), and the CONSULTANT agrees to provide these services. Copy of the Proposal is attached hereto and made a part hereof as **Appendix A**. If any part of **Appendix A** is found to contradict or be inconsistent with any provision of the Terms and Conditions set forth herein, such Terms and Conditions shall take precedence over **Appendix A** and govern the matter in question.

SECOND: This Agreement shall be in effect from the date of its execution until **October 13, 2015**, provided that the expiration date may be extended by amendment executed in writing by both parties.

Notwithstanding any provision to the contrary in this Agreement, the BANK shall have the right to terminate this Agreement by providing the CONSULTANT thirty (30) days' notice by registered mail, return receipt requested, or overnight express mail. If notice is given, this Agreement shall terminate upon the expiration of thirty (30) days and the BANK shall be obligated to pay all fees and expenses incurred up to the day of effective termination, in accordance with the terms of this Agreement.

In the event that the day of effective termination falls on a date other than the end of a monthly billing cycle under this Agreement, the fees payable to the CONSULTANT shall be prorated to cover such portion of the last monthly billing cycle as shall have transpired through the day of effective termination. The parties hereby understand and agree, however, that under no circumstances shall fees be paid to CONSULTANT in excess of the maximum amount payable as set forth below in clause THIRD.

The rights, duties and responsibilities of the BANK and the CONSULTANT shall continue in full force and effect during the applicable notice period. The CONSULTANT shall have no further right to compensation except for what has been accrued for services rendered under this Agreement until said date of effective termination.

THIRD: As compensation for services rendered under the terms of this Agreement, the BANK will pay the CONSULTANT a fixed, monthly fee of **ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000.00)** per month. Additionally, the BANK will also pay up to **NINETEEN THOUSAND FIVE HUNDRED DOLLARS (\$19,500.00)** of reimbursable expenses, as permitted in this Agreement. Payment of fixed monthly fees and expenses shall be made by the BANK within forty five (45) days of receipt of the corresponding invoice. The maximum total amount payable by the BANK for services rendered under this Agreement shall not exceed **FOUR HUNDRED NINE THOUSAND FIVE HUNDRED DOLLARS (\$409,500.00)**, including **NINETEEN THOUSAND FIVE HUNDRED DOLLARS (\$19,500.00)** for reimbursable

expenses. If the BANK requires additional services beyond the scope of work of this Agreement or additional work is required to complete the services that are part of the scope of work, the CONSULTANT and the BANK will agree additional compensation and/or time for these services. In such event, the Agreement shall be amended to reflect these changes.

FOURTH: The CONSULTANT's area of expertise is in project management matters. The CONSULTANT's personnel will be assigned as needed to complete the tasks in an efficient manner, taking into consideration that the BANK has an urgent need to complete the services to be rendered hereunder. The BANK will be responsible for obtaining its own professional advice on legal, accounting, taxation, and other specialist matters outside the CONSULTANT's area of expertise. To the extent such specialist advisors are retained in connection with this Agreement or matters arising in connection with the services provided pursuant to this Agreement, either by the BANK or by the CONSULTANT at the BANK's instruction and written consent, the cost of such specialist advice will be reimbursable by the BANK to the CONSULTANT and it shall require the prior acknowledgment and execution by the parties of an Addendum to this Agreement. The CONSULTANT shall not subcontract the services under this Agreement, or contract third-party experts or other persons to render the services under this Agreement, without prior written authorization from the BANK. A request to hire a subcontractor shall specify the issues in which the subcontractor would take part. The professional fees earned by these persons will be deducted from the total maximum amount that the CONSULTANT can receive under the terms of this

Agreement. The confidentiality covenants set forth in the TENTH Clause of this Agreement and the other requirements established in the TWENTY-THIRD Clause of this Agreement shall apply to these persons.

FIFTH: [THIS SPACE WAS INTENTIONALLY LEFT BLANK]

SIXTH: The BANK will reimburse the CONSULTANT for expenses directly related to the services rendered under this Agreement and not considered part of the usual overhead of a professional office, for items such as travel and lodging, long distance telephone calls, fax and other telecommunication charges, filing fees, taxi fares, printing, delivery expenses, including services such as overnight mail, courier and messenger charges.

Any expense for which a reimbursement is requested, shall be reasonable and necessary, and any extraordinary expenses shall be authorized in writing and in advance by the BANK. The BANK will not reimburse expenses which do not comply with this provision. Under no circumstances will expenses for alcoholic beverages be reimbursed.

Any petition for reimbursement of expenses must be accompanied by the corresponding invoice and receipt and shall specify the relation of the expense to the services rendered. All reimbursements shall be for actual expenses incurred and shall be billed at cost. The total amount invoiced as expenses during the term of this Agreement shall not exceed **NINETEEN THOUSAND FIVE HUNDRED DOLLARS (\$19,500.00)** as established in the THIRD Clause.

When traveling outside of Puerto Rico is required to provide services under this Agreement, only Mr. René Yamín and/or Mr. Roberto Jiménez and/or Mr. José Arroyo shall be authorized to travel, unless otherwise authorized by the President of the BANK or an authorized representative responsible for the management of this Agreement. In order for the BANK to reimburse travel and lodging costs, they shall be authorized in writing and in advance by the BANK. The BANK will notify the CONSULTANT the daily meals and lodging allowances applicable to the place of travel, which shall be those published by the U.S. General Services Administration and the Defense Travel Management Office of the Department of Defense. Reimbursement for air travel expenses is restricted to the lowest economy class or coach fares available to the place of travel. In the event a scheduled trip is cancelled for reasons not attributable to the CONSULTANT, the BANK will assume the cost of any penalty. The BANK shall not pay for travel time, except if specific services are rendered during travel time. Payment for travel time shall be made only if the invoice details the services rendered and the time billed on each matter, as required in this Agreement.

SEVENTH: The CONSULTANT will submit monthly invoices to the BANK, within thirty (30) days of the end of the monthly billing cycle during which the invoiced services were performed. Each invoice shall include a detailed, itemized description of the services rendered and must be duly certified by the CONSULTANT as provided below. All invoices for expenses must also be duly certified by the CONSULTANT and must be accompanied by copies of the receipts for expenses for which the

CONSULTANT seeks reimbursement, as required under the SIXTH Clause of this Agreement. If such required receipts are not provided with the invoice, the BANK shall not honor the amounts presented and shall not pay the same.

The BANK will not honor invoices submitted after one hundred twenty (120) days of services having been rendered. The CONSULTANT accepts and agrees to this requirement, and understands that if it does not comply accordingly, it waives its right to payment for services rendered.

The BANK reserves the right to review the invoices and if they are in compliance with the requirements set forth in this Agreement, it will proceed with payment.

Invoices must also include a written certification stating that no officer or employee of the BANK, its subsidiaries or affiliates, will derive or obtain any benefit or profit of any kind from this Agreement, with the acknowledgment that invoices which do not include this certification will not be paid. This certification must read as follows:

"We certify under penalty of nullity that no public servant of the Government Development Bank for Puerto Rico, its subsidiaries or affiliates, will derive or obtain any benefit or profit of any kind from the contractual relationship which is the basis of this invoice. If such benefit or profit exists, the required waiver has been obtained prior to entering into the Agreement. The only consideration to be received in exchange for the delivery of goods or for services provided is the agreed-upon price that has been negotiated with an authorized representative of the Bank. The total amount shown on this invoice is true and correct. The services have been rendered, and no payment has been received."

All invoices shall be signed and mailed or physically delivered to the attention of:

POSTAL ADDRESS

Government Development Bank
PREINTERVENTION
PO Box 42001
San Juan, PR 00940-2001

PHYSICAL ADDRESS

Government Development Bank
PREINTERVENTION
De Diego Avenue No. 100
Roberto Sánchez Vilella Government Center
Central Building Floor P
Santurce, PR 00907-2345

The CONSULTANT agrees to submit checking account transfer data to the BANK in order to facilitate future payments by means of electronic transfers.

EIGHTH: The BANK certifies that all disbursements to the CONSULTANT under this Agreement shall be made within forty five (45) days of receipt of the corresponding invoice - provided that such invoice, and any request for reimbursement of expenses, is detailed and submitted as specified above in clause SEVENTH - and drawn from operating bank accounts opened at the BANK for such purpose.

NINTH: The BANK will provide, or will cause others to provide, all relevant information, documentation and data reasonably necessary to enable the CONSULTANT to fulfill its obligations under this Agreement. If the BANK does not provide, or does not cause to be provided, the required information, documentation and data, the CONSULTANT shall send a notice in writing to the BANK explaining the situation in order to give the BANK the opportunity to correct it.

TENTH: The CONSULTANT acknowledges the proprietary and confidential nature of all internal, non-public, information systems, and financial and business information relating to the BANK, its subsidiary corporations and affiliates, as well

as to the Commonwealth of Puerto Rico, its agencies, corporations or municipalities now or hereafter provided to the CONSULTANT in connection with the CONSULTANT's engagement by the BANK under this Agreement.

The BANK will furnish or arrange to have furnished to the CONSULTANT such information, documentation and data as the CONSULTANT believes appropriate in connection with the services being rendered under this Agreement (all such information, documentation and data so furnished being the "Materials"). The BANK (a) recognizes and acknowledges that the CONSULTANT:

- (i) will rely on the Materials and other publicly available information in fulfilling the terms of its engagement under this Agreement without any obligation to independently verify the same,
- (ii) does not assume responsibility for the accuracy or completeness of the Materials or such other information,
- (iii) has no obligation to undertake an independent evaluation or appraisal of any assets or liabilities of the BANK or any other person,
- (iv) has no obligation to investigate the accuracy or completeness of the Materials, and
- (v) with respect to any financial forecasts (including costs, savings and synergies) that may be furnished to or discussed with the CONSULTANT by the BANK or its agents, will assume that they have been reasonably prepared and reflect the best then-currently available estimates and judgment of the BANK,

and (b) consents to each of the items specified in clause (a) of this sentence. The Materials will not be audited by the CONSULTANT and, accordingly, the CONSULTANT will express no opinion thereon. The BANK further agrees to notify the CONSULTANT promptly of any material change in any Materials provided by the BANK.

The BANK represents that it will make its reasonable best efforts to ensure that the Materials and any other information or documents furnished by or on behalf of the BANK to the CONSULTANT or third parties will be true, complete and correct in all material respects.

Materials shall not be considered confidential to the extent that:

(a) they are or become publicly available through a source other than the CONSULTANT;

(b) they were known to the CONSULTANT (other than in connection with the performance of its duties under this Agreement) at the time such Materials were furnished to the CONSULTANT;

(c) they are independently developed by the CONSULTANT without reference to other Materials;

(d) they are subsequently learned from a third party that does not impose an obligation of confidentiality upon the CONSULTANT;

(e) they are required to be disclosed pursuant to applicable professional standards or law or regulation, government authority, duly authorized subpoena or court order or directive, but only to the extent the BANK, wherever practicable and

permissible, has been informed and has had an opportunity to dispute such requirement; or

(f) they are approved for disclosure by prior consent of the BANK.

The obligations of the CONSULTANT under the immediately preceding two sentences shall terminate upon the second anniversary following the earlier of (i) the completion of the work contemplated under this Agreement, or (ii) the termination of this Agreement; provided that such obligations shall remain in effect for as long as the BANK shall be required to treat any such Materials as confidential, pursuant to its enabling act, and/or any other applicable law.

The CONSULTANT shall not make public or disclose, nor copy, reproduce or distribute at any time the Materials to third parties without the BANK's previous written consent.

The CONSULTANT may divulge such Materials only to the persons who need to know the information contained therein to fulfill the purposes of this Agreement provided that such persons (i) shall have been advised of the confidential nature of such information and the CONSULTANT shall direct them, and they shall agree, to treat as confidential such information and to return all materials to the CONSULTANT upon request; and (ii) in each case, such person is bound by obligations of confidentiality and non-use consistent with and at least as stringent as those set forth in this Agreement. In any event, the CONSULTANT shall be fully liable, in law and in equity, for any breach by any such persons of the confidentiality obligations contained herein.

In the event that the CONSULTANT or any of its employees, agents or subcontractors are requested pursuant to, or required by, applicable law or regulation or by legal process to disclose any information contained in the Materials, the CONSULTANT agrees to provide to the BANK with prompt notice of such request(s) or requirement(s) to enable the BANK to, at its sole expense, seek an appropriate protective order, waive compliance with the provisions of this Agreement or take other appropriate action. The CONSULTANT agrees to use its reasonable efforts to assist the BANK in obtaining such a protective order, at the BANK's sole expense. If, in the absence of a protective order or the receipt of a waiver hereunder, the CONSULTANT or any of its employees, agents or subcontractors is nonetheless, in the written opinion of counsel for the CONSULTANT, compelled to disclose the Materials, the CONSULTANT or such employees, agents or subcontractors, after written notice to the BANK, to the extent not prohibited by applicable law, regulation or legal process, may disclose only such Materials that the CONSULTANT or its employees, agents or subcontractors are compelled to disclose.

In connection with the services provided under this Agreement, the CONSULTANT will furnish the BANK with any reports, analyses or other such materials as the BANK may request, which shall at all times be the property of the BANK. The parties acknowledge that the CONSULTANT may develop for itself, or for others, problem solving approaches, frameworks or other tools and processes

developed for the services provided hereunder, and such approaches, frameworks, tools and/or processes shall be held in strict confidence by the CONSULTANT.

The CONSULTANT will promptly, upon the written request of the BANK, deliver to the BANK the materials, and all work-product, working papers, reports, analyses and all documents related to the work conducted hereunder and shall retain a copy thereof, provided that any such copy and/or information retained by the CONSULTANT will be subject to the confidentiality provisions and non-disclosure covenants set forth in this clause TENTH. The CONSULTANT shall not invoice the time spent to gather and deliver such information, as it is understood that this is an administrative obligation complementary to the services rendered hereunder.

This provision shall survive the termination or expiration of this Agreement.

ELEVENTH: The BANK and the CONSULTANT agree that the CONSULTANT's status hereunder, and the status of any agents, employees and subcontractors engaged by the CONSULTANT, shall be that of an independent contractor only and not that of an employee or agent of the BANK. The CONSULTANT shall not have any power or right to enter into agreements on behalf of the BANK.

TWELFTH: The CONSULTANT acknowledges that in executing its professional services pursuant to this Agreement it has the obligation to exhibit complete loyalty towards the BANK, including having no adverse interest to this government entity. Adverse interest includes representing clients who have or may have an interest contrary to the BANK's in the subject matter of this Agreement. This

duty includes the continued obligation to disclose to the BANK all circumstances of its relationships with clients and third persons, and any interest that could influence the BANK when executing the Agreement or while it is in effect.

The CONSULTANT represents conflicting interests when, on behalf of one client it must support that which it is its duty to oppose to comply with its obligations with another previous, present or potential client. Also, it represents conflicting interests when its conduct is described as such in the standards of ethics applicable to its profession or industry, or in Puerto Rico's laws and regulations. The conduct herein described by one of its directors, partners or employees shall constitute a violation of this prohibition. The CONSULTANT shall avoid even the appearance of the existence of conflicting interests.

The CONSULTANT acknowledges the power of the President of the BANK to oversee the enforcement of the prohibitions herein established. If the President of the BANK determines the existence or the emergence of adverse interests with the CONSULTANT, she shall inform such findings in writing and her intentions to terminate this Agreement within a thirty (30) day term. Within such term, the CONSULTANT can request a meeting with the President of the BANK to present its arguments regarding the alleged conflict of interest, which shall be granted at the President's sole discretion. If such meeting is not requested within the specified term, or if the controversy is not settled satisfactorily during the meeting, this Agreement shall be rescinded at the end of said thirty (30) day period; provided, however, that, at the BANK's discretion, the President may grant the CONSULTANT

fifteen (15) days from the day of such meeting to correct the alleged conflict of interest; provided, further, that if the alleged conflict of interest has not been cured by the end of the fifteen (15) day term, this Agreement shall terminate immediately upon the completion of such term.

THIRTEENTH: The CONSULTANT certifies that at the time of the execution of this Agreement, it does not have nor does it represent anyone who has interests that are in conflict with the BANK's interests in the subject matter of this Agreement. If such conflicting interests arise after the execution of this Agreement, the CONSULTANT shall notify the BANK immediately.

FOURTEENTH: The CONSULTANT certifies that at the time of execution of this Agreement it has no contracts with agencies, public corporations, municipalities, or instrumentalities of the Commonwealth of Puerto Rico, other than a contract for services with each of the Puerto Rico Aqueduct and Sewer Authority and the Puerto Rico Economic Development Bank.

FIFTEENTH: The CONSULTANT represents and certifies that it maintains sufficient professional liability insurance to provide for any liability that may arise from the services rendered under this Agreement. Prior to receiving the first payment for services rendered under this Agreement, the CONSULTANT agrees to submit to the BANK a certification from the CONSULTANT's insurance company to this effect and in the minimum amount of ONE MILLION Dollars (\$1,000,000.00).

The CONSULTANT also represents that it maintains Commercial General Liability insurance in the minimum amount of ONE MILLION Dollars

(\$1,000,000.00). The CONSULTANT agrees to submit to the BANK appropriate certification or proof of insurance from its insurance company prior to issuing the first payment for services rendered. The certification provided must identify the BANK as Additional Insured, provide Hold Harmless Agreement Clause and include the following cancellation notice:

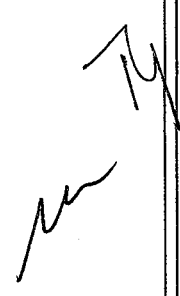
*CANCELLATION CLAUSE: It is understood and agreed that in the event of cancellation of this policy at the request of the insurance company, sixty (60) days written notice shall be given to the above mentioned additional insured, **GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO**. However, it is agreed that if cancellation is due to non-payment of premium, ten (10) days written notice will be given.*

SIXTEENTH: The BANK shall indemnify and hold harmless the CONSULTANT and its present and former partners, principals and employees for any liability, damages, fees, expenses and costs (including defense costs) associated with any third-party claim arising from or relating to (i) misrepresentations made by the BANK or any of its personnel or agents, or (ii) false or incomplete information provided to the CONSULTANT in connection with the services required to be performed under this Agreement. The provisions of this paragraph shall apply regardless of the nature of any claim asserted (including but not limited to contract, statute, tort, strict liability or any form of negligence, whether of the BANK, the CONSULTANT, or others, except for the CONSULTANT's gross negligence or willful misconduct (as determined to be contrary to any applicable law by a court of competent jurisdiction)). Such terms shall also continue to apply after any termination of this Agreement and during any dispute between the parties related to this Agreement. As further consideration for the services

provided, the BANK agrees to the provisions of **Appendix B**, which are incorporated herein in full and made to form an integral part hereof.

SEVENTEENTH: The CONSULTANT shall save and hold harmless the BANK, its respective officers, agents and employees from any and all claims, demands, actions or liability of any nature to the extent such claims, demands, actions or liability are caused by the CONSULTANT's failure to perform under this Agreement, or the gross negligence or willful misconduct of the CONSULTANT, its partners, principals or employees in the performance of this Agreement.

EIGHTEENTH: The CONSULTANT's material failure to comply with its duties and responsibilities and to perform the services as set forth herein, or its negligence or unlawful behavior in the performance of this Agreement, shall constitute a breach of the Agreement by the CONSULTANT that shall entitle the BANK to terminate this Agreement forthwith and shall, without limitations as to any other rights, release and discharge the BANK from any further obligations and liabilities hereunder, and without having to comply with the notice requirements set forth in the SECOND Clause of this Agreement.




NINETEENTH: The CONSULTANT certifies and guarantees that at the execution of this Agreement, neither the CONSULTANT, nor any of its shareholders, partners, associates, officers, directors, employees or agents have been convicted, and that it has no knowledge of any of the foregoing being the subject of any investigation in either a civil or a criminal procedure in a state or federal court for criminal or civil charges related to the public treasury, the public trust, a public

function, or a fault that involves public funds or property. It is expressly acknowledged that this certification is an essential condition of this Agreement. If the certification is not correct in its entirety or in any of its parts, it shall constitute sufficient cause for the BANK to terminate this Agreement immediately, without prior notice, and the CONSULTANT will have to reimburse the BANK any amount of money received under this Agreement.

If the status of the CONSULTANT or any of its shareholders, partners, associates, officers, directors, employees or agents, with regards to the charges previously mentioned should change at any time during the term of the Agreement, the CONSULTANT shall notify the BANK immediately. The failure to comply with this responsibility constitutes a violation of this Clause, and shall result in the remedies mentioned previously.

TWENTIETH: The CONSULTANT certifies that it has received a copy of and agrees to comply with Act No. 84-2002, as amended, which establishes the Code of Ethics for Contractors, Suppliers and Applicants for Economic Incentives of the Executive Agencies of the Government of the Commonwealth of Puerto Rico and Puerto Rico Government Ethics Law of 2011, Act No. 1-2012, as amended.

 The CONSULTANT also certifies and warrants that it is in compliance with Act No. 168-2000, as amended, known as "Act for the Improvement of Family Assistance and for the Support of the Elderly." In the event the CONSULTANT is under a court or administrative order directing it to provide financial support or to fulfill any obligation under the mentioned Act, the CONSULTANT further certifies

and warrants that it is in compliance with said obligations. It is expressly acknowledged that this certification is an essential condition of this Agreement. If the certification is not correct in its entirety or in any of its parts, it shall constitute sufficient cause for the BANK to terminate the Agreement immediately, without prior notice to the CONSULTANT.

TWENTY-FIRST: Both parties hereby declare that, to the best of their knowledge, no public officer or employee of the Commonwealth of Puerto Rico, or any of its agencies, instrumentalities, public corporations or municipalities or employee of the Legislative or Judicial branches of the Government has any direct or indirect interest in the present Agreement.

TWENTY-SECOND: The CONSULTANT certifies that he does not receive salary or any kind of compensation for the delivery of regular services by appointment in any agency, instrumentality, public corporation, or municipality of the Commonwealth of Puerto Rico.

TWENTY-THIRD: The CONSULTANT represents that at the execution of this Agreement it has submitted income tax returns in Puerto Rico during the past five (5) years. The CONSULTANT also represents that it does not have outstanding debts regarding its payment of income taxes, real or chattel property taxes, unemployment insurance premiums, workers' compensation payments or Social Security for chauffeurs in Puerto Rico and the Administration for the Sustenance of Minors (known by its Spanish acronym, and hereinafter referred to as, ASUME).

For the purposes of this Agreement, tax debt shall mean any debt that the CONSULTANT, or other parties which the BANK authorizes the CONSULTANT to subcontract, may have with the Commonwealth of Puerto Rico for income taxes, real or chattel property taxes, including any special taxes levied, license rights, tax withholdings for payment of salaries and professional services, taxes for payment of interest, dividends and income to individuals, corporations and non-resident accounting firms, for payment of interests, dividends and other earnings shares to residents, unemployment insurance premiums, workers' compensation payments, Social Security for chauffeurs and ASUME.

The CONSULTANT shall present to the BANK the certifications issued by the Department of the Treasury, the Department of Labor and Human Resources, the Municipal Tax Collection Center (known by its Spanish acronym, *CRIM*), and ASUME, stating that it has no outstanding debts. In addition, the CONSULTANT shall present to the BANK a certificate of incorporation and a Good Standing certificate issued by the Department of State of Puerto Rico as proof that it is duly authorized to do business in Puerto Rico and has complied with its annual corporation report filing obligations.

It is expressly acknowledged that the representations provided by the CONSULTANT in this Clause are essential conditions of this Agreement, and if these representations are incorrect, the BANK shall have just cause for its immediate termination, and the CONSULTANT will have to reimburse the BANK any sums of money received under this Agreement.

The CONSULTANT shall also be responsible for providing the BANK with the certifications required under this Clause from any professional or technical consultant subcontracted by the CONSULTANT and authorized by the BANK. Any person engaged by the CONSULTANT in accordance with the conditions herein established, who dedicates twenty five percent (25%) or more of his or her time to provide advisory services related to the Agreement shall be considered subcontractors for the purposes of this Clause. Notwithstanding anything herein to the contrary, the CONSULTANT shall have the right to rely conclusively on the aforementioned certifications from government agencies in making the representations in this Clause.

TWENTY-FOURTH: The execution of this Agreement shall not generate any rights for the CONSULTANT, its partners, employees, officers, directors, agents, successors or assignees, to which the officers or employees of the BANK or the Commonwealth of Puerto Rico or of any agency, instrumentality or municipality may be entitled as officers or employees of the BANK and the Commonwealth of Puerto Rico pursuant to law or regulation including, but not limited to, vacation and sick leave, workmen's compensation, or any other such benefits.

The CONSULTANT is an independent contractor and as such shall be responsible for the payment of all of its income taxes, their subcontractors, and its individual and employers' withholdings under the applicable tax laws of Puerto Rico or the U.S. Internal Revenue Code. No withholdings or deductions shall be made from payments to the CONSULTANT for services rendered, except those required by Act

No. 48-2013, as amended, and as applicable, those required in accordance with the Puerto Rico Internal Revenue Code and its regulations. The BANK shall forward any such withholdings or deductions to the Secretary of the Treasury of Puerto Rico. The BANK also will notify the Secretary of the Treasury of all payments and reimbursements made to the CONSULTANT.

TWENTY-FIFTH: The CONSULTANT will not receive any payment for the services rendered under the terms of this Agreement until the Agreement has been registered by the BANK at the Office of the Comptroller of Puerto Rico as established in Act Number 18 of October 30, 1975, as amended.

TWENTY-SIXTH: This Agreement and any dispute relating to the services will be governed by and construed, interpreted and enforced in accordance with the laws of the Commonwealth of Puerto Rico.

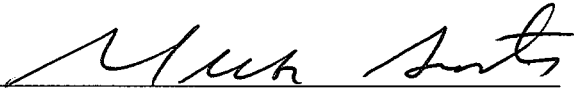
TWENTY-SEVENTH: The CONSULTANT certifies it is not required to obtain a dispensation in compliance with the applicable laws and regulations of the Commonwealth of Puerto Rico prior to or in connection with the execution of this Agreement.

TWENTY-EIGHTH: This Agreement may not be assigned by the CONSULTANT, except with the written consent of the BANK. Any attempted assignment in violation of the provisions hereof shall be void and of no effect. Both parties agree that the proven illegality of any of its provisions shall not invalidate the Agreement as a whole.

TWENTY-NINTH: It is understood that this Agreement is the sole agreement between the parties with regard to the services covered hereby and supersedes any prior agreements, written or verbal. The Agreement may not be changed orally, but may be amended in writing by mutual agreement of the parties.

IN WITNESS WHEREOF, the parties hereto set their hands in San Juan, Puerto Rico, on this 16th day of July, 2015.

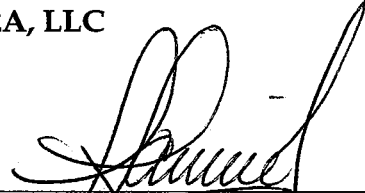
**GOVERNMENT DEVELOPMENT
BANK FOR PUERTO RICO**



Melba Acosta Febo
President
Tax Id. Number:

Government Development Bank for
Puerto Rico
Roberto Sánchez Vilella Government
Center
De Diego Ave., Stop 22
Santurce, P.R. 00907

V2A, LLC



René Yamin
Director
Tax Id. Number:

District View Plaza, Suite 400
644 Fernández Juncos Avenue
Email: reneyamin@v-2-a.com
Tel. (787) 919-7303



CONFIDENTIAL

Supporting “Grupo de
Trabajo para la
Recuperación Fiscal y
Económica de Puerto
Rico” and the GDB in the
development of a Draft
Fiscal Adjustment and
Economic Growth Plan

Letter of Proposal
San Juan, July 9th, 2015

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July 9th, 2015

To: Lcda. Melba Acosta – President, *Government Development Bank*

Supporting “Grupo de Trabajo para la Recuperación Fiscal y Económica de Puerto Rico” and the GDB in the development of a Draft Fiscal Adjustment and Economic Growth Plan (“PM Support”)

As requested, we are pleased to submit our proposal *“Supporting “Grupo de Trabajo para la Recuperación Fiscal y Económica de Puerto Rico” and the GDB in the development of a Draft Fiscal Adjustment and Economic Growth”*. We appreciate the opportunity to offer our services in support of what we consider to be a critical and historic moment for Puerto Rico.

We are deeply committed to the success of our clients, and adhere to the following guiding principles through our work:

- 
- **Focus on impact.** We help clients achieve tangible short- and long-term impact.
 - **Focus on strategy.** Our approach takes into account the strategic value of each element of the engagement, seeking to provide strategic insight in all aspects.
 - **Know the culture.** We are keenly aware of cultural strengths and challenges and are thus able to adjust our recommendations to accomplish great results.

- **Remain independent.** We think independently and offer our vision without any particular agenda or bias.
- **Be practical.** The solutions offered are pragmatic and applicable from “day 1”, and we try to leverage our clients’ existing resources to minimize unnecessary or excessive investments.

This memo is structured in three chapters:

- ✓ **Background`**
- ✓ **Methodology and workplan**
- ✓ **Team and Professional Fees**

BACKGROUND

At the request of the Governor of Puerto Rico, a group of economists and former officials of the International Monetary Fund, headed by Anne O. Krueger, Ph.D., submitted a report on the fiscal and economic situation of Puerto Rico and the sustainability of its debt ("the Krueger report").

The Krueger report concludes that, although aggressive measures have been taken to address the fiscal crisis, it is necessary to take additional and broader measures to resolve the crisis and to lead the economy towards a sustainable development path.

A Working Group ("Grupo de Trabajo para la Recuperación Fiscal y Económica de Puerto Rico") was created by the Governor through Executive Order (OE-2015-022), to **develop and recommend a draft plan containing all the initiatives and/or structural reforms** (including administrative and legislative measures) to

deal with Puerto Rico's fiscal challenges and to promote economic growth and competitiveness.

It is in this context that we have been asked by the GDB to assist the Governor's Working Group by providing project management support in the preparation of such plan.

METHODOLOGY AND WORKPLAN

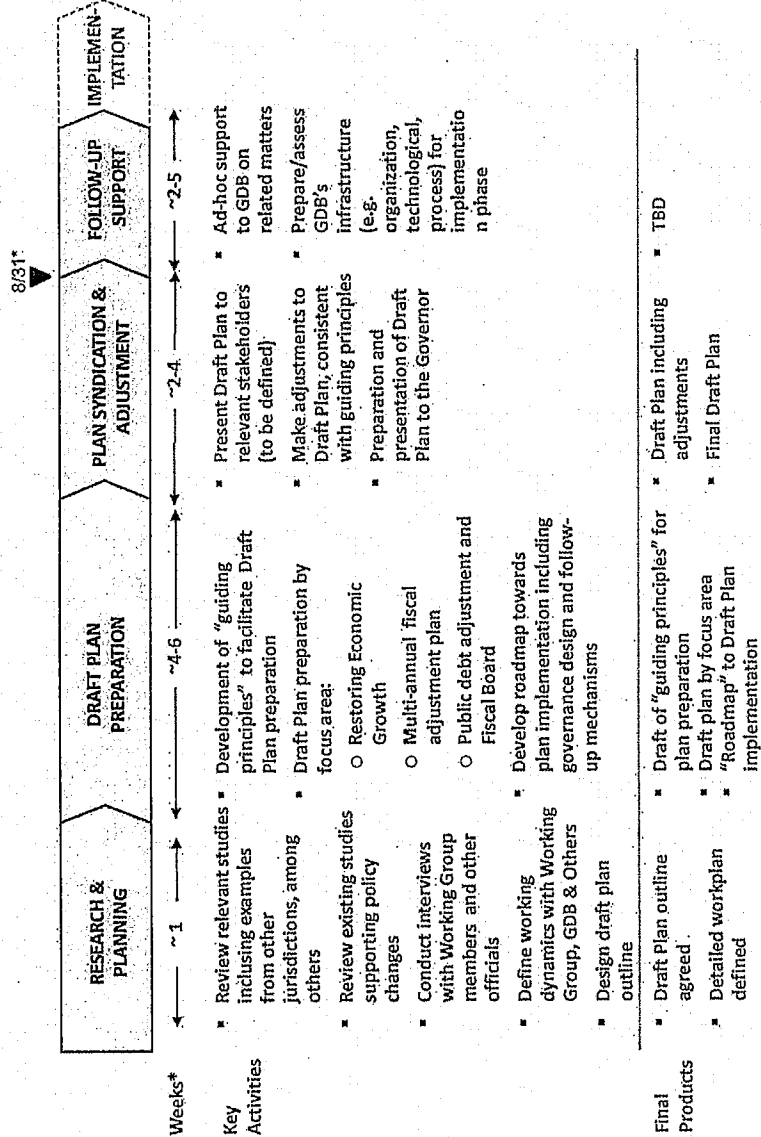
Our approach for this project is organized in four (4) phases: 1) Research & Planning; 2) Draft Plan Preparation; 3) Plan Syndication & Adjustment; and, 4) Follow-up Support.

1. Research & Planning - during the initial phase, the team will review all relevant information and conduct interviews with key stakeholders, particularly with the members of the Working Group. Also during this phase we will work in defining the collaboration dynamics between V2A, the Working Group, GDB, and other consultants. At the end of this phase we expect to agree on a Draft Plan Outline along with a detailed workplan (milestones, responsibilities, etc.) for the reminder of the project.
2. Draft Plan Preparation - we will initially approach this phase by first defining and agreeing on "guiding principles". These agreed principles will facilitate the Draft Plan Preparation.
3. Plan Syndication & Adjustment - during this next phase we expect to syndicate the Draft Plan to relevant stakeholders and to make the necessary adjustments prior to the publishing of the final draft. V2A's role will be that of managing the process and compilation of the Draft Plan. All content included in the Draft Plan will be the responsibility of the GDB and/or the Working Group.

4. Follow-up Support – during this final phase, we could (time permitting) provide related support to the GDB as it relates to the Plan implementation process.

For details on key activities and end products planned for each the abovementioned phases refer to Figure 1 below.

Figure 1 – Draft Plan Development Workplan



* Final timing will depend on final due date and agreement with GDB and working group

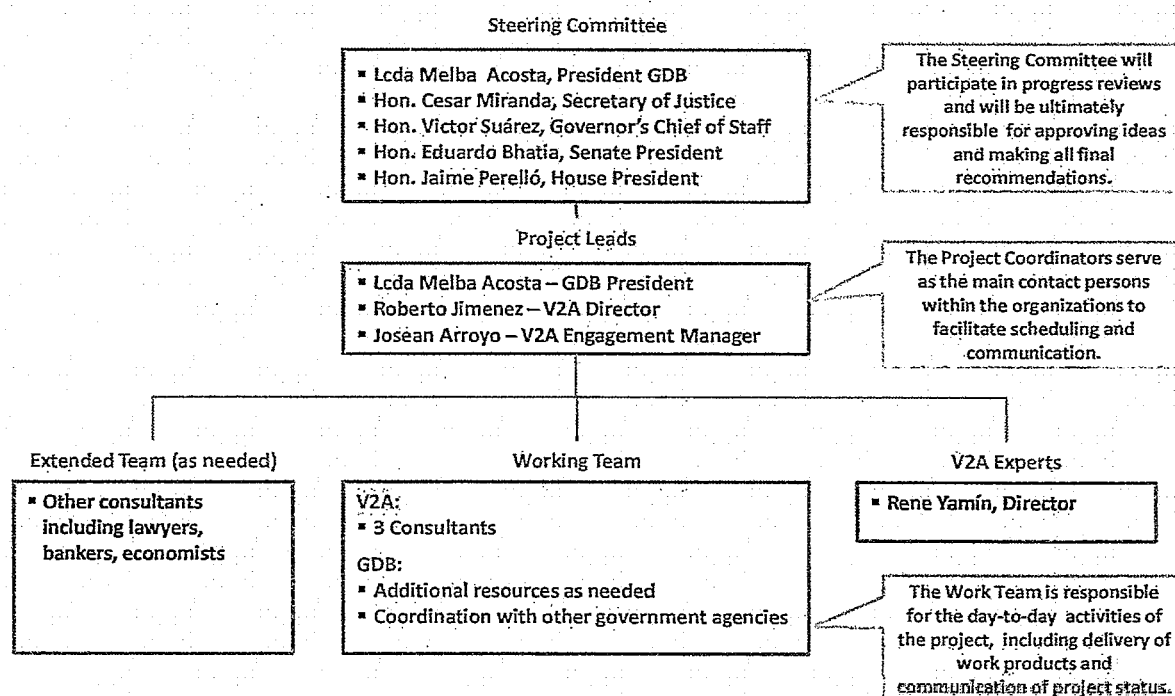
TEAM AND PROFESSIONAL FEES

The overall timing of V2A’s assistance to GDB will be driven in part by the focus and time commitment of the organization, the different collaborators and stakeholders to the workplan.

Our Director, Roberto Jiménez will serve as engagement leader and will be responsible for all services provided and will have an active role in the

engagement. Rene Yamin, also a Director from V2A, will provide expert support in specific project management, strategy and operation topics. The team will be led by a V2A Engagement Manager and will be supported by three Associates. Figure 2 visually describes the team composition.

Figure 6 – Suggested Project Team Composition



Our professional fees for the proposed three-month engagement will be \$390,000 to be invoiced on a monthly basis (\$130,000 per month). We will also invoice separately for any out-of-pocket expenses incurred, including pre-approved travel expenses (if required). This proposal is subjected to the terms and conditions described in **Annex 1**.

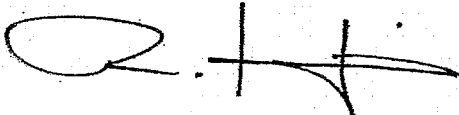
We hope that our proposal meets your needs and expectations and we reiterate our commitment to successfully achieve GDB's objectives.

SM

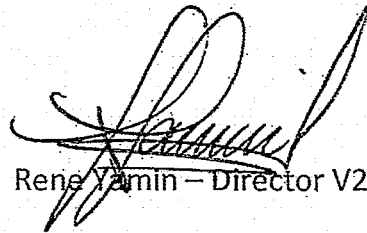
* * *

Melba, we are confident that we can provide GDB with world class support in this important undertaking. We appreciate your trust and the opportunity to collaborate. If you have any further questions or observations, please do not hesitate to contact us.

Sincerely,



Roberto Jiménez - Director V2A



Rene Yamin - Director V2A

Agreed and approved by: _____

Lcda. Melba Acosta, GDB President

ANNEX 1 – Terms and Conditions

Warranties and Liabilities

V2A, Inc. ("V2A") will exercise due professional care and competence in the performance of the services. However, V2A assumes no responsibility for any decisions made by Government Development Bank of Puerto Rico ("GDB"), which are appropriately those of management. In no event, regardless of the legal theory advanced, shall V2A be liable or responsible to any person or entity including, but not limited to, GDB other than for its gross negligence and any such liability shall be limited to the amount actually paid to V2A under this agreement.

Neither party shall be liable for consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill), regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranties, failure of essential purpose or otherwise, and even if advised of the likelihood of such damages. GDB's recourse with respect to any liability or obligation of V2A hereunder shall be limited to the assets of V2A, and GDB shall have no recourse against, and shall bring no claim against, any employee of V2A.

Indemnification

GDB agrees to indemnify and hold V2A harmless against any losses, claims, damages or liabilities, to which V2A may become subject in connection with service performed pursuant to this agreement. Furthermore, you agree to reimburse V2A for any legal or other expenses (including the opportunity cost) incurred by V2A in connection with investigating or defending any action, proceedings, investigation or claim in connection therewith.

However, GDB shall not be obligated under the foregoing indemnity agreement in respect to any loss, claim, damage or liability resulting from the gross negligence of V2A. The reimbursement and indemnity obligations for you under this paragraph shall be in addition to any liability you may otherwise have, shall extend upon the same terms and conditions to the employees of V2A, and shall be binding upon and inure to the benefit of any of your successors, assignees and heirs.

GDB agrees that it will not settle, compromise or discharge any suit, claim, litigation, threatened litigation or threatened claim arising out of, based upon, or in any way related to this agreement and admitting any wrongdoing unless and until you have obtained a written agreement, approved by V2A (which shall not be unreasonably withheld) and executed by each party to such proposed settlement, compromise or discharge, releasing V2A from any and all liability.

Use of Name

GDB agrees to allow V2A to list its name as a firm client in its external communications. V2A will only have the right to describe the name and service line, and will not disclose any information related to the nature of the work, the fees and terms, or any other detail of its relationship with GDB.

Non Solicitation of Employees

GDB agrees not to approach, discuss, or offer employment or direct contractual services to any of V2A's employees or contractors involved in serving it, unless explicitly discussed and agreed between GDB and V2A.

APPENDIX B

Indemnification and Limitation of Liability Provisions

The BANK agrees to indemnify and hold harmless the CONSULTANT and its affiliates, and their respective directors, officers, managers, members, partners, employees, agents and controlling persons (the CONSULTANT and each such person being an "Indemnified Party") from and against any losses, claims, damages, liabilities or expenses ("Claims," and each a "Claim"), joint or several, to which any Indemnified Party may become subject in connection with any transactions contemplated by this Agreement or the engagement of the CONSULTANT pursuant to, and the performance by the CONSULTANT of the services contemplated by, this Agreement. The BANK will also promptly reimburse any Indemnified Party for all expenses (including reasonable fees and expenses of legal counsel) as they are incurred in connection with investigating, preparing to defend, or defending such Claims or in connection with enforcing this Appendix B, whether or not such Indemnified Party is a party and whether or not such Claim is initiated or brought by or on behalf of the BANK. The BANK will not, however, be responsible for any Claim (or expenses relating thereto) to the extent that it is finally judicially determined that such Claim resulted from the gross negligence or willful misconduct of an Indemnified Party. The reimbursement and indemnity obligations under this paragraph and the following paragraphs shall inure to the benefit of the Indemnified Parties and their respective successors and assigns.

74 If the indemnification of an Indemnified Party provided for in this Agreement is for any reason held unenforceable, the BANK agrees to contribute to the Claims for which such indemnification is held unenforceable (a) in such proportion as is appropriate to reflect the relative benefits to the BANK, on the one hand, and the Indemnified Parties, on the other hand, of the services rendered pursuant to the Agreement or (b) if (but only if) the allocation provided for in clause (a) of this paragraph is for any reason held unenforceable, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (a) but also the relative fault of the BANK, on the one hand, and the Indemnified Parties, on the other hand, as well as any other relevant equitable considerations; provided that in no event shall the Indemnified Parties be required to contribute an aggregate amount in excess of the aggregate fees actually paid to, and retained by, the CONSULTANT under this Agreement except to the extent that it is finally judicially determined that such Claims resulted from the gross negligence or willful misconduct of an Indemnified Party. The BANK agrees that for the purposes of this paragraph the relative benefits to the BANK and the Indemnified Parties of any transaction into which the BANK proposes to enter and for which it intends to use the product of this Agreement shall be deemed to be in the same proportion that the total value paid or contemplated to be paid or received or contemplated to be received by the BANK as

a result of or in connection with such transaction bears to the fees paid or to be paid to the CONSULTANT under this Agreement (exclusive of amounts paid for reimbursement of expenses under this Agreement or amounts paid to an Indemnified Party under this Appendix B).

The BANK agrees that, without the CONSULTANT's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, it will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought under the indemnification provisions of this Agreement (whether or not the CONSULTANT or any other Indemnified Party is an actual or potential party to such claim, action or proceeding) unless such settlement, compromise or consent includes an acknowledgement of the absence of wrongdoing by all of the Indemnified Parties and an unconditional release of each Indemnified Party from all liability arising out of such claim, action or proceeding. No Indemnified Person seeking indemnification, reimbursement or contribution under this Agreement will, without the BANK's prior written consent, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought under the indemnification provisions of this Agreement (whether or not the CONSULTANT or any other Indemnified Party is an actual or potential party to such claim, action or proceeding).

In the event that any Indemnified Party is requested or authorized by the BANK or is required by government regulation, subpoena, or other legal process to produce the CONSULTANT's documents as evidence or personnel as witnesses with respect to the CONSULTANT's services for the BANK, the BANK will, so long as the CONSULTANT is not a party to the proceeding in which information is sought, reimburse the CONSULTANT for its professional time and expenses, as well as the reasonable fees and expenses of its counsel, incurred in responding to such requests.

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In no event, regardless of the legal theory advanced, shall the aggregate liability of the Indemnified Parties to any person or entity, including the BANK, exceed the amount of fees actually paid to, and retained by, the CONSULTANT under this Agreement except to the extent that such liability is finally judicially determined to have resulted from the gross negligence or willful misconduct of an Indemnified Party. Neither party shall be liable to the other for consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill), regardless of the legal theory advanced or of any notice given as to the likelihood of such damages; provided that (i) this provision shall not limit an Indemnified Party's indemnity or contribution rights as provided for in this Agreement or applicable law and (ii) damages required to be paid by an Indemnified Party to any third party that is not an Indemnified Party may be considered direct damages to such Indemnified Party. The BANK's recourse with respect to any

liability or obligation of the CONSULTANT hereunder shall be limited to the assets of the CONSULTANT, and the BANK shall have no recourse against, and expressly waives its right to bring any claim against, any other Indemnified Party or any of their assets.

The foregoing provisions of this Appendix B are in addition to rights the CONSULTANT may have under law or equity or otherwise and shall inure to the benefit of the Indemnified Parties and their respective successors and assigns. The provisions of this Appendix B shall remain in full force and effect notwithstanding any termination or expiration of this Agreement.

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