

**PUERTO RICO ELECTRIC POWER AUTHORITY
PROFESSIONAL SERVICES CONTRACT**

APPEAR

AS FIRST PARTY: The Puerto Rico Electric Power Authority, hereinafter referred to as "PREPA", a public corporation and government instrumentality of the Commonwealth of Puerto Rico, created by Act 83 of May 2, 1942, as amended, represented in this act by its Executive Director, Justo Luis González Torres, of legal age, married, professional engineer, and resident of Juana Díaz, Puerto Rico.-----

AS SECOND PARTY: BDO Puerto Rico, P.S.C., hereinafter referred to as "BDO", a corporation organized and registered to do business in Puerto Rico, represented in this act by its Partner, mister Wallace Rodríguez Parissi, of legal age, single, and resident of Trujillo Alto, Puerto Rico, duly authorized to appear in representation of BDO by Resolution dated November 14, 2017.-----

Both PREPA and BDO are herein individuals referred to as a "Party" and collectively referred to as the "Parties".-----

WITNESSETH

WHEREAS, this Contract (together with all attachments hereto, this "Contract") confirms the engagement by PREPA of BDO to perform the Accounting Services in the Directorate of Finance (as defined in Part 2 hereof) and the Advisory Services (as defined in Part 3 hereof). Except with respect to the use of capitalized defined terms or as otherwise expressly provided herein, Part 1 of this Contract shall apply to the Accounting Services and Advisory Services; Part 2 shall apply only to Accounting

Justo Luis González Torres

Services and Part 3 shall apply only to the Advisory Services. The Accounting Services and Advisory Services collectively shall constitute the "Services".-----

WHEREAS, BDO is willing and able to render such services to PREPA.

WHEREAS, being each party empowered to enter into this Contract and perform their obligations hereunder in consideration of thy premises and the mutual covenants contained herein, PREPA and BDO agree into this Contract under the following:-----

TERMS AND CONDITIONS

Part I. General Terms and Conditions for the Services

Article 1. Term of Services

This Contract shall be in effect until February 28, 2018. BDO expressly recognizes that in the event that there are no funds budgeted or provided for the payment of services contracted herein, PREPA shall have the right to terminate the Contract, and BDO shall have no right to be paid except for the services already performed and rendered to PREPA.-----

Article 2. Termination

2.1 Notwithstanding anything to the contrary in this Contract regarding its term, PREPA may, at any moment and for any reason, terminate this Contract for its convenience after giving BDO not less than thirty (30) consecutive days prior written notice. In the event of PREPA's termination for convenience as described above, BDO shall recover from PREPA, as complete settlement for such termination, the payment for any work performed by BDO prior to notice of



termination by PREPA. BDO shall provide all evidence to PREPA's approval of final invoice.-----

2.2 PREPA may terminate this Contract if BDO defaults in its performance of any material obligation under this Contract, and BDO does not cure such default in performance within a period of seven (7) calendar days after BDO's receipt of such written notice of default from PREPA, unless such default is not reasonably capable of being cured within seven (7) days, in which case such cure period shall be extended as reasonably necessary, but not more than seven (7) additional days. The exercise of its right to terminate, cancel or rescind this Contract shall not be understood as a waiver by PREPA to any other remedy it may have under this Contract or under the law for delays or breach incurred by BDO in the performance of its obligations under this Contract. BDO shall have no further right to compensation except for what has been accrued for services rendered under the Contract until said effective termination. BDO shall have no further right to compensation except for what has been accrued for services rendered under the Contract until said effective termination.-----


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2.3 BDO shall have a reciprocal right to terminate this Contract upon the same terms available to PREPA, as described herein, so long as such termination is consistent with the ethical obligations applicable to BDO under the circumstances.-----

2.4 The exercise by either Party of its right to terminate hereunder shall not be interpreted or construed as a waiver or relinquishment by that Party of any other right or remedy it may have under this Contract or under the law.-----

Article 3. Invoices

- 3.1 BDO shall present a reasonably itemized list of remaining billable work that is in progress under the Contract. All invoices submitted by BDO shall be subject to PREPA's reasonable approval before being paid. The payments shall be done within sixty (30) days after PREPA's Treasury Division approval of the corresponding invoice.-----
- 3.2 BDO shall notify promptly to PREPA when the billing under the Contract amounts seventy-five percent (75%) of the maximum amount under the Contract. Once this notification has been issued BDO in coordination with PREPA will ensure that no services will be rendered in excess of the agreement amount. Once this notification has been issued BDO in coordination with PREPA will ensure that no services will be rendered in excess of the agreement amount. In addition, BDO shall present an eternized list of the remaining billable works under the Contract.---
- 3.3 Payments performed under this Contract related to Accounting Services will be charged to the account number 01-4019-92306-550-123, payments related to Advisory Services will be charged to account number 01-4019-93013-550-118.
- 3.4 All invoices submitted by BDO shall include the following Certification in order to proceed with its payment. This is an essential requirement and those invoices submitted without this Certification, will not be processed for payment.-----

No Interest Certification:

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Under penalty of absolute nullity, I hereby certify that no employee, official or director of PREPA is a party or has any interest in the specific profits or benefits to be obtained under this Contract, or if any employee, official or director of PREPA has any interest in the profits or benefits under this Contract a waiver has been previously obtained. I, also certify that the only consideration to provide the services under this Contract is the payment agreed with PREPA's authorized representative.

The total amount of this invoice is fair and correct. The services were provided and no payment has been received for said concept.

Signature of BDO's authorized representative

Article 4. Compliance with Act of October 30, 1975, No. 18, as amended

PREPA shall make any and all filings and certifications as may be required of PREPA by law or administrative regulation for this Contract to become effective and enforceable. The demand of the obligations of either Party under this Contract will be subject to the filing of the Contract at the Office of the Comptroller of the Commonwealth of Puerto Rico, in compliance with the Act of October 30, 1975, No. 18, as amended. All such filings and certifications shall be made within the time periods specified there for and PREPA shall notify BDO as soon as such filings and certifications are made.-----

Article 5. Independent Contractor

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BDO shall be considered as an independent contractor for all material purposes under this Contract, and all persons engaged or contracted by BDO for the performance of its obligations herein, shall be considered as its partners, employees or agents or those of its subcontractors, and not as partners, employees or agents of PREPA. In consequence, BDO is not entitled to any fringe benefits, such as, but not limited to vacation, sick leave, and other.-----

Article 6. Responsibility for Damages

The appearing Parties agree that their responsibilities for damages under this Contract will be governed by the Puerto Rico Civil Code and its case law, as dictated by the Supreme Court of Puerto Rico.-----

Article 7. Insurance

BDO shall obtain and maintain in full force and effect during the life of this Contract policies of insurance covering all the services engaged under the Contract, which shall be obtained from insurance companies authorized to provide coverage for operations in Puerto Rico, and to that effect it shall provide in original certificates of insurance and endorsements, as follows:-----

- A. Workmen's Compensation Insurance – BDO shall provide Workmen's Compensation Insurance as required by Workmen's Compensation Act of the Commonwealth of Puerto Rico. BDO shall also be responsible for compliance with said Workmen's Compensations Act by all its subcontractors, agents, and invitees, if any.-----



BDO shall furnish PREPA a certificate from the State Insurance Fund showing that all personnel employed in the Services are covered by the Workmen's Compensation insurance, in accordance with this Contract.-----

If imported technical personnel are exempted, as per Act of May 16, 1958, No. 16, BDO shall furnish evidence of such exemption and certificate from the insurance carrier covering said personnel.-----

B. Employer's Liability Insurance – BDO shall provide Employer's Liability Insurance with minimum bodily injury limits of \$1,000,000 for each employee and \$1,000,000 for each accident covering against the liability imposed by law upon BDO as result of bodily injury, by accident or disease, including death arising out of and in the course of employment, outside of and in the course of employment, and outside of and distinct from any claim under the Workmen's Compensation Act of the Commonwealth of Puerto Rico.-----

C. Commercial General Liability Insurance – BDO shall provide a Commercial General Liability Insurance with limits of \$1,000,000 per occurrence and \$1,000,000 aggregate.-----

D. Automobile Liability Insurance – BDO shall provide a Comprehensive Automobile Liability Insurance with limits of \$1,000,000 combined single limits covering all owned, non-owned and hired automobiles.-----

E. Professional Liability Insurance – BDO shall maintain a Professional Liability Insurance with limits of \$1,000,000 per occurrence and \$1,000,000 aggregate.-----

Requirements under the Policies



The Commercial General Liability and Commercial Automobile Liability Insurance required under this Contract shall be endorsed to include:

a. As "additional insured":

Puerto Rico Electric Power Authority
Risk Management Office
PO Box 364267
San Juan, PR 00936-4267

b. A thirty (30) day cancellation or nonrenewable notice to be sent by certified mail with return receipt to the above address;

c. An endorsement including this Contract under Contractual liability coverage identifying it by number, date, and parties to the Contract;

d. Waiver of subrogation in favor of PREPA for claims due to BDO's sole negligence;

e. Breach of Warranties or conditions: "The breach of any of the Warranties or Conditions in this policy by BDO shall not prejudice PREPA's rights under this policy."

Furnishing of Policies

All required policies of insurance shall be issued only by insurance companies authorized to do business in Puerto Rico.-----

BDO shall furnish a certificate of insurance in original signed by an authorized representative of insurer in Puerto Rico, described the coverage afforded. Also, original of the endorsements shall be furnished.-----

Article 8. Certifications or documents required by law

Previous to the signing of this Contract, BDO will have to submit the following documents or certifications:



a. Certification issued by the Treasury Department of Puerto Rico which indicates that BDO does not owe taxes to the Commonwealth of Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms (called "Certificado Deuda Contributiva" on the website).-----

b. An Income Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico assuring that BDO has filed its Income Tax Return for the last five (5) tax years.-----

c. Certification issued by the Treasury Department of Puerto Rico which indicates that BDO does not owe Puerto Rico Sales and Use Taxes to the Commonwealth of Puerto Rico; or is paying such taxes by an installment plan and is in full compliance with its terms.-----

d. A Puerto Rico Sales and Use Tax Filing Certificate, issued by the Treasury Department of Puerto Rico assuring that BDO has filed his Puerto Rico Sales and Use Tax for the last sixty (60) contributory periods. -----

e. A copy of BDO's Certificate of Merchant's Registration issued by the Treasury Department of Puerto Rico.-----

f. Certification issued by the Municipal Revenues Collection Center (MRCC), assuring that BDO does not owe any tax accruing during the last five (5) years to such governmental agency. To request such Certification, BDO will use the form issued by the MRCC (called "CRIM-Certificados, Radicación, Estado de Cuenta y Todos los Conceptos" in the website).-----

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g. A Personal Property Tax Filing Certification, issued by the MRCC which indicates that BDO has filed its Personal Property Tax Return for the last five (5) contributory terms.-----

h. Certification, issued by the Child Support Administration, assuring that BDO is in compliance with the withholdings required by law as an employer (called "Certificación de Cumplimiento de ASUME" or "Certificado ASUME patronal" in the website).-----

i. Certificate, issued by the Department of Labor and Human Resources of Puerto Rico, assuring that BDO has paid to the Department of Labor and Human Resources of Puerto Rico its employees' contributions accruing during the last five (5) years, in accordance with the Puerto Rico Employment Security Act (unemployment, temporary disability or sickness or social security for drivers/chauffeurs), or is paying such contributions by an installment plan in full compliance with its terms. To request such Certification, BDO will use the form issued by the Department of Labor and Human Resources of Puerto Rico. (called "Certificación Negativa de Deuda de Contribuciones de Seguro por Desempleo y Seguro por Incapacidad no ocupacional Temporal (Patronal)" and "Certificado Deuda Seguro Choferil" in the website).-----

j. A sworn statement to the effect that, as of the effective date, neither Consultant nor its president, vice-president, directors, executive director, members of its board of directors or board of officers, nor any of its officials or persons performing equivalent functions for the Consultant; nor its subsidiaries or alter egos have been convicted of, nor have they pled guilty, in Puerto Rico, in the federal jurisdiction, in any state or territory of the United States of America or in any country, to any crime as enumerated in Article 3 of



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Public Law 458 of December 29, 2000 of the Commonwealth of Puerto Rico, as amended.-----

In accordance with Article 6 of Act 458-2000, as amended, BDO acknowledges that its conviction or guilty plea for any of the crimes as enumerated in Article 3 of such Act shall entail, in addition to any other applicable penalty, the automatic rescission of this Contract. In addition, but only to the extent required by Act 458-2000, PREPA shall have the right to demand the reimbursement of payments made pursuant to this Contract that directly result from the committed crime. It shall be BDO's responsibility, also to require all subcontracted third parties, other than those providing incidental services such as messenger and photocopy services, to comply with all the previous Certifications and to notify PREPA of such compliance. If any of the previously required Certifications shows a debt, and BDO has requested a review or adjustment of this debt, BDO will certify that it has made such request at the time of signing the Contract. If the requested review or adjustment is denied and such determination is final, BDO will provide, immediately, proof of payment of this debt to PREPA; otherwise, BDO accepts that the owed amount will be offset by PREPA and retained at the origin, deducted from the corresponding payments. Specifically, BDO recognizes that submittal of the aforementioned certifications and documents is an essential condition of this Contract; and even in the case that they are partially incorrect, there will be sufficient cause for PREPA, at its option, to terminate, cancel or rescind the Contract and to require BDO to refund all payments received.-----



Article 9. Applicable Law and Jurisdiction

This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico. Also, the contracting Parties expressly agree that only the courts of Puerto Rico shall be the courts of competent and exclusive jurisdiction to decide over the judicial controversies that the appearing Parties may have among them regarding the terms and conditions of this Contract.-----

Article 10. Officials Not to Benefit

Each of the Parties hereby represents that, to its knowledge, no officer, employee or agent of PREPA, or of the Government of the Commonwealth of Puerto Rico or Municipal Government, shall be admitted to any share or part of this Contract or has any direct or indirect personal financial interest that may adversely affect this Contract.

In addition to the restrictions and limitations established under the provisions of Act 12 of July 24, 1985, as amended, retired or former officers or employees of PREPA, whose work was in any way related to the award or management of Contracts, shall in no way benefit from any Contract with PREPA for a period of two (2) years after leaving employment with or ceasing services to PREPA.-----

Article 11. Conflict of Interest

BDO certifies that it does not receive payment or benefit of any nature for services rendered regularly through an appointment to a governmental agency, body, public corporation or municipality of Puerto Rico. BDO also certifies that it may have consulting services contracts with other governmental agencies or bodies in Puerto Rico and elsewhere, but such condition does not constitute a conflict of interest for BDO.-----

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BDO acknowledges that, while performing its professional obligations under this Contract, it has a duty of complete loyalty toward PREPA, in rendering its professional services, which includes not representing conflicting interests with respect to PREPA. BDO represents conflicting interests when on behalf of a client it must contend for that which it is its duty to oppose to comply with its obligations with another previous or present client. Also, BDO represents conflicting interests when its conduct is described as such in the canons of ethics applicable to BDO and its personnel or in the laws or regulations of the Commonwealth of Puerto Rico. BDO shall have the continuous obligation to disclose to PREPA all information and circumstances of its relations with clients and other third persons and any other factors that become known to BDO that present a conflict of interest at the time of executing this Contract or during its term.-----

In contracts with partnerships or firms, in the event that any of the partners, directors or employees of BDO should engage in the conduct described herein with respect to representation of PREPA, said conduct shall constitute a violation of the prohibitions stated herein.-----

BDO shall avoid even the appearance of the existence of conflicting interests.

BDO acknowledges that the Executive Director of PREPA shall have the power to intervene in the acts of BDO and/or its agents, employees, and subcontractors regarding the enforcement of the prohibitions contained herein. In the event that PREPA should discover the existence of conflicting interests with BDO, the Executive Director shall inform BDO, in writing, of PREPA's intention to terminate this Contract within a thirty (30) day period. During said period, BDO may request a meeting with the



Executive Director to present their arguments regarding the alleged conflict of interests, which meeting shall be granted by PREPA in every case of an alleged conflict of interests. In the event that BDO does not request such a meeting during the specified thirty (30) day period or the controversy is not satisfactorily settled during the meeting, this Contract shall be cancelled.-----

Article 12. No discrimination

BDO certifies that it will not discriminate against any person on account of age, race, color, national origin or social conditions, physical or mental impairment, sex, sexual orientation, political or religious belief or status. -----

Article 13. Guarantees

BDO hereby guarantees that it is capable and has the required experience to execute the work and provide the services established under the Contract in a professional manner and in accordance with applicable professional standards, laws and regulations.

Article 14. Separability

If a court of competent jurisdiction declares any of the Contract provisions as null or invalid, such holding will not affect the validity and effectiveness of the remaining provisions of the Contract and the parties agree to comply with their respective obligations under such provisions not included by the judicial declaration.-----

Article 15. Income Tax Withholding

PREPA will deduct and withhold at source to BDO the equivalent of seven percent (7%) from payment for services rendered under this Contract, in compliance with the Internal Revenue Code for a New Puerto Rico, Law No. 1-2011, section 1062.03, as amended.

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Notwithstanding, the withholding to be done by PREPA as herein stated could be increased to: twenty percent (20%) in the event that BDO is a non-resident individual, which is a U.S. citizen, as provided by the Internal Revenue Code for the New Puerto Rico, section 1062.08; or twenty-nine percent (29%) in the event that BDO is a non-resident and non U. S. citizen individual; or a foreign corporation or partnership which is not dedicated to industry or business in Puerto Rico, as provided by the Internal Revenue Code for the New Puerto Rico, section 1062.08.-----

If a Release Letter (Total Waiver Certificate) has been issued to BDO by the Treasury Department, BDO shall be responsible to submit a copy of said Release Letter to PREPA for every calendar year; otherwise, payments under the Contract shall remain subject to withholding at source. All invoice shall be segregated by concepts (services, materials, equipments, etc), to identify the amounts subject to withholding, and avoid undue deductions.-----

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Article 16. Special Contribution

PREPA will deduct and withhold a Special Contribution to BDO the equivalent of one point five percent (1.5%) from payment for services under this Contract, in compliance with Article 1, Law No. 48-2013. Notwithstanding, advertising spots, reimbursable expenses and the cost of equipment or materials are excluded.-----

Article 17. Internal Revenue Services

Since BDO is an independent contractor, at the present time there shall be no withholding or deduction from the fees for federal income tax purposes. BDO shall be responsible for seeing to the filing and paying of income taxes to the Internal Revenue

Service (IRS) or other appropriate Federal Government Agency. Nevertheless, PREPA shall notify the IRS or other appropriate Federal Government Agency of the payments and the disbursements made to BDO.-----

Article 18. Save and Hold Harmless

BDO agrees to save and hold harmless and to indemnify PREPA for all expenses and costs of any nature (including reasonable attorneys' fees) incurred by PREPA arising out of any third party claim made by any person for bodily injuries, including death, or for property damage, to the extent directly caused by BDO, by the negligent act or omission, in the performance or nonperformance of its obligations under the Contract, but not to the point directly caused by negligence or tort of PREPA or a third party, which is not an employee or subcontractor of BDO.-----

With respect to any indemnity set forth in this Contract, each indemnity shall give prompt notice of its receipt of any threat, indication or other notice of any claim, investigation or demand that might give rise to any losses required to be indemnified hereunder and shall reasonably cooperate in the defense of such claim. The indemnifying party shall have the right to conduct defense of such action at its sole expense.-----

Article 19. Notices

Any notice and other communications hereunder shall be in writing and shall be deemed given when delivered personally or properly mailed to the parties at the following addresses:



To PREPA: Puerto Rico Electric Power Authority
PO Box 364267
San Juan, PR 00936-4267
Attention: Justo L. González Torres
Executive Director

To BDO: BDO Puerto Rico, P.S.C.
PO Box 363436,
San Juan, PR 00936-3436
Attention: Wallace Rodríguez Parissi
Partner



Article 20. Change in Law

During the term of this Contract, any change in law, including, but not limited to changes in applicable tax law, which causes an increase in BDO's costs when providing the services, shall be BDO's responsibility and PREPA shall not be obligated to make additional payments beyond the price originally agreed for those services.-----



Article 21. Force Majeure

The Parties hereto shall be excused from performing hereunder and shall not be liable in damages, if and only to the extent that they shall be unable to perform, or are prevented from performing by a Force Majeure event. For purposes of this Contract, Force Majeure means any cause without the fault or negligence and beyond the reasonable control of, the Party claiming the occurrence of a Force Majeure event. Force Majeure may include, but not be limited to, the following: Acts of God, industrial disturbances, acts of the public enemy, terrorism, war, blockades, boycotts, riots, insurrections, epidemics, earthquakes, storms, floods, civil disturbances, lockouts, fires, explosions, interruptions of services due to the acts or failure to act of any governmental

authority; provided that these events, or any other claimed as a Force Majeure event, and/or its effects, are beyond the reasonable control and without the fault or negligence of the Party claiming the Force Majeure event, and that such Party, within ten (10) days after the occurrence of the alleged Force Majeure event, gives the other Party written notice describing the particulars of the occurrence and its estimated duration. The burden of proof as to whether a Force Majeure event has occurred shall be on the Party claiming the Force Majeure event.-----

Article 22. Amendments

BDO and PREPA expressly agree that no amendment or change order which may be made to the Contract, during its term, shall be made, unless both Parties agree to it, specifically and in writing. The previous provision shall be equally applicable in such other cases where PREPA gives BDO a time extension for the compliance with any of its obligations under the Contract or where PREPA does not enforce any of its credits or rights under the Contract.-----



Article 23. Representations

23.1 PREPA represents and warrants to BDO that (a) PREPA's execution and delivery of this Contract has been duly authorized, and (b) the person signing this Contract is expressly authorized to execute it on behalf of, and to bind, PREPA.

23.2 Except for a claim limited solely to seeking non-monetary or equitable relief, any dispute or claim arising out of or relating to the Services, this Contract or any other services provided by or on behalf of BDO or any of its subcontractors or agents to PREPA or at PREPA's request (including any matter involving any third

party for whose benefit any such services are provided), shall be resolved by the state courts of Puerto Rico.-----

Article 24. Code of Ethics

BDO agrees to comply with the provisions of Act 84 of June 18, 2002, as amended, which establishes a Code of Ethics for Contractors, Suppliers and Economic Incentive Applicants of the Executive Agencies of the Commonwealth of Puerto Rico.-----

Article 25. Subcontract

From time to time, and depending upon the circumstances, (1) BDO may subcontract portions of the Services to other member firms of the Global **BDO Puerto Rico, P.S.C** (including "BDO Entities"), who may deal with PREPA directly, though BDO alone will remain responsible to PREPA for the Services, and (2) personnel (including non-certified public accountants) from an affiliate of BDO or another BDO Entity, or any of their respective affiliates or from independent third-party service providers (including independent Contractors), may participate in providing the Services.-----

BDO shall not assign nor subcontract its rights and obligations under this Contract, except in the event PREPA gives written authorization for such actions; provided that no subcontract shall be considered for PREPA's approval, except when the following requirements are met: (1) BDO delivers PREPA a copy of the subcontract, not less than thirty (30) days prior to the effective date of proposed subcontract; (2) the subcontract includes, as a condition for its legal validity and enforceability, a provision whereby PREPA has the right to substitute, subrogate or assume BDO's right under the subcontract, in the event that PREPA declares BDO in breach or default of any of the



Contract terms and conditions; and (3) the subcontract includes, as a condition for its validity and enforceability, a provision establishing for the subcontractor the obligation to comply with all BDO's obligations under the Contract (mirror image clause), except for such obligations, terms, and conditions which exclusively related to works or services not included under the subcontract.-----

BDO shall be responsible for any Services performed by any subcontractor as if such were performed by BDO itself.-----

Article 26. Request for Employment Prohibition

PREPA shall not, during the term of this Contract and for twelve (12) months following its termination for any reason, without the prior written consent of BDO, request for employment, or hire, any current or former partner, principal or professional employee of BDO, any affiliate thereof, any other BDO's Entity or any of their respective affiliates if any such professional either: (i) performed any accounting, review, attest or related services for or relating to PREPA at any time (a) during the then current fiscal year of PREPA up to and including the date of the accounting report for that year or (b) in the twelve (12) months ended on the audit report date for the immediately preceding fiscal year, or (ii) influence BDO's operations of financial policies or has any capital balances or any other continuing financial arrangement with BDO.-----

Article 27. Claims for Accounting and Advisory Services

PREPA may not make a claim or bring proceedings relating to the Accounting and Advisory Services or otherwise under this Contract against any other BDO'S Entity or its subcontractors, members, shareholders, directors, officers, partners, principals or

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employee ("BDO Persons"). PREPA shall make any claim or bring proceedings only against BDO. This paragraph is intended to benefit the other BDO Entities and BDO's Person, who shall be entitled to enforce it. Each BDO's Entity is a separate legal entity.

Article 28. Transfer of Funds

If BDO decides to assign or transfer an amount, due or payable, to which he is entitled for services rendered or goods provided during the term of this Contract, BDO shall notify PREPA of such transfer of funds, in accordance to the provisions of Act 21-2012. Said notice shall clearly indicate the rights granted, including a copy of the contract under which the assignment or transfer of funds is made, the exact amount of funds to be assigned or transferred, and specific identification information regarding the assignee (full name of the person or company), address and any other contact information.-----

BDO acknowledges and agrees that PREPA may deduct any amount, due or payable under this Contract, that BDO owes; PREPA may retain any said amount if BDO fails to fulfill its obligations and responsibilities under this Contract, or a claim arises for warranty or defects regarding the services rendered or goods provided under this Contract. BDO also acknowledges and agrees that PREPA's payment obligation under any assignment of funds will cease upon payment of the outstanding amounts under this Contract. PREPA shall not be required to make payments or transfer any funds for an amount that exceeds the payment to which BDO is entitled to under this Contract. BDO's aforementioned notice of assignment of funds shall be accompanied by a cashier's check or money order payment of two hundred dollars (\$200), payable to



gjt

“Puerto Rico Electric Power Authority”, for administrative costs for processing said assignment.-----

Part II: Accounting Services

Article 1. Scope of Services

- 1.1 This part sets forth the terms and conditions on which BDO will perform the Accounting Services, as described in Exhibit A, Accounting Services.
- 1.2 BDO will establish and document an understanding with PREPA regarding the objectives and scope of work of Accounting Services in Exhibit A.
- 1.3 To perform the Accounting Services, BDO personnel shall have as a minimum education a Bachelor’s Degree with Major in Accounting, with at least two (2) years of experience in accounting and or budget work related activity. -----

Article 2. Payment Terms

- 2.1 BDO shall submit monthly invoices for services performed and PREPA, upon review and approval by PREPA’s Treasury Division, shall pay the full invoice amount within thirty (30) days of the PREPA’s Treasury Division approval date.
- 2.2 BDO’s maximum professional fees for the Accounting Services will be one hundred and twenty eight thousand dollars (\$128,000).-----
- 2.3 BDO shall submit its invoices itemized by work performed and by a rate per hour of \$80.00 on a monthly basis. Each invoice shall be duly certified, detailing the services performed and the time devoted to it.-----



Part III: Advisory Services

Article 1. Scope of Work

BDO will perform Advisory Services as described below. Performance of the Advisory Services is subject to the terms and conditions of Part I and III of this Contract.-----

The Scope of Services, Limitations, and Specific Additional Understandings for the Advisory Services will be those set forth in Exhibit B, Advisory Services.-----

Article 2. Payment for Advisory Services

2.1 BDO shall submit monthly invoices for services performed and PREPA, upon review and approval by PREPA's Treasury Division, shall pay the full invoice amount within thirty (30) days of the PREPA's Treasury Division approval date.

2.2 BDO shall bill PREPA according to the rates per hour outlined in the table set forth below.

PREPA Fiscal Plan Reporting and Analysis Assessment

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Steps	Hours per Level					Total
	Intern/ Administrative	Field Professional	Manager / Senior Manager	Partner		
Planning		-	120.00	-		120.00
Fieldwork		600.00	800.00	-		1,400.00
Memorandum Preparation	5.00	490.00	800.00	50.00		1,345.00
Wrap-up Procedures		200.00	150.00	50.00		400.00
Total Hours	5.00	1,290.00	1,870.00	100.00		3,265.00
Rates per Hour	\$ 20	\$ 80	\$ 110	\$ 130		
Total Fees per Hour	100	103,200	205,700	13,000		322,000
Expenses						-
Total Fees						\$ 322,000

2.3 BDO's maximum professional fees for the Advisory Services will be three hundred and twenty two thousand dollars (\$322,000), including all reimbursable expenses as described in Article 2.4.-----

2.4 PREPA shall also reimburse BDO for other reasonable expenses incurred, with PREPA's previous approval, in performing the Advisory Services. BDO'S fees does not include taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Advisory Services, all of which PREPA shall pay (other than taxes imposed on BDO'S income generally). BDO may receive rebates in connection with certain purchases, which it uses to reduce charges that we would otherwise pass on to PREPA.-----



Article 3. Additional General Terms and Conditions for the Advisory Services

The Advisory Services will be subject to the following additional general terms and conditions:

3.1 BDO will perform the Advisory Services in accordance with applicable professional standards. -----

3.2 BDO will not assume any of PREPA's management responsibilities in connection with the Advisory Services. BDO will not be responsible for the use or implementation of the output of the Advisory Services, although BDO may otherwise provide advice and recommendations to assist PREPA in its management functions and making decisions.-----

3.3 PREPA shall assign a qualified person to oversee the Advisory Services. PREPA is responsible for all management decisions relating to the Advisory Services, the use or implementation of the output of the Advisory Services and for determining whether the Advisory Services are appropriate for PREPA's purposes.-----

3.4 PREPA shall provide to BDO, promptly, the information, resources and assistance (including access to records, systems, premises and people) that BDO reasonably requires to perform the Advisory Services.-----

3.5 To the best of PREPA's knowledge, all information provided by or on PREPA's behalf will be accurate and complete in all material respects. The provision of PREPA Information to BDO will not infringe any copyright or other third-party rights.-----

3.6 BDO will rely in PREPA Information made available to them and, unless BDO expressly agrees otherwise, will have no responsibility to evaluate or verify it.

3.7 PREPA shall be responsible for its personnel's compliance with its obligations under this Contract.-----



Article 4. Use of Reports and Recommendations

Any information, advice, recommendations or other content of any reports, presentations or other communications BDO provides under this Contract (Reports), other than PREPA Information, are for PREPA's internal use only (consistent with the purpose of the particular Advisory Services).-----

PREPA may not disclose a Report (or any portions or summary of a Report) externally (including to its affiliates) or refer to BDO or to any other BDO's affiliates in connection with the Advisory Services, except:-----

- a. to PREPA's lawyers (subject to these disclosure restrictions), who may review it only to give PREPA advice relating to the Advisory Services,-----
- b. to the extent, and for the purposes, required by subpoena or similar legal process (of which PREPA will promptly notify BDO),-----
- c. to other persons (including PREPA affiliates) with BDO prior written consent, who have executed an access letter substantially in the form BDO prescribes and who may use it only as BDO has specified in its consent.-----

If PREPA is permitted to disclose a Report (or a portion thereof) externally, PREPA shall not alter, edit or modify it from the form BDO provided. However, PREPA may incorporate into documents that it intends to disclose externally BDO summaries, calculations or tables based on PREPA Information contained in a Report, but no BDO's recommendations, conclusions or findings. However, PREPA must assume sole responsibility for the contents of those documents and no refer to BDO or any other BDO's in connection with them. This provision does not affect PREPA's ability to circulate Reports internally. PREPA may not rely on any draft Report. BDO shall not be required to update any final Report for circumstances of which BDO becomes aware, or events occurring, after its delivery.-----

Article 5. Responsibility in relation with Advisory Services

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5.1 PREPA (and any others for whom Advisory Services are provided) may not recover from BDO, in contract or tort, under statute or otherwise, any consequential, or special damages in connection with claims arising out of this Contract or otherwise relating to the Advisory Services, and related to loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.-----

5.2 PREPA may not recover from BDO, in Contract or tort, under statute or otherwise, aggregate damages in excess of the maximum professional fees for the Advisory Services in connection with claims arising out of this Contract or otherwise relating to the Advisory Services. This limitation will not apply to losses caused by BDO fraud, negligent willful misconduct or to the extent prohibited by applicable law or professional regulations.-----

5.3 PREPA shall make any claim relating to the Advisory Services or otherwise under this Contract no later than one year after it became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the Advisory Services. This limitation will not apply to the extent prohibited by applicable law or professional regulations.-----

5.4 To the fullest extent permitted by applicable law and professional regulations, PREPA shall indemnify BDO and other BDO's Entities against all claims by third parties (including PREPA affiliates and attorneys) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal

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costs) arising out of the third party's use of or reliance on any Report (including Tax Advice) disclosed by PREPA or at PREPA's request.-----

5.5 BDO may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how (Materials) that it owns or licenses in performing the Advisory Services. Notwithstanding the delivery of any Reports, BDO will retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Advisory Services), and in any working papers compiled in connection with the Advisory Services (but not PREPA's Information reflected in them).-----

5.6 Upon payment for Advisory Services and subject to the other terms of this Contract, PREPA may use the Reports relating to those Advisory Services, as well as any Materials owned by BDO that are included therein, solely to the extent necessary to use the Reports.-----



Article 6. Confidential Information

Except as otherwise permitted by this Contract, neither party may disclose to third parties the contents of this Contract or any information provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Either party may, however, disclose such information to the extent that it:

- a. is or becomes public other than through a breach of this Contract,-----
- b. is subsequently received by the recipient from a third party who, to the recipient's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information,-----

- c. was known to the recipient at the time of disclosure or is thereafter created independently,-----
- d. is disclosed as necessary to enforce the recipient's rights under this Contract, or
- e. must be disclosed under applicable law, legal process or professional regulations.-----

Both Parties may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations under this Contract.-----

With respect to any Advisory Services, if U.S. Securities and Exchange Commission auditor independence requirements apply to the relationship between PREPA or any of its associated entities and any BDO's, PREPA represents, to the best of its knowledge, as of the date of this Contract and as of the date of each Statement of Work hereunder, that neither PREPA nor any of its affiliates has agreed, either orally or in writing, with any other advisor to restrict PREPA's ability to disclose to anyone the tax treatment or tax structure of any transaction to which the Advisory Services relate. A Contract of this kind could impair BDO's independence as to PREPA's services or that of any of its affiliates, or require specific tax disclosure as to those restrictions. Accordingly, PREPA agrees that the impact of any such Contract is its responsibility.-----

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Article 7. Use of Logos and Trademarks

Neither Party may use or may reference to the other's name, logo or trademarks publicly without the other's prior written consent.-----

Article 8. Contract for Advisory Services

This Contract constitutes the entire Contract between PREPA and BDO as to the Advisory Services and the other matters in covers, and supersedes all prior Contracts, understandings and representations with respect thereto, including any confidentiality Contracts previously delivered. In addition, any policy, protocol, Contract (other than this Contract) or other instrument, in whatever form, imposed at any time that purports to obligate BDO, any other Auditor's or any Auditor's Person with respect to be use of Client Information shall be void and of no further effect, and PREPA shall not seek to enforce any such obligation.-----

Article 9 – Risk Management

The documentation for this engagement is the property of BDO. In the event BDO is requested pursuant to subpoena or other legal process to produce its documentation and/or testify in relation to any services under this engagement, in judicial or administrative proceedings in which BDO is not a party, PREPA shall reimburse BDO at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred by BDO in responding to such requests. -----

BDO may be requested to make certain documentation available to regulators pursuant to authority provided by law or regulation. If requested, access to such documentation will be provided under the supervision of BDOs' professionals, PREPA shall also reimburse BDO at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred by BDO in responding to such requests.--

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[Handwritten signature]

Article 10-Complete Contract

This Contract is the complete Contract between the parties with respect to the subject matter hereof and fully supersedes any and all prior Contracts and understandings between the parties hereto pertaining to the subject matter hereof, including, without limitation: the proposal and any documentation related thereto including the Engagement Letters, and the Terms and Conditions of Engagement.-----

In case of discrepancy or in the event of conflict among the terms and conditions of the Contract and the Exhibits, the terms and conditions of the Contract shall prevail.-----

Article 11- Mandatory Clauses Pursuant Act 3-2017 and Circular Letter 141-17 dated January 30, 2017

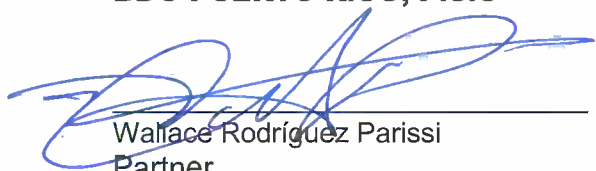
11.1 Both parties acknowledge and agree that the contracted services herein may be provided to another entity of the Executive Branch which enters into an interagency Contract with PREPA or by direct disposition of the Secretariat of Government. These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this Contract. For the purpose of this clause, the term "entity of the Executive Branch" includes all agencies of the Government of Puerto Rico, as well as public instrumentalities, public corporations and the Office of the Governor. -----

11.2 The Secretariat of the Executive Branch shall have the power to terminate this Contract at any time.-----

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IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
December 7, 2017.

BDO PUERTO RICO, P.S.C



Wallace Rodríguez Parissi
Partner
Tax Id.

**PUERTO RICO ELECTRIC POWER
AUTHORITY**



Justo L. González Torres
Executive Director



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PUERTO RICO ELECTRIC POWER AUTHORITY

AND **BDO PUERTO RICO, P.S.C.**

ACCOUNTING AND ADVISORY SERVICES CONTRACT

EXHIBIT A, Accounting Services

BDO professional personnel shall perform the following **Accounting Services**, but not limited to, under the direct supervision of PREPA's management, in relation to the Accounting and Advisory Services Contract:

1. Analyze and evaluate accounts related to the Puerto Rico Electric Power Authority (PREPA) accounting and budget system.-----
2. Prepare and record (enter) in Oracle accounting system journal entries.-----
3. Prepare monthly financial reports.-----
4. Analyze and evaluate activities necessary to conform the annual budget and or financial reports.-----
5. Coordinate and evaluate accounting and budget transactions, costs analysis, account transferences, analysis of monthly financial reports, pursuant to the fair and reliable presentation of PREPA's fiscal and financial presentation.-----
6. Gathering of data and participate in research and studies for the drafting and updating of budget and accounting reports.-----
7. Analyze and audit budget and cost projects and applies corrective measure and adjustments as per request by the Internal Audit Office and the State Comptroller Office.-----
8. Participate and contribute in work processes in order to improve the efficiency and quality of the Budget and or Economic and Analysis Department.-----
9. Promptly attend issues assigned by management and keep management informed.-
10. Utilize, but not limited, to Microsoft Office applications and Oracle accounting system.-----
11. Perform any budget and accounting tasks, as assigned by management.-----

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EXHIBIT B, Advisory Services

BDO shall perform the following **Advisory Services**, but not limited to, in relation to the Accounting and Advisory Services Contract:

The Advisory Services shall consist of assisting PREPA in, among other matters, to assess, develop and prepare financial and operational reports to meet the requirements of the Fiscal Plan ("Plan") approved by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), in order to enhance fiscal visibility. Such reports shall be related to the following:

- Monthly, Quarterly, Year-to-Date Financial Results
- Compare and analyze the Plan Projections with actual results
- Compare and analyze Plan Projection key assumptions
- Any other activity or report that the PREPA deemed necessary in connection to PROMESA

Also, BDO shall perform the following:

1. Assist PREPA in identifying and providing alternatives to manage roadblocks.----
2. Assist the PREPA in identifying and implementing compliance milestones and other measurement strategies to allow management to timely identify potential trends that affect the compliance with the proposed financial and operational plans.-----
3. BDO's assistance will consist of managing the project related to the assessment, reporting development, and subsequent monthly reporting projects required by the Plan. Also, the PREPA will provide the personnel and human capital, with sufficient knowledge and understanding, to perform the activities.-----
4. The PREPA personnel working on this project, will use accounting and other relevant information already recorded in the PREPA's accounting and other databases. BDO will not instruct such personnel to alter or otherwise record transactions or other information in the PREPA's accounting or operational data bases. It is recognized and accepted by the PREPA, that the final approved format and contents of all reports – including reporting requirements - rests with the management of the PREPA.-----
5. BDO's responsibility will be to assist and lead the PREPA's personnel assigned for this project in the design of such reports, as deemed necessary, to meet the PREPA's responsibilities with the PROMESA requirements.-----

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