

PUERTO RICO ELECTRIC POWER AUTHORITY

PROFESSIONAL SERVICES CONTRACT

APPEAR

As party of the First Part: The Puerto Rico Electric Power Authority (PREPA), a public corporation and government instrumentality of the Commonwealth of Puerto Rico, created by Act No. 83 of May 2, 1941, as amended (Act. 83), represented in this act by its Chief Executive Officer/Executive Director, José F. Ortiz Vázquez, of legal age, married, and resident of San Juan, Puerto Rico.-----

As party of the Second Part: MEC Engineering, PSC (Contractor), a corporation organized and existing under the laws of Puerto Rico, herein represented by its Vice President, Michelle Marie Camino Bonilla , of legal age, married, executive and a resident of Guaynabo , duly authorized to appear in representation of the Contractor by Resolution dated June 17, 2019.-----

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

WITNESSETH

WHEREAS, PREPA, by virtue of its enabling act (Act 83), has the authority to engage those professional, technical and consulting services necessary and convenient to the activities, programs, and operations of PREPA;-----

WHEREAS, Pursuant Section 205 (2) (d) of Act No. 83 competitive bidding shall not be necessary when professional or expert services or work are required and PREPA deems it in the best interests of good administration for such works or services to be contracted without such announcements.-----

MEC

WHEREAS, PREPA desires to enter into this Contract with the Contractor for the performance of the Services.-----

WHEREAS, the Contractor states that it is ready, willing and able to provide the Services pursuant to the terms and conditions set forth herein. -----

NOW THEREFORE, in consideration of the mutual promises and the terms and conditions set forth herein, PREPA and the Contractor agree as follows:-----

I. TYPE OF CONTRACT

A. **Scope of Services:** The Contractor agrees to provide PREPA, as required, with the necessary professional consulting services such as: assistance and support in the Planning and Inspection of Projects, assistance in compliance with Federal regulations, Project Management, Report Development, Consulting, among others. The services will be compensated based on the fees contained in the Contractor's proposal, which becomes part of this Contract Appendix A.

B. **Additional Provisions regarding the Services:**

1. Any and all changes and/or modifications to the scope of the Services shall be in writing and must be signed by both Parties.-----

2. The Contractor represents that it has or shall obtain, or cause to be obtained, all personnel necessary to undertake and provide the Services in a manner satisfactory to PREPA.-----

LCM

3. The Contractor may not subcontract any of the Services that it has committed to perform or provide pursuant to this Contract without the prior written approval of the Executive Director of PREPA or any of its authorized representatives. Such consent to subcontract shall not relieve the Contractor of its full responsibilities under this Contract. Consent to the subcontracting of any part of the services shall not be construed to be an approval of said subcontract or of any of its terms, but shall operate only as an approval of the Contractor's request for the making of a subcontract between the Contractor and its chosen subcontractor (hereinafter a "Subcontractor"). The Contractor shall be responsible for all services performed by the Subcontractor and all such services shall conform to the provisions of this Contract.-----

II. TERM OF CONTRACT

Term. This Contract shall be in effect from the date of its execution until June 30, 2020 (The Contract Period). The Contract may be extended, at the exclusive option of PREPA, for additional annual fiscal periods subject to the availability of funds and previous authorization of the Secretary of the Executive Branch. -----

Either party shall have the right to terminate this Contract, at any moment, by providing the other party thirty (30) days written notice by registered mail, return receipt requested, or overnight express mail. If notice is given, this Contract shall terminate upon the expiration of thirty (30) days and PREPA shall be obligated to pay all fees and expenses incurred up to the day of effective termination, in accordance with the terms of this

ecm

Contract. The rights, duties and responsibilities of the Parties shall continue in full force and effect during the thirty (30) day notice period. Contractor 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. Moreover, PREPA shall have the right to terminate this Agreement immediately in the event of negligence, dereliction of duties or noncompliance by the Contractor.-----

---The Parties acknowledge that PREPA is undergoing a transformation process, and therefore, both Parties agree that in the eventuality of the execution of a Partnership Contract, Sale Contract or any other PREPA Transaction (as these terms are defined in Act 120-2018), PREPA may sell, assign, convey, transfer, pledge, mortgage, sublease, delegate, hypothecate, or otherwise dispose (each, a "Transfer") any of its rights, title, or interest in this Contract as permitted by applicable law and at any time, and without Consultant's consent or cost, expense or incremental liability to PREPA, to any future operator of Puerto Rico's electric power transmission and distribution system or any of its affiliates, or to any governmental agency, body, public corporation or municipality of Puerto Rico; provided, that PREPA shall notify Consultant no later than thirty (30) days before the effective date of any such Transfer.-----

The Consultant acknowledges that all his responsibilities and obligations under the Contract, such as work to be performed and services to be provided, etc., will continue in full force and effect until the expiration of the thirty (30) day period. -----

UCM

III. COMPENSATION AND PAYMENT

As compensation for services rendered under this Contract, PREPA agrees and Contractor accepts that the total amount to be paid under this Contract shall not exceed two million dollars (\$2,000,000). However, nothing herein shall preclude the parties from agreeing to increase said amount. PREPA will only pay for services that are evidenced by a properly submitted invoice for services rendered. Notwithstanding the foregoing, any increase to the Agreement Amount shall be evidenced in writing and signed by both Contractor and PREPA. PREPA will not be required to make advance payments for any service to be rendered by Contractor under this Agreement. Contractor shall promptly notify PREPA when the billing under the present Agreement amounts to seventy five percent (75%) of the Agreement Amount. Once this notification has been issued, Contractor, in coordination with PREPA, will ensure that no services will be rendered in excess of the Agreement Amount, except when a written amendment is agreed upon by both Parties. In addition, Contractor shall present a reasonably itemized list of the remaining billable work that is in progress under the Agreement.-----

All payments performed under this Agreement will be charged to PREPA's budget account number 01-4019-92319-556-673.-----

Contractor shall submit monthly invoices within the first thirty (30) days following the period invoiced that will include a description of the services rendered and the number of hours spent by each person. Each invoice for professional services shall be itemized and must be duly certified by an authorized representative of Contractor. Contractor shall

WCM

allocate any invoiced fees between: (i) activities undertaken outside of Puerto Rico; and
(ii) those relating to activities undertaken within Puerto Rico.-----

PREPA will review the invoices within thirty (30) days of receipt, and if they are in compliance with the requirements set forth in this Contract, it will proceed with payment. Payment is due within 60 days of receipt. PREPA reserves the right to conduct the audits it deems necessary, and it will not be subject to finance charges regarding invoice payments subject to an audit.-----

Invoices must also include a written and signed certification stating that no officer or employee of PREPA, and their respective subsidiaries or affiliates, will personally derive or obtain any benefit or profit of any kind from this Contract, with the acknowledgment that invoices that 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 PREPA 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 the Services provided is the agreed-upon price that has been negotiated with an authorized representative of the PREPA. The total amount shown on this invoice is true and correct. The Services have been rendered, and no payment has been received".

Contractor's Signature

Contractor agrees to submit bank account wiring instructions to PREPA in order to facilitate payment by means of electronic transfer.-----

LCM

IV. REIMBURSABLE EXPENSES

- 7.1 PREPA should not be billed for (a) time spent in processing conflict searches, preparing billing statements, or in responding to PREPA inquiries concerning Consultant's invoices; or (b) travel time during which Consultant is billing another client for work performed while traveling. Moreover, PREPA requires that only professional services be billed. Accordingly, PREPA should not be billed for the administrative tasks of creating, organizing, reviewing and/or updating files; routine or periodic status reports; receiving, reviewing, and/or distributing mail; faxing or copying documents; checking electronic mail or converting information to disk. -----
- 7.2 PREPA will reimburse the Consultant for actual costs and expenses related to matters assigned to Consultant and for necessary and reasonable out-of-pocket disbursements, subject to the limitations and exceptions set forth below. The Consultant is expected to have a system in place that ensures those who bill time and disbursements to PREPA matters do so promptly and accurately.-----
- 7.3 PREPA will not reimburse Consultant for: (a) costs included in a 'miscellaneous' or 'other' category of charges; (b) overhead costs and expenses-such as those relating to fees for time or overtime expended by support staff (secretaries, administrative/clerical personnel, internal messengers, and other similar services), word processing and/or proofreading, cost of supplies or equipment, and/or other similar costs of doing business; (f) time spent attending education seminars or training programs; or (h) mark-ups or surcharges on any cost or expense. In

LCM

addition, if communications are sent to PREPA using more than one medium, PREPA does not expect to pay for the cost of both communications. For instance, if a piece of correspondence is sent to PREPA by email, we do not expect to pay for the cost of that same correspondence if it is also sent via regular or expedited mail.

7.4 PREPA will reimburse Consultant for separately itemized expenses and disbursements in the following categories: -----

7.4.1 Messenger/courier service – PREPA will reimburse actual charges billed to Consultant for deliveries (including overnight deliveries) where this level of service is required because of time constraints imposed by PREPA or because of the need for reliability given the nature of the items being transported. Appropriate summaries of messenger/courier expenses must reflect the date and cost of the service and the identity of the sender and the recipient or the points of transportation. -----

7.4.2 Travel – PREPA will reimburse actual charges for transportation and hotels reasonable and necessary for effective services to PREPA. PREPA will not pay for any first-class or business-class travel. Summaries of transportation expenses should reflect the identity of the user, the date and amount of each specific cost, and the points of travel. Summaries of lodging and meals expenses should include the identity of the person making the expenditure, the date and amount, and the nature of the expenditure. Meals will be

LECM

reimbursed only upon presentation of restaurant detailed bill and under no circumstances PREPA will reimburse alcoholic beverages. -----

Travel expenses reimbursement applies for personnel providing the services to PREPA, travel expenses for family members or guests are not chargeable to PREPA or reimbursable. -----

7.4.3 Air Travel- The cost of air travel will be reimbursed up to an amount of \$500 per person per flight (including: seat assignment, applicable taxes, and other applicable fees). The Consultant shall submit a copy of the airline ticket and paid invoice. Airfare may only be invoiced following completion of travel. --- Airfare necessary to attend PREPA's official business will be paid by PREPA according to these guidelines. The Consultant shall buy an economic class ticket or equivalent, then if desired, he/she may upgrade, but PREPA will only pay the amount corresponding to the economy class or equivalent airfare. Baggage fees will not be reimbursed. -----

7.4.4 Maximum Per Diem Rates (no proof of payment will be required): -----
Meals: - \$57 per person for each traveling day for persons working "on-site" at PREPA. -----

Lodging (standard not smoking room): - \$200 per person, per night not including government fees and taxes The Consultant will use the most economical alternative of lodging, including temporary rentals of apartments or rooms (Airbnb like rentals). For travel period longer than five days,

LCM

temporary rentals shall be coordinated when this temporary rental is less expensive than hotel accommodation, and evidence of said temporary rental shall be provided. -----

Ground Transportation: - \$20 per person, per working day. If a car is rented for the services to be provided, a fixed amount of \$25 per day will be reimbursed for parking expenses, upon presentation of evidence of the car rental (no proof of payment will be required).-----

7.4.5 Reimbursable expenses shall not exceed six percent (6%) of the Contract Price in one year and will be reimbursed by PREPA through the presentation of acceptable evidence for such expenses. -----

7.4.6 Photocopying/printing – PREPA will reimburse actual charges for outside binding, and printing services and costs of outside photocopying services, which are not to exceed the actual five (5) cents per page for black and white copies, and twenty-five (25) cents per page for color copies. Summaries of expenditures for copying should reflect both the number of copies made and the cost per copy. -----

7.4.7 Third-Party Services – The approval of PREPA must be obtained in writing prior to retaining any third-party services. The Consultant shall be responsible for ensuring that there are no conflicts of interest between any third party and PREPA or between any third-party clients and PREPA. In addition, all arrangements with third-party vendors should include an

LEON

appropriate undertaking of confidentiality and data privacy. Invoices from third-party vendors should be paid directly by Consultant, incorporated into its invoice to PREPA and should include appropriate detail. Copies of third-party invoices may be requested by PREPA and should be retained in accordance with PREPA's guidelines. -----

7.4.8 PREPA reserves the right to question the charges on any bill (even after payment) and to obtain a discount or refund of those charges that are disputed. At PREPA's request, copies of bills and records reflecting reimbursable expenses must be provided to PREPA.-----

V. CONFLICTS OF INTEREST.

A. Contractor acknowledges that in executing its services pursuant to this Contract, it has an obligation of complete loyalty towards PREPA, including having no conflict of interests. "Conflict of interests" means representing clients who have or may have interests that are contrary to PREPA, but does not include rendering services that are unrelated to this engagement. This duty includes the continued obligation to disclose to PREPA all circumstances of its relations with clients and third parties which would result in a conflict of interest, and any adverse interest which would influence Contractor when executing the Contract or while it is in effect.-----

This conduct by one of Contractor's partners, members, directors, executives, officers, clerks or employees shall be attributed to Contractor for purposes of this prohibition.

WCM

Contractor shall endeavor to avoid even the appearance of the existence of a conflict of interest that has not otherwise been waived.

Contractor acknowledges the power of the Executive Director of PREPA to oversee the enforcement of the prohibitions established herein. If the Executive Director of PREPA determines the existence or the emergence of conflict of interest with Contractor, he shall inform such findings in writing and his intentions to terminate the Contract within a fifteen (15) day term. Within such term, Contractor can request a meeting with the Executive Director of PREPA to present its arguments regarding the alleged conflict of interest. This meeting shall be granted in every case. If such meeting is not requested within the specified term, or if the controversy is not settled satisfactorily during the meeting, this Contract shall be terminated at the end of said fifteen (15) day period.

Contractor certifies that at the time of the execution of this Contract, it does not have nor does represent anyone who has conflict of interest that are in conflict with PREPA. If such conflicting interests arise after the execution of this Contract, Contractor shall, to the extent consistent with its obligations to other clients, notify PREPA immediately.

B. No employee, officer, or agent of PREPA shall participate in the selection, or in the award or administration of a contract, supported by Federal funds, if a conflict of interest, real or apparent, would be involved.

VI. RESPONSIBILITIES OF PREPA

learn

PREPA shall use reasonable efforts to cooperate with the Contractor, including by providing any information reasonably requested by Contractor and providing access to any facility at which the Services are to be performed at such times as may reasonably be requested by the Contractor.-----

VII. OWNERSHIP AND USE OF DOCUMENTS

With the exception of Contractor's working papers, the Contractor acknowledges PREPA's ownership of all information, drafts, documents, reports, papers, and other materials developed and prepared by the Contractor, its agents or representatives, for purposes of performing the obligation hereunder. In the event of any termination, Contractor shall deliver such information, drafts, reports, papers and other materials to PREPA, in document form and/or as computer program data, and the Contractor recognizes PREPA's right to request such documentation and/or computer program data. Should Contractor fail to deliver said information, PREPA may seek a judicial order to enforce its rights. Except as otherwise provided, all information, drafts, documents, reports, papers and other materials developed and prepared by the Contractor or any Sub-Contractor, or any of its agents or representatives, for purposes of performing the obligations hereunder shall be deemed privileged work product of PREPA.-----

VIII. NON-DISCLOSURE AND CONFIDENTIALITY

- A. **Confidential Information (the "Confidential Information")**; **Definition:** The term Confidential Information, as used throughout this Contract, means any information concerning PREPA and/or PREPA's operations and that of its Contractor (e.g., the

recm

projects, computer processing systems, object and source codes and other business and financial affairs of PREPA). The term Confidential Information shall also be deemed to include all notes, analysis, compilation, studies and interpretation or other documents prepared by Contractor, its agents or representatives in connection with the PREPA's operations.-----

B. **Non-Disclosure**: Contractor and its employees, affiliates and authorized subcontractors agrees to take all reasonable steps or measures to keep confidential all Confidential Information and will not, at any time, present or future, without PREPA's express written authorization, use or sell, market or disclose any Confidential Information to any third party, firm, corporation, or association for any purpose whatsoever. Contractor further agrees that, except as they relate to the normal course of the service, the Contractor will not make copies of the Confidential Information except upon PREPA's express written authorization, signed by an authorized representative of PREPA, and will not remove any copy or sample of Confidential Information without the prior written authorization from PREPA. Contractor retains the right to control its work papers subject to these confidentiality provisions "Confidential Information" shall not apply to any information which: -----

- a) is generally known to (a) the public at the time of disclosure to Contractor or becomes generally known through no wrongful act on the part of Contractor;

MEC

- b) is in Contractor 's possession at the time of disclosure otherwise than as a result of Contractor 's breach of any legal obligation;
- c) becomes known to Contractor through disclosure by sources other than Contractor having the legal right to disclose such information; or
- d) is independently developed by Contractor without reference to or reliance upon the confidential information.

In addition, these provisions shall not prohibit Contractor from making any disclosure pursuant to any subpoena or order of a court or a Governmental or Administrative tribunal which may assert jurisdiction over Contractor; provided that, to the extent legally permissible, Contractor shall promptly notify PREPA of any such disclosure obligations and reasonably cooperate with PREPA's efforts to lawfully avoid and/or minimize the extent of such disclosure.-----

Contractor will not disclose any Confidential Information relating to the work that Contractor performs under this Contract.-----

Contractor may divulge Confidential Information to its employees who need to know such information to fulfill the purposes of this engagement provided that such persons: (i) shall have been advised of the confidential nature of such information and Contractor shall direct them, and they shall agree, to treat such information as confidential and to return all materials to Contractor upon request, but for one copy for record purposes only; and (ii) in each case, such person shall be bound by the terms of this Contract.-----

WOM

In connection with the services rendered under this Contract, Contractor will furnish PREPA any necessary reports, analyses or other such materials that exist as of the date requested, as PREPA may reasonably request. Contractor shall not invoice the time spent to gather and deliver such information. PREPA, however, acknowledges that Contractor may develop for itself, or for others, problem solving approaches, frameworks or other tools and processes developed in performing the services and any additional services provided hereunder, and nothing contained herein precludes Contractor from developing or disclosing such materials and information provided that the same do not contain or reflect Confidential Information.-----

C., **Return of Documents:** Contractor shall return or destroy all Confidential Information, as well as any other document that may relate to its work under this Contract, to PREPA within thirty (30) days after date of the expiration or earlier termination of this Contract, and shall certify that all the information has been returned to PREPA or destroyed, but for electronic information held in archive and/or backup files to the extent such files cannot be deleted without unreasonable effort or expense and created in the ordinary course pursuant to established data backup/archive procedures; provided, however, Contractor may retain its own work product as long as it maintains the confidentiality of PREPA's Confidential Information as otherwise provided in this Contract. During this thirty (30) day period, and except to the extent making such documents available would result in the loss of legal privilege for PREPA, these documents shall be available for inspection by

WCM

the Office of the Comptroller of Puerto Rico. This Article shall survive the termination, expiration or completion of this Contract. -----

D. **Equitable Relief**: Contractor's material negligent discharge or the breach of the confidentiality clause hereinabove continuing after receipt of written warning or abandonment of the duties assigned hereunder shall constitute a breach of this Agreement by Contractor and PREPA will be entitled to terminate this Agreement forthwith, without having to comply with the requirements of notice set forth above, without limitations of any other rights and remedies under law, and will release and discharge PREPA from any further obligations and liabilities hereunder. -----

E. Contractor's material negligent discharge or the breach of the confidentiality clause hereinabove continuing after receipt of written warning or abandonment of the duties assigned hereunder shall constitute a breach of this Contract by Contractor and PREPA will be entitled to terminate this Contract forthwith, without having to comply with the requirements of notice set forth above, without limitations of any other rights and remedies under law, and will release and discharge PREPA from any further obligations and liabilities hereunder.-----

IX. TERMINATION BY THE CHIEF OF STAFF OF THE GOVERNOR OF PUERTO RICO AND INTERAGENCY AGREEMENTS

Pursuant to Memorandum Number 2017-001, Circular Letter 141-17, of the Office of the Chief of Staff of the Governor of Puerto Rico (*Secretaría de la Gobernación*) and the Office of Management and Budget (*Oficina de Gerencia y Presupuesto – OGP*), the Chief of Staff shall have the authority to terminate this Contract at any time. If so directed by

sem

the Chief of Staff, PREPA will terminate this Contract by delivering to the Contractor a notice of termination specifying the extent to which the performance of the work under this Contract is terminated, and the effective date of termination. Upon the effective date of termination, the Contractor shall immediately discontinue all services affected and deliver to PREPA all information, studies and other materials property of PREPA. In the event of a termination by notice, PREPA shall be liable only for payment of services rendered up to and including the effective date of termination.-----

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 agreement with PREPA or by direct disposition of the Office of the Chief of Staff. These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this Agreement. For 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.-----

X. COMPLIANCE WITH THE COMMONWEALTH OF PUERTO RICO CONTRACTING REQUIREMENTS

The Contractor will comply will all applicable State Law, Regulations or Executive Orders that regulate the contracting process and requirements of the Commonwealth of Puerto Rico. Particularly: *Law 237-2004*, as amended, which establishes uniform contracting requirements for professional and Contractor services for the agencies and governmental entities of the Commonwealth of Puerto Rico. 3 L.P.R.A. § 8611 et seq., and the Puerto Rico Department of Treasury Circular Letter Number 1300- 16-16. CC

CCM

Num. 1300-16-16 (22/01/2016). The Contractor shall provide the following certifications and sworn statement as applicable in a term of five (5) days after the execution of this Contract.-----

A. **Executive Order Num. OE-1991-24 of June 18, 1991 to require certification of compliance with the Internal Revenue Services of the Commonwealth of Puerto Rico:**

Pursuant to Executive Order Number OE-1991-24 of June 18, 1991, the Contractor will certify and guarantee that it has filed all the necessary and required income tax returns to the Government of Puerto Rico for the last five (5) years. The Contractor, further will certify that it has complied and is current with the payment of any and all income taxes that are, or were due, to the Government of Puerto Rico. The Contractor shall provide, to the satisfaction of PREPA, and whenever requested by PREPA during the term of this Contract, the necessary documentation to support its compliance with this clause. The Contractor will be given a specific amount of time to produce said documents. During the term of this Contract, the Contractor agrees to pay and/or to remain current with any repayment plan agreed to by the Contractor with the Government of Puerto Rico.

B. **Executive Order Num. OE-1992-52 of August 28, 1992 to require certification of compliance with the Department of Labor of the Commonwealth of Puerto Rico.**

Pursuant to Executive Order Number 1992-52, dated August 28, 1992 amending OE-1991-24, the Contractor will certify and warrant that it has made all payments required for unemployment benefits, workmen's compensation and social security

LCM

for chauffeurs, whichever is applicable, or that in lieu thereof, has subscribed a payment plan in connection with any such unpaid items and is in full compliance with the terms thereof. The Contractor accepts and acknowledges its responsibility for requiring and obtaining a similar warranty and certification from each and every Contractor and Sub Contractor whose service the Contractor has secured in connection with the services to be rendered under this Contract and shall forward evidence to PREPA as to its compliance with this requirement. -----

- C. **Government of Puerto Rico Municipal Tax Collection Center:** The Contractor will certify and guarantee that it does not have any current debt with regards to property taxes that may be registered with the Government of Puerto Rico's Municipal Tax Collection Center (known in Spanish as *Centro de Recaudación de Ingresos Municipales* ("CRIM")). The Contractor further will certify to be current with the payment of any and all property taxes that are or were due to the Government of Puerto Rico. The Contractor shall provide, to the satisfaction of PREPA and whenever requested by PREPA during the term of this Contract, Certification issued by the Municipal Revenues Collection Center (MRCC), assuring that Contractor does not owe any tax accruing to such governmental agency. To request such Certification, Contractor will use the form issued by the MRCC (called "CRIM-Certificados, Radicación, Estado de Cuenta y Todos los Conceptos" in the website). The Contractor will deliver upon request any documentation requested by PREPA. During the Term of this Contract, the

LCM

Contractor agrees to pay and/or to remain current with any repayment plan agreed to by the Contractor with the Government of Puerto Rico with regards to its property taxes.-----

The Contractor shall provide a Personal Property Tax Filing Certification, issued by the MRCC which indicates that Contractor has filed its Personal Property Tax Return for the last five (5) contributory terms or Negative Debt certification issued by the MRCC with respect to real and property taxes and a sworn statement executed by Contractor indicating that (i) its revenues are derived from the rendering of professional services, (ii) during the last five (5) years (or the time in which it has been providing professional services) it has had no taxable business or personal property on the 1st of January of each year, (iii) that for such reasons it has not been required to file personal property tax returns, as required under Article 6.03 of Act 83-1991, as amended and (iv) that for such reason it does not have an electronic tax file in the MRCC's electronic system.-----

- D. The Contractor shall furnish a Certification issued by the Treasury Department of Puerto Rico which indicates that Contractor 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.-----
- E. The Contractor shall provide a Puerto Rico Sales and Use Tax Filing Certificate, issued by the Treasury Department of Puerto Rico assuring that Contractor has filed his Puerto Rico Sales and Use Tax for the last sixty (60) contributory periods.

LCM

- F. The Contractor shall provide a copy of Contractor's Certificate of Merchant's Registration issued by the Treasury Department of Puerto Rico.-----
- G. **Puerto Rico Child Support Administration (ASUME)**: The Contractor shall present, to the satisfaction of PREPA, the necessary documentation certifying that the Contractor nor any of its owners, affiliates of subsidiaries, if applicable, have any debt, outstanding debt, or legal procedures to collect child support payments that may be registered with the Puerto Rico Child Support Administration (known in Spanish as the *Administración Para El Sustento de Menores (ASUME)*). The Contractor will be given a specific amount of time to deliver said documents. 3 L.P.R.A. § 8611 et seq.;-----
- H. The Contractor shall provide a Good Standing Certificate issued by the Department of State of Puerto Rico.-----
- I. The Contractor shall provide a Certification of Incorporation, or Certificate of Authorization to do business in Puerto Rico issued by the Department of State of Puerto Rico.-----
- J. **Special Contribution for Professional and Consulting Services**: As required by Act 48-2013, as amended, PREPA will withhold a special contribution of one point five percent (1.5%) of the gross amounts paid under this Contract.-----
- K. **Social Security and Income Tax Retentions**: In compliance with Executive Order 1991 OE- 24; and C.F.R. Part 404 et. Seq., the Contractor will be

12/27/13

responsible for rendering and paying the Federal Social Security and Income Tax Contributions for any amount owed as a result of the income, from this Contract.

L. **Income Tax Retention Law:** PREPA shall deduct and withhold ten percent (10%) of any and all payments to residents of the Commonwealth of Puerto Rico as required by the Internal Revenue Code of Puerto Rico. In case of US citizens and Non US citizens, which are nonresidents of the Commonwealth of Puerto Rico the Contractor will retain twenty percent (20%) and twenty-nine percent (29%) respectively. PREPA will remit such withholdings to the Government of Puerto Rico's Treasury Department (known in Spanish as *Departamento de Hacienda de Puerto Rico*). The Contractor will request PREPA not to make such withholdings if, to the satisfaction of PREPA, the Contractor timely provides a release from such obligation by the Government of Puerto Rico's Treasury Department. 3 L.P.R.A. § 8611 et seq., 2011 L.P.R. 232; 232-2011.-----

M. **Compliance with Act 1 of Governmental Ethics:** The Contractor will certify compliance with Act 1-2012, as amended, known as the Ethics Act of the Government of Puerto Rico, which stipulates that no employee or executive of PREPA nor any member of his/he immediate family (spouse, dependent children or other members of his/her household or any individual whose financial affairs are under the control of the employee) shall have any direct or indirect pecuniary interest in the services to be rendered under this Contract, except as may be expressly authorized by the Governor of Puerto Rico in consultation with the

SECRET

Secretary of Treasury and the Secretary of Justice of the Government. 3 L.P.R.A. § 8611 et seq.-----

- N. **Act 168-2000: Law for the Strengthening of the Family Support and Livelihood of Elderly People:** The Contractor will certify that if there is any Judicial or Administrative Order demanding payment or any economic support regarding Act 168-2000, as amended, the same is current and in all aspects in compliance. Act 168-2000 "*Law for the Strengthening of the Family Support and Livelihood of Elderly People*" in Spanish: "*Ley para el Fortalecimiento del Apoyo Familiar y Sustento de Personas de Edad Avanzada*", 3 L.P.R.A. §8611 et seq.
- O. **Act 127-2004: Contract Registration in the Comptroller's Office of Puerto Rico Act:** Payment for services object of this Contract will not be made until this Contract is properly registered in the Office of the Comptroller of the Government of Puerto Rico pursuant to Law Number 18 of October 30, 1975, as amended.-----
- P. **Dispensation:** Any and all necessary dispensations have been obtained from any government entity and that said dispensations shall become part of the contracting record.-----
- Q. **Rules of Professional Ethics:** The Contractor acknowledges and accepts that it is knowledgeable of the rules of ethics of his/her profession and assumes responsibility for his/her own actions.-----

LECM

R. Anti-Corruption Code for a New Puerto Rico. Contractor agrees to comply with the provisions of Act 2-2018, as the same may be amended from time to time, which establishes the Anti-Corruption Code for a New Puerto Rico. The Contractor hereby certifies that it does not represent particular interests in cases or matters that imply a conflicts of interest, or of public policy, between the executive agency and the particular interests it represents.-----

Contractor shall furnish a sworn statement to the effect that neither Contractor nor any president, vice president, executive director or any member of a board of officials or board of directors, or any person performing equivalent functions for Contractor has been convicted of or has pled guilty to any of the crimes listed in Article 6.8 of Act 8-2017, as amended, known as the Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico or any of the crimes included in Act 2-2018.-----

Contractor hereby certifies that it has not been convicted in Puerto Rico or United States Federal court for under Articles 4.2, 4.3 or 5.7 of Act 1-2012, as amended, known as the Organic Act of the Office of Government Ethics of Puerto Rico, any of the crimes listed in Articles 250 through 266 of Act 146-2012, as amended, known as the Puerto Rico Penal Code, any of the crimes typified in Act 2-2018, as amended, known as the Anti-Corruption Code for a New Puerto Rico or any other felony that involves misuse of public funds or property, including but not limited to the crimes mentioned in Article 6.8 of Act 8-2017, as amended, known as the Act

WCM

for the Administration and Transformation of Human Resources in the Government of Puerto Rico.-----

PREPA shall have the right to terminate the agreement in the event Contractor is convicted in Puerto Rico or United States Federal court for under Articles 4.2, 4.3 or 5.7 of Act 1-2012, as amended, known as the Organic Act of the Office of Government Ethics of Puerto Rico, any of the crimes listed in Articles 250 through 266 of Act 146-2012, as amended, known as the Puerto Rico Penal Code, any of the crimes typified in Act 2-2018, as amended, known as the Anti-Corruption Code for a New Puerto Rico or any other felony that involves misuse of public funds or property, including but not limited to the crimes mentioned in Article 6.8 of Act 8-2017, as amended, known as the Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico.-----

If any of the previously required Certifications shows a debt, and Contractor has requested a review or adjustment of this debt, Contractor will certify that it has made such request at the time of the Contract execution. If the requested review or adjustment is denied and such determination is final, Contractor will provide, immediately, to PREPA a proof of payment of this debt; otherwise, Contractor accepts that the owed amount be offset by PREPA and retained at the origin, deducted from the corresponding payments.-----

- S. **Consequences of Non-Compliance:** The Contractor expressly agrees that the conditions outlined throughout this Section are essential requirements of this

REC

Contract. Consequently, should any one of these representations, warranties or certifications be incorrect, inaccurate or misleading, in whole or in part, there shall be sufficient cause for the PREPA to render this Contract null and void, and the Contractor shall reimburse the PREPA all moneys received under this Contract.--

XI. COMPLIANCE WITH APPLICABLE FEDERAL LAW, REGULATIONS AND EXECUTIVE ORDERS.

A. Compliance with the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3701-3708) as supplemented by Department of Labor regulations (29 CFR part 5),-----

(1) **Overtime requirements.** No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.-----

(2) **Violation; liability for unpaid wages; liquidated damages.** In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated

LCM

damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$26 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.-----

(3) Withholding for unpaid wages and liquidated damages. The Government of Puerto Rico shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.-----

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier

leomr

subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.-----

B. Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352 (as amended).

Contractor certifies that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient (the Puerto Rico Emergency Management Agency).-----

C. Breach of Contract Terms. Any violation or breach of terms of this Contract on the part of the Contractor or a subcontractor may result in the suspension or termination of this Contract or such other action, including the recovery of damages, as may be necessary to enforce the rights of the Government Entity. The duties and obligations imposed by this Contract and the rights and remedies available hereunder shall be in addition to, and not a limitation of, any duties, obligations, rights and remedies otherwise imposed or available by law.

LEON

D. Clean Air Act and the Federal Water Pollution Control Act. The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq., and the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq. The Contractor agrees to report each violation to the Government Entity and understands and agrees that the Government Entity will, in turn, report each violation as required to assure notification to the Government of Puerto Rico, Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office. The Contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance.-----

Clean Air Act (42 U.S.C. 7401–7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251–1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401–7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C.1251–1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).-----

E. **Changes.** At any time, and only through a written change order instruction, the Government Entity may make changes in the Services or work to be performed

Handwritten signature

within the general scope of this Contract. If such changes cause an increase or decrease in Contractor's cost of, or time required for, performance of any services under this Contract, an equitable adjustment shall be made and this Contract shall be modified in writing accordingly, provided, however, that no changes shall be made to the scope of the Services that would render the costs incurred in the performance of this Contract unallowable or not allocable under, or outside the scope or not reasonable for the completion of, Federal grant awards from FEMA or any other U.S. federal agency.-----

F. **Sufficiency of Funds.** MEC recognizes and agrees that funding for this Agreement is contingent upon availability of Federal assistance awarded by Federal agencies to the Commonwealth of Puerto Rico. If during the term of this Agreement, Federal or Commonwealth funding is reduced, deobligated, or withdrawn, PREPA may reduce the scope of or terminate the Agreement. PREPA shall provide MEC with written notice of the lack of funding within a reasonable time and PREPA reserves all rights to reduce the scope of or terminate the Agreement because lack of funding.-----

G. **FEMA Disaster Assistance Survivor/Registrant Data.**

(a) If the Contractor has access to Disaster Assistance Survivor/Registrant data or any other personally identifiable information, the Contractor shall comply with the provisions of the Terms and Conditions for Sharing FEMA Disaster Assistance Survivor/Registrant Data with State Governments set

LECM

forth in the FEMA-Government of Puerto Rico Contract for FEMA-4339-
DR-PR.-----

- (b) The Contractor shall indemnify, defend, and hold harmless the Government Entity and the Government of Puerto Rico for any and all costs associated with the defense of that litigation, including costs and attorneys' fees, settlements, or adverse judgments arising from the Contractor's failure to comply with the requirements under this contract.-----

H. **Costs.** All costs incurred by the Contractor in performance of this Contract must be in accord with the cost principles of 2 C.F.R. pt. 200, Subpart The Government Entity shall not be required to make payments to the Contractor for costs which are found to be contrary to the cost principles 2 C.F.R. pt. 200, Subpart E.-----

I. **Financial Management System.**

The Contractor's financial management system shall provide for the following:

- (1) accurate, current and complete disclosure of the financial results of this Contract and any other contract, grant, program or other activity administered by the Contractor;-----
- (2) records adequately identifying the source and application of all Contractor funds and all funds administered by the Contractor which shall contain information pertaining to all contract and grant awards and authorizations, obligations, unobligated balances, assets, liabilities,

12/27/12

outlays and income, and shall be segregated by contract or on a contract-by-contract basis;-----

(3) effective internal control structure over all funds, property and other assets, sufficient to allow the Contractor to adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes;-----

(4) comparison of actual outlays with budgeted amounts for this Contract and for any other contract, grant, program or other activity administered by the Contractor;-----

(5) accounting records supported by source documentation;-----

(6) procedures to minimize elapsed time between any advance payment issued and the disbursement of such advance funds by the Contractor; and -----

(7) procedures consistent with the provisions of any applicable policies of the Federal Government and the Government of Puerto Rico and procedures for determining the reasonableness, allowability and allocability of costs under this Contract.-----

J. **Penalties, Fines, and Disallowed Costs.** In the event that any U.S. Federal agency or the Government of Puerto Rico disallows or demands repayment for costs incurred in the performance of this Contract, or if any penalty is imposed due to an act or omission by the Contractor, the Contractor shall be

WEM

solely responsible for such penalty, disallowed costs, or repayment demand, and shall reimburse the Government Entity in full within ten (10) days of receiving notice from the Government Entity of such penalty, disallowance, or repayment demand. Any monies paid by the Contractor pursuant to this provision shall not relieve the Contractor of liability to the Government Entity for damages sustained by the Government Entity by virtue of any other provision of this Contract.-----

K. Debarment, Suspension, and Ineligibility.

- (1) The Contractor represents and warrants that the Contractor, its principals, and affiliates have not been debarred, suspended, or placed in ineligibility status under the provisions of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000 (government debarment and suspension regulations). The Contractor represents and warrants that it will not enter into any contracts or subcontracts with any individual or entity which has been debarred, suspended or deemed ineligible under those provisions. During the term of this Contract, the Contractor will periodically review SAM.gov and local notices to verify the continued accuracy of this representation. The Contractor shall require all subcontractors at every tier to comply with this requirement.-----
- (2) This certification is a material representation of fact relied upon by Government Entity. If it is later determined that the Contractor did not

WOM

comply with 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000, in addition to remedies available to the Government of Puerto Rico and the Government Entity, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.---

L. **Reporting Requirements.** The Contractor shall complete and submit all reports, in such form and according to such schedule, as may be required by the Government Entity.-----

M. **Review of laws.** The Contractor certifies that it will access online and read each law that is cited in the aforementioned clauses and that, in the event it cannot access the online version, it will notify the Government Entity in order to obtain printed copies of the laws. Not requiring a printed copy of the laws to the Government Entity will be evidence that the Contractor was able to find it online and read it as required.-----

N. **Notice of Federal Emergency Management Agency (FEMA) Reporting Requirements and Regulations:**

(1) PREPA is using Federal grant funding awarded or administered by FEMA to the Government of Puerto Rico and/or the Government Entity to pay, in full, for the costs incurred under this Contract. As a condition of FEMA funding under major disaster declaration FEMA-4339-DR-PR, FEMA requires the Government of Puerto Rico and the Government Entity to provide various financial and performance reporting. The Contractor agrees to provide all information, documentation, and reports necessary to satisfy

Leah

these reporting requirements. Failure by the Contractor to provide information necessary to satisfy these reporting requirements may result in loss of Federal funding for this Contract, and such failure shall be a material breach of this Contract.-----

(2) Applicable Regulations and Policy. Applicable regulations, FEMA policy, and other sources setting forth these reporting requirements include, but are not limited to:-----

- (i) 2 C.F.R. § 327 (Financial Reporting);
- (ii) 2 C.F.R. § 200.328 (Monitoring and Reporting Program Performance);
- (iii) Performance and financial reporting requirements set forth in 2 C.F.R. Part 206.

O. **Access to Records.**

The Contractor agrees to provide the Government Entity, the Government of Puerto Rico, the FEMA Administrator, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Contractor which are directly pertinent to this Contract for the purposes of making audits, examinations, experts, and transcriptions.-----

The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.-----

REC-2

The Contractor agrees to provide the FEMA Administrator or his authorized representatives access to work sites pertaining to the work being completed under the Contract.-----

P. **Retention requirements for records.**

The Contractor agrees to maintain all books, records, accounts and reports and all other records produced or collected in connection with this Contract for a period of not less than three (3) years after the date of final payment and closed-out of all pending matters related to this Contract. If any litigation, claim, or audit is reasonably anticipated to arise or is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.-----

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:-----

None

- 1) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.-----
- 2) When the Government Entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.-----
- 3) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.-----
- 4) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3- year retention requirement is not applicable to the non-Federal entity.-----
- 5) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.-----
- 6) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records:

REC-7

in- direct cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).-----

7) *If submitted for negotiation.* If the proposal, plan, or other computation is required to be submitted to the Federal government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.-----

8) *If not submitted for negotiation.* If the proposal, plan, or other computation is not required to be submitted to the Federal government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.-----

Q. **Program Fraud and False or Fraudulent Statements or Related Acts.** The Contractor acknowledges that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements) applies to the Contractor's actions pertaining to this Contract.-----

R. **Procurement of Recovered Materials.** In the performance of this Contract, the Contractor shall make maximum use of products containing recovered

LCM

materials that are Environmental Protection Agency ("EPA")- designated items unless the product cannot be acquired—(i) competitively within a timeframe providing for compliance with the Contract performance schedule; (ii) meeting Contract performance requirements; or (iii) at a reasonable price. Information about this requirement, along with the list of EPA-designated items, is available at EPA's Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.

Solid Waste Disposal Act. The Contractor must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency(EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and re- source recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

S. **Energy Efficiency.** The Contractor agrees to comply with the requirements of 42 U.S.C. § 6201, which contain policies relating to energy efficiency that are defined in the Government of Puerto Rico's energy conservation plan issued in compliance with said statute.-----

10/27/16

- T. **Age Discrimination Act of 1975.** The Contractor shall comply with the provisions of the Age Discrimination Act of 1975. No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity receiving federal financial assistance.-----
- U. **Americans with Disabilities Act.** The Contractor shall comply with the appropriate areas of the Americans with Disabilities Act of 1990, as enacted and from time to time amended, and any other applicable federal regulation. A signed, written certificate stating compliance with the Americans with Disabilities Act may be requested at any time during the term of this Contract.
- V. **Title VI of the Civil Rights Act of 1964.** The Contractor shall comply with the provisions of Title VI of the Civil Rights Act of 1964. No person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.-----
- W. **Section 504 of the Rehabilitation Act of 1973, as Amended.** The Contractor agrees that no otherwise qualified individual with disabilities shall, solely by reason of his disability, be denied the benefits, or be subjected to discrimination including discrimination in employment, any program or activity that receives the benefits from the federal financial assistance.-----

10/27/20

- X. **Drug-Free Workplace.** The Contractor shall maintain a drug-free work environment in accordance with the Drug-Free Workplace Act of 1988 (41 U.S.C. § 8101 et seq.), and implementing regulations at 2 C.F.R Part 3001.-----
- Y. **Compliance with Laws, Regulation and Executive Orders.** The Contractor acknowledges that FEMA financial assistance will be used to fund this Contract. The Contractor shall comply will all applicable Federal and Government of Puerto Rico law, regulations, executive orders, policies, procedures, and directives, including but not limited to all Federal Cost Principles set forth in 2 C.F.R. Part 200, and all applicable FEMA regulations in 44 C.F.R. Chapter I. 2 C.F.R. Part 200.-----
- Z. **Provisions Required by Law Deemed Inserted.** Each and every provision required by law regulation, executive order, policy, procedure, directive, Federal grant award or agreement, or cooperative agreement with any Federal agency to be inserted in this Contract shall be deemed to be inserted herein and the Contract shall be read and enforced as though it were included herein. If, through mistake or otherwise, any provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall be amended to make such insertion or correction.-----
- AA. **Agreement to Execute Other Required Documents.** Contractor and all subcontractors, by entering into the Contract, understand and agree that funding for the Services is provided under Federal programs with

MEC

specific contracting requirements. To the extent any such requirement is not otherwise set forth herein, Contractor agrees to execute such amendments or further agreements as may be necessary to ensure that the Government Entity received Federal funding for this Contract.-----

BB. **U.S. Department of Homeland Security Seal, Logo, and Flags.** The Contractor shall not use the U.S. Department of Homeland Security seal(s), logos, crests, or reproductions of flags or likenesses of DHS agency officials without specific FEMA pre- approval.-----

CC. **No Obligation by the Federal Government.** PREPA and Contractor acknowledge and agree that the Federal Government is not a party to this Contract and is not subject to any obligations or liabilities to PREPA, Contractor, or any other party pertaining to any matter resulting from the contract.-----

XII. INSURANCE

The Contractor shall secure and maintain in full force and effect during the life of this Contract as provided herein, policies of insurance covering all operations engaged in by the Contract as follows:-----

1. **Commonwealth of Puerto Rico Workmen's Compensation Insurance:**

The Contractor shall provide Workmen's Compensation Insurance as required by the Workmen's Compensation Act 45-1935 of the Commonwealth of Puerto Rico. The

Recm

Contractor shall also be responsible for compliance with said Workmen's Compensation Act by all its subcontractors, agents, and invitees, if any.-----

The Contractor shall furnish a certificate from the Puerto Rico State Insurance Fund showing that all personnel employed in the work are covered by the Workmen's Compensation Insurance, in accordance with this Contract.-----

2. Employer's Liability Insurance:

The Contractor shall provide Employer's Liability Insurance with a 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 the Contractor as result of bodily injury, by accident or disease, including death arising out 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.-----

3. Commercial General Liability Insurance:

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

4. Commercial Automobile Liability Insurance:

The Contractor shall provide a Commercial Automobile Liability Insurance with limits of \$ 1,000,000 combined single limit covering all owned or scheduled autos, non-owned autos, and hired autos.-----

12/27/07

5. Professional Liability Insurance:

The Contractor shall provide a Professional Liability Insurance with limits of \$ 1,000,000 per claim 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 (PREPA)
Risk Management Office
PO Box 364267
San Juan, Puerto Rico 00936-4267

- b. A 30 day cancellation or nonrenewable notice to be sent to the above address.
- c. An endorsement including this Contract under contractual liability coverage and identifying it by number, date and parties to the contract.
- d. Waiver of subrogation in favor of Puerto Rico Electric Power Authority (PREPA).
- e. Breach of Warranties or Conditions:

"The Breach of any of the Warranties or Conditions in this policy by the Insured shall not prejudice PREPA's rights under this policy."

Furnishing of Policies:

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

The Contractor shall furnish a certificate of insurance in original signed by an authorized representative of the insurer in Puerto Rico, describing the coverage afforded.-----

WCM

XIII. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or sent by telecopy, or sent, postage prepaid, by registered, certified or express mail (return receipt requested) or reputable overnight courier service and shall be deemed given when so delivered by hand, or telecopied, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service) to the parties at the following addresses:-----

If to PREPA:

José F. Ortiz Vázquez
Chief Executive Officer/Executive Director

Puerto Rico Electric Power Authority
PO Box 364267
San Juan, Puerto Rico 00936-4267

If to Contractor:

José E. Aulí Medero

MEC Engineering, PSC
605 Condado Street
San Alberto Building, Suite 321
San Juan, Puerto Rico 00907

XIV. Counterparts. This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.-----

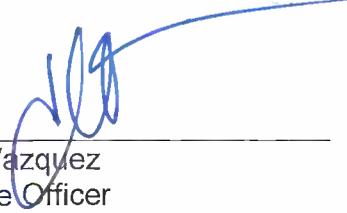
XV. Entire Contract. Subject to any additional Federal or Commonwealth requirements not specified herein, this Contract and its attachments, (and any executed

MEC

amendments to either), constitutes the entire Contract between the Parties and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Contract will inure to the benefit of, and be binding upon, the Parties and their respecting successors and assigns. 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.-----

IN WITNESS THEREOF, the parties hereto execute this Contract as of the 30 of
-----June-----, 2019.

**PUERTO RICO ELECTRIC POWER
AUTHORITY**



José F. Ortiz Vazquez
Chief Executive Officer
Tax Id Number: 660-43-3747

MEC ENGINEERING, PSC



Michelle Marie Camino Bonilla
Vice President
Tax Id. Number: 660-57-0638

Appendix A

12/10/17



April 15, 2019

Puerto Rico Electric Power Authority
Eng. Mireya Rodríguez Fernández
Senior Executive, PMO
Restructuring, Fiscal Affairs and Innovations
PO Box 364267
San Juan, PR 00936-4267

RE: PROFESSIONAL SERVICES CONTRACT NUMBER 2018-P00167- INSPECTION, MANAGEMENT AND ENGINEERING FOR THE RESTORATION OF PREPA ELECTRICAL SYSTEM- CONTRACT VALIDATION NEXT FISCAL YEAR 2019/2020

Dear engineer Rodríguez:

As discussed previously, our contract terminates on June 30, 2019. We at MEC would like to present this letter as an extension of price, scope of service and terms and conditions of our contract with the agency 2018-P00167. MEC will maintains all contracts conditions (see Table 1 for services and rates) for the next fiscal year if PREPA request our services.

Table 1: SERVICES AND RATES AS PER CONTRACT 2018-P00167

Work/Service Description	Unit	Unit Rate
1-Management Group		
a. Group Manager	Hour	\$180.00
b. Project Manager - Transmission	Hour	\$120.00
c. Project Manager - Distribution	Hour	\$100.00
2-Inspection Group		
a. Inspectors - Transmission	Hour	\$90.00
b. Inspectors - Distribution	Hour	\$80.00
3-Enviromental Group		
a. Biologist	Hour	\$230.00
b. Archeologist	Hour	\$200.00
c. Arborist	Hour	\$155.00
4-Support Group		
a. Safety Officer	Hour	\$90.00
b. Scheduler	Hour	\$90.00
5-Office Support		
a. Document Control	Hour	\$45.00

MEM



OTHERS TASK NOT INCLUDED ON THE ORIGINAL PROPOSAL

As requested by PREPA, MEC would like to present the following task for evaluation and furthers incorporation to our professional services contract.

Substation Inspections

Contemplating an initial amount of 300 Substation around the island subject for inspection and assessment MEC can perform this task before or after impact of an atmospheric event.

- **Inspection of electrical substations at a rate of \$120.00 per hour.**

Electrical Distribution System – Post Atmospheric Event Assessment

As per PREPA request, based on how the process was conducted after hurricane Maria impacted the island, MEC offers our services for proposes the inspection, damage assessment. Included with this task MEC will provide cost estimating service as per finding related to The metric used for the proposal is working 7 days per week, 8 hours per day on a time frame of 90 days. Please refer to following economic proposal:

- **Inspection and damage assessment for future storm impact at a rate of \$80.00 per hour.**

Cost Estimating Services – Post Atmospheric Event Assessment

MEC has personal with the experience in construction who can provide cost estimating service as per findings associates to damage assessment for substation and/or electrical distribution system.

- **Cost estimating services at a rate of \$65.00 per hour.**

Aware and familiarized with PREPA's Electrical System needs; MEC Engineering, PSC. is also interested in providing PREPA assistance in the development of a standard procedure for the collection of data in the damage assessment process after the occurrence of a disaster or an event that affects our electrical system. As part of this proposal MEC will help PREPA developing uniform protocols for the field data recollection for all regions.

MEC



We at MEC Engineering appreciate the opportunity given to our company and look forward to discuss in detail any questions or commentaries regarding all aspects discussed in this letters.

MEM

Regards,

Jauli

José E. Aulí, P.E.

Operations Director

MEC Engineering, P.S.C.