

2022-P00009

**COMMONWEALTH OF PUERTO RICO  
PUERTO RICO ELECTRIC POWER AUTHORITY**

**PROFESSIONAL SERVICES CONTRACT**

**APPEAR**

AS FIRST PARTY: The Puerto Rico Electric Power Authority (PREPA), a public corporation and government instrumentality of the Commonwealth of Puerto Rico, created by Act 83 of May 2, 1941, as amended (Act 83), represented in this act by its Executive Director, Efran Paredes Maisonet, of legal age, married and a resident of Bayamón, Puerto Rico.

AS SECOND PARTY: Sargent & Lundy Puerto Rico, L.L.C., (Consultant), a limited liability company organized and existing under the laws of the Commonwealth of Puerto Rico and registered to do business in Puerto Rico, represented in this act by its Manager, Vincent T. Heinz, of legal age, married and a resident of the State of Illinois, by virtue of the Consultant Corporate Resolution, dated June 18, 2021.

Both PREPA and Consultant are herein individually referred to as a "Party" and collectively referred to as the "Parties".

**WITNESSETH**

In consideration of the mutual covenants and agreements contained in this Contract, hereinafter stated, the Parties agree themselves, their personal representatives, and successors as follows:



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WHEREAS: PREPA, by virtue of 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: On June 22, 2020, PREPA, the Puerto Rico Public-Private Partnership Authority and LUMA ENERGY, LLC entered into a Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (“O&M Agreement”) whereby LUMA took over certain O&M responsibilities on June 1, 2021. Accordingly, in an effort to avoid duplication of efforts by both Consultant and LUMA, the Parties agree that the Contract shall be amended to eliminate Scope of Services items which LUMA will carry out during its assumption of O&M duties, which commenced on June 1, 2021.

WHEREAS: On February 24, 2021, LUMA Energy, LLC submitted for the Puerto Rico Energy Bureau’s (PREB) evaluation and approval the System Remediation Plan (SRP), as required under Section 4.1(d) of the O&M Agreement and in accordance with the requirements of PREB in its Resolution and Order of December 31, 2020. Accordingly, in an effort to prevent undue interference or noncompliance with LUMA Energy, LLC’s responsibilities and obligations under the SRP, the Parties agree that the Amended Scope of Work shall include only those items that are consistent with the SRP and shall be drafted to provide full cooperation with LUMA Energy, LLC in its execution of the SRP.

WHEREAS: On June 30, 2021, PREPA’s Governing Board, through Resolution 4893, authorized PREPA to execute a Contract with Consultant for a maximum amount of four million dollars (\$4,000,000), during Fiscal Year 2021-2022, subject to availability of funds.



NOW THEREFORE, the appearing Parties hereby agree to enter into this Contract under the following terms and conditions:

## **TERMS AND CONDITIONS**

### **Article 1. Scope of Services**

- 1.1. In accordance with the terms and conditions herein established the Consultant will provide PREPA professional services and financial consulting services, including expert testimony services related to the electric system owned by PREPA (collectively, the “Services”). The Consultant will continue providing technical, financial and contract support to PREPA for transformation efforts to meet PREPA’s financial goals. The professional services to be provided by the Consultant are included in Appendix A of the Contract.
- 1.2. At the direction of PREPA, the Consultant may be required to work with other consulting, legal, investment, or other type of firms in support of the continuing activities, programs and operations of PREPA. The Parties agree to discuss such assignment(s) in advance, so that all the Parties have a clear understanding as to their responsibilities. The Consultant is not responsible for worked performed by others.

### **Article 2. Definitions**

Whenever the words defined in this Article or pronouns used instead are mentioned in this Contract, they shall have the meanings here given:

- 2.1. Contract - shall mean collectively, all of the covenants, terms, and stipulations in these Articles of the Contract and in all supplementary documents hereto attached



which constitute essential parts of the Contract and are hereby made part thereof:  
i.e. Professional Services Contract.

- 2.2. Contracting Officer - shall mean PREPA's Executive Director, acting directly or through his properly authorized representatives.
- 2.3. Project Manager - shall mean an authorized representative assigned by each Party for the duration of the work and until the final payment is due. All instructions shall be forwarded through the Project Manager. All interpretations and decisions of the Project Manager shall be consistent with the intent of and reasonably inferable from the Contract documents and will be made in writing. PREPA's designated Project Manager will be Fernando M. Padilla. Consultant's designated Project Manager will be Thomas Cavalcante. If any of the Parties decides to change the Project Manager, prior written notification shall be forwarded to the other Party.

**Article 3. Services Coordination**

All the Services of the Consultant in relation to the terms and conditions of this Contract will be coordinated through PREPA's Restructuring and Fiscal Affairs Administrator of the Project Management Office or the person delegated by him.

**Article 4. Contract Assignment or Subcontract**

The Consultant 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: (a) the Consultant delivers to PREPA a copy of the subcontract, not less than thirty (30) days prior to the effective date of the proposed



subcontract; (b) the subcontract includes, as a condition for its legal validity and enforceability, a provision whereby PREPA has the right to substitute, subrogate or assume Consultants' rights under the subcontract, in the event that PREPA declares the Consultant in breach or default of any of the material Contract terms and conditions; and (c) the subcontract includes, as a condition for its validity and enforceability, a provision establishing for the subcontractor the obligation to comply with all Consultants' obligations under the Contract (mirror image clause) to the extent commensurate with the Services performed thereby, except for such obligations, terms and conditions which exclusively related with works or Services not included under the subcontract. A request to subcontract shall specify the issues or matters that will be referred to the subcontractor. These Services shall be paid as part of the Contract Amount, as stated in Article 7, Payment.

**Article 5. Contract Term**

This Contract shall be in effect from the date of its execution until October 30, 2021 (the Contract Period).

**Article 6. Contract Termination**

6.1. PREPA shall have the right to terminate this Contract, at any time, with thirty (30) days prior written notice by registered mail, return receipt requested, or overnight express mail to the Consultant. If such notice is given, the Contract shall terminate upon the expiration of the thirty (30) days and PREPA shall be obligated to pay all fees and expenses incurred up to the day of effective termination, and through demobilization (if any) in accordance with the terms of this Contract. The rights,

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duties and responsibilities of the Parties shall continue in full force and effect during the thirty (30) day notice period. The Consultant shall have no further right to compensation except for what has been accrued for Services rendered and expenses incurred under the Contract until said date of effective termination.

- 6.2. PREPA shall have the right to terminate this Contract immediately, without prior written notice, in the event Consultant defaults in the performance of a material obligation under this Contract, and thereafter fails to cure the default within fifteen (15) calendar days after Consultant's receipt of the written notice of default by PREPA, unless such default is not reasonably capable of being cured within the initial fifteen- (15-) day period, in which case the cure period shall be extended as reasonably necessary, but in no event longer than 15 additional calendar days.
- 6.3. The Consultant 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 the Consultant under the circumstances.

**Article 7. Payment**

- 7.1. In accordance with the terms and conditions contained herein, PREPA agrees and Consultant accepts that the total amount to be paid under the Contract shall not exceed a cumulative amount of two million two hundred fifteen thousand dollars (\$2,215,000), including reimbursable expenses (the "Contract Amount"). All payments to be made under this Contract will be charged to PREPA's budget account 01-4019-92319-556-673. PREPA will only pay for Services already

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rendered before the submitted invoice date. PREPA will not be required to make advance payments for any future service to be rendered by Consultant under the Contract.

- 7.2. Nothing herein shall preclude the Parties from agreeing to increase said amount in writing and signed by both Parties.
- 7.3. PREPA will pay for the Services rendered by Consultant according to the following hourly rates:

**Consultant Hourly Rate Sheet  
 For All Services**

No.	Consultant Billing Classification	Labor Resource Description	Unit	Unit Price
1	Director/Principal Consultant	Program Director	\$/Hour	290
2	Senior Consultant II/III	Consultant-Senior	\$/Hour	270
3	Senior Consultant I	Consultant II	\$/Hour	247
4	Consultant	Consultant I	\$/Hour	214
5	Technical Editing Services	Technical Editor	\$/Hour	148
6	Administrative Assistant	Administrative Assistant	\$/Hour	115
7	Local Contract Administrator	Not applicable	\$/Hour	55

**Concession Agreement Support**

No.	Consultant Billing Classification	Labor Resource Description	Unit	Unit Price
1	Principal Manager	Group Manager	\$/Hour	246
2	Senior Manager	Senior Manager	\$/Hour	228
3	Manager	Manager	\$/Hour	204
4	Senior Project Associate	Senior Project Officer	\$/Hour	184
5	Project Associate	Project Officer II	\$/Hour	168

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6	Senior Associate	Project Officer I	\$/Hour	142
7	Senior Designer	Project Assistant II	\$/Hour	138
8	Designer	Project Assistant I	\$/Hour	106
9	Senior Associate	Senior Engineer	\$/Hour	142
10	Associate	Engineer	\$/Hour	123
11	Drafter	Engineer Assistant	\$/Hour	95
12	Administrative Assistant	Administrative Assistant	\$/Hour	89

Financial Analysis, Contracts and Fuel Purchase Support

No.	Consultant Billing Classification	Labor Resource Description	Unit	Unit Price
1	Principal Manager	Group Manager	\$/Hour	246
2	Senior Manager	Senior Manager	\$/Hour	228
3	Manager	Manager	\$/Hour	204
4	Senior Project Associate	Senior Project Officer	\$/Hour	184
5	Project Associate	Project Officer II	\$/Hour	168
6	Senior Associate	Project Officer I	\$/Hour	142
7	Senior Designer	Project Assistant II	\$/Hour	138
8	Designer	Project Assistant I	\$/Hour	106
9	Senior Associate	Senior Engineer	\$/Hour	142
10	Associate	Engineer	\$/Hour	123
11	Drafter	Engineering Assistant	\$/Hour	95
12	Administrative Assistant	Administrative Assistant	\$/Hour	89

Generation Directorate Support

No.	Consultant Billing Classification	Labor Resource Description	Unit	Unit Price
1	Principal Manager	Group Manager	\$/Hour	246

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2	Senior Manager	Senior Manager	\$/Hour	228
3	Manager	Manager	\$/Hour	204
4	Senior Project Associate	Senior Project Officer	\$/Hour	184
5	Project Associate	Project Officer II	\$/Hour	168
6	Senior Associate	Project Officer I	\$/Hour	142
7	Senior Designer	Project Assistant II	\$/Hour	138
8	Designer	Project Assistant I	\$/Hour	106
9	Senior Associate	Senior Engineer	\$/Hour	142
10	Associate	Engineer	\$/Hour	123
11	Drafter	Engineering Assistant	\$/Hour	95
12	Administrative Assistant	Administrative Assistant	\$/Hour	89

Supplemental Support

No.	Consultant Billing Classification	Labor Resource Description	Unit	Unit Price
1	Principal Manager	Group Manager	\$/Hour	246
2	Senior Manager	Senior Manager	\$/Hour	228
3	Manager	Manager	\$/Hour	204
4	Senior Project Associate	Senior Project Officer	\$/Hour	184
5	Project Associate	Project Officer II	\$/Hour	168
6	Senior Associate	Project Officer I	\$/Hour	142
7	Senior Designer	Project Assistant II	\$/Hour	138
8	Designer	Project Assistant I	\$/Hour	106
9	Senior Associate	Senior Engineer	\$/Hour	142
10	Associate	Engineer	\$/Hour	123
11	Drafter	Engineering Assistant	\$/Hour	95
12	Administrative Assistant	Administrative Assistant	\$/Hour	89

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- 7.4. Should the Consultant assign another person to attend to PREPA's matters pursuant to this Contract, the Consultant shall promptly send PREPA an amended schedule to include such person's name, position and rate, as well as request approval from PREPA.
- 7.5. The Consultant shall immediately notify PREPA when the billing under the Contract amounts seventy-five percent (75%) of the Contract Amount. Once this notification has been issued, the Consultant, in coordination with PREPA, will ensure that no Services will be rendered in excess of the Contract Amount, except that a written amendment is agreed upon by both Parties. In addition, the Consultant shall present an itemized list of the remaining billable Services under the Contract.

**Article 8. Fees, Expenses and Disbursements**

- 8.1. PREPA should not be billed for (a) time spent in processing conflict searches, or 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 on a time and material basis in accordance with Consultant's fixed hourly rates. 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, not directly related to the PREPA Contract.



- 8.2. 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 requires those who bill time and disbursements to PREPA matters do so promptly and accurately.
- 8.3. 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; (c) time spent attending education seminars or training programs; or (d) mark-ups or surcharges on any cost or expense. In 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.
- 8.4. PREPA will reimburse Consultant for separately itemized expenses and disbursements in the following categories:
- 8.4.1. 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.

8.4.2. Travel - Subject to the provisions for per diem in Article 8.4.4, 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 expenses should include the identity of the person making the expenditure, the date and amount, and the nature of the expenditure. 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.

8.4.3. Air Travel - The cost of air travel will be reimbursed up to an amount that is no more than the advanced purchase of the lowest available economy airfare (including applicable taxes). The Consultant shall submit a copy of the original airline itinerary and paid invoice. Airfare may only be invoiced following completion of travel. In the event that a scheduled trip has to be cancelled or rescheduled by PREPA's order, PREPA will assume the cost of the penalty fee. Reimbursable expenses in matters of trips by the Consultant, within the United States, shall be previously authorized by



PREPA. Airfare necessary to attend PREPA's official business will be paid by PREPA according to these guidelines.

8.4.4. Maximum Per Diem Rates (no proof of payment will be required) Meals: - \$80 per person for each day for persons travelling or working in Puerto Rico or other location as directed and approved by PREPA under the Contract. Lodging (standard not smoking room): - \$250 per person, per night including government fees and taxes. The Consultant may use an economical alternative of lodging, including temporary rentals of apartments or rooms (Airbnb like rentals). For travel period longer than five days, temporary rentals shall be coordinated when this temporary rental (including all taxes and applicable fees) is less expensive than hotel accommodation, and evidence of said temporary rental shall be provided.

Ground Transportation in P.R.: - Shall be reimbursable at cost, including Uber type services, taxis or car rentals (Rental cars requires a previous approval by PREPA) and associated driving expenses such as, but not limited to parking fees, highway tolls, and fuel).

8.4.5. 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.

8.4.6. Photocopying/printing - PREPA will reimburse actual charges for in house or outside binding, and printing services and costs of photocopying services, which are not to exceed the actual five cents (\$0.05) per page for



black and white copies, and twenty-five cents (\$0.25) per page for color copies. Summaries of expenditures for copying should reflect both the number of copies made and the cost per copy.

8.4.7. 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 requiring 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 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.

8.4.8. 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 not in compliance with the terms of the Contract. At PREPA's request, copies of bills and records reflecting reimbursable expenses that are not specifically listed in Article 8.4.4 as per diem shall be provided.

**Article 9. Invoices**

9.1. Consultant shall submit its invoices on a monthly basis for the work already performed during the preceding month or in accordance with a mutually agreed payment schedule. Consultant will provide to PREPA an invoice for each billing

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period which will include a description of the Services rendered and the number of hours spent by each person. The invoice for professional services shall be itemized and must be duly certified by an authorized representative of the Consultant. PREPA pays the invoice amount after deduction, as stated in Article of Income Tax Withholding.

9.2. Within ten (10) calendar days of invoice receipt by the Project Manager, PREPA shall either; (a) approve the total invoice amount for payment; or (b) approve that portion of the invoiced amount for payment which has been correctly invoiced pursuant to the terms of the Contract and shall notify Consultant in writing stating the specific reason why the remaining portion of the invoice is incorrect or disputed according to the terms of the Contract. Payments will be made within sixty (60) days of approval of the invoice. The Consultant will make the corresponding adjustments to the denied portion of the invoice and submit it for PREPA's approval. 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.

9.3. All invoices submitted by Consultant shall include the following Certification in order to proceed with its payment:

No Interest Certification:

"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 Contract. The only consideration to be received in exchange for the performance of 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.”

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Consultant's Signature

This is an essential requirement and those invoices without this Certification will not be processed for payment. In order to comply with the certification requirements set forth above, Consultant shall require that subcontractors, if any approved by PREPA, providing Services also make the certification set forth above in any invoices submitted in connection with the Services.

**Article 10. Transfer of Funds**

10.1. If Consultant decides to assign or transfer an amount, due or payable, to which it is entitled for Services rendered or goods provided during the term of this Contract, Consultant 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.





- 10.2. Consultant acknowledges and agrees that PREPA may deduct any amount, due or payable to Consultant under this Contract, that Consultant owes as a result of Consultant's failure to cure a material default of this Contract PREPA may retain any said amount if Consultant 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 and Consultant fails to reimburse PREPA for such claim in accordance with this Contract, upon written demand therefor. Consultant also acknowledges and agrees that PREPA's payment obligation under any assignment of funds of compensation for Services rendered by Consultant will cease upon payment of all 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 Consultant is entitled to under this Contract.
- 10.3. Consultant shall include with its notice of assignment of funds a cashier's check or money order for two hundred dollars (\$200), payable to "Puerto Rico Electric Power Authority", to cover administrative costs in processing such assignment.

**Article 11. Information and Material Facts**

- 11.1. PREPA shall promptly provide to Consultant all information under the control of PREPA and necessary for Consultant to perform the Services under this Contract and those material facts that Consultant may reasonably require in order to provide its Services to PREPA. PREPA will ensure, to the best of its knowledge and belief, that the documents, data, and other information and material facts provided to



Consultant, which are under its control, are true and complete, and does not constitute misleading or inaccurate information and Consultant shall be entitled to rely on the accuracy and completeness of the documents, data, and other information and material facts.

- 11.2. PREPA will advise in writing Consultant of any developments of which PREPA becomes aware, and which PREPA considers may have a material effect with respect to the information and/or facts provided to Consultant.

**Article 12. Information Disclosure and Confidentiality**

- 12.1. The Parties shall take all reasonable steps to keep confidential and use only for the purposes contemplated by the terms of the Contract the information provided by PREPA and/or Consultant, and take all reasonable steps to ensure that such information is not disclosed or distributed by its employees or agents in violation of the terms of this Contract.

- 12.2. The Parties also agree that, except as agreed to in writing by both Parties, they will not, at any time after termination of this Contract, disclose any confidential information to any person whatsoever, or permit any person whatsoever to examine and/or make copies of any reports prepared by Consultant or under its control by reason of its consulting services, and that upon termination of this Contract each Party will turn over to the other all documents, papers, and other matters in its possession or under its control that relate to the other Party. Consultant may retain one file copy for its records.



- 12.3. The term “confidential information” shall include, but not be limited to, all information provided to Consultant by PREPA or at PREPA's direction regarding its facilities or operations and any and all information gathered or developed by Consultant regarding the same. The Parties further agree that proprietary records and documents related to Consultant's business operations are confidential to Consultant and will not be disclosed to PREPA or other Parties, except as ordered by the court. The Parties agree that PREPA will resist any attempt by opposing counsel or other Parties to obtain Consultant's proprietary information. The term “confidential information”, however, will not include information that: (a) is or becomes public other than through a breach of this Contract; (b) is known to the receiving Party prior to the date of this Contract and with respect to which the receiving Party does not have any obligation of confidentiality; or (c) is independently developed by the receiving Party without use of, or reference to, confidential information.
- 12.4. The Parties acknowledge that disclosure of any confidential information by either Party will give rise to irreparable harm to the injured Party inadequately compensable in damages. Accordingly, either Party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies, which may be available.
- 12.5. If this Contract terminates for any reason, Consultant shall maintain in strictest confidence both; during the term of this Contract and subsequent to termination of this Contract, and shall not during the term of this Contract or thereafter disclose



or divulge to any person, firm, or corporation, or use directly or indirectly, for its own benefit or the benefit of others, any information which in good faith and good conscience ought to be treated as confidential information including, without limitation, information relating to PREPA's operations or trade secrets relating to the business or affairs of PREPA which Consultant may acquire or develop in connection with or as a result of the performance of the Services hereunder. In the event of an actual or threatened breach by Consultant of the provisions of this paragraph, PREPA shall be entitled to injunctive relief for such breach. Nothing herein shall be construed as prohibiting PREPA from pursuing any other legal remedies available, including the recovery of damages from Consultant.

12.6. The above provisions do not apply with respect to information, which Consultant is requested to disclose under applicable law and regulations, court order, subpoena or governmental directives, in which case Consultant shall provide PREPA prompt notice of such request in order to procure for PREPA a reasonable opportunity to oppose such disclosure. Consultant agrees to expeditiously notify and submit to PREPA a copy of any court order or subpoena and to the extent possible provide any assistance to PREPA (in the form of documents) regarding the submission of such information.

12.7. With respect to this Contract and any information supplied in connection with this Contract and designated by the disclosing Party as confidential, the recipient agrees to: (a) protect the confidential information in a reasonable and appropriate manner and in accordance with applicable professional standards; (b) use



confidential information only to perform its obligations under this Contract; and  
(c) reproduce confidential information only as required to perform its obligations under this Contract.

**Article 13. Rights and Titles**

13.1. The Consultant will submit any reports reasonably required by PREPA regarding the Services performed under this Contract. If required by PREPA, at the completion of any assigned task, the Consultant will submit a final written report describing the work it has performed. This requirement shall not be interpreted as a waiver by PREPA of Consultant's ethical obligation and responsibility of keeping PREPA informed of the progress of the assigned matters.

13.2. All rights, titles and interest in any reports, documents, analyses, investigations and any other by-product conceived or developed by the Consultant exclusively for PREPA as a result of performing its obligations under this Contract shall be the exclusive property of PREPA upon full and final payment to the Consultant. The Consultant shall retain all right, title, and interest in and to proprietary works of authorship, pre-existing or otherwise, that have not been created specifically for PREPA under this Contract. With the exception of items marked as "CONFIDENTIAL" by the Consultant, PREPA shall retain the right to use, refer, share, or provide to any third party, as PREPA may determine, the results of any reports, documents, analyses, investigations or any other by-product of the Services performed by the Consultant under this Contract.



**Article 14. Copyright**

Consultant and PREPA shall jointly defend any suit or action brought against either party based on a claim that any document, report, study, analysis, copyrighted composition, article or any by-product of those, either used in the performance of the Services by Consultant or provided to PREPA by Consultant as part of its Services, or used in the performance of this Contract, including their use by PREPA, constitutes an infringement of any patents or copyrights of the United States. The Party of this Contract subject to the claim or that becomes aware of a potential claim shall promptly notify in writing the other Party of this Contract, and give the authority, information, and assistance reasonable and necessary for the defense of such claim. If, in such suit, the document, report, study, analysis, copyrighted composition, article or any by-product of those or any part thereof is held to constitute infringement and its use is enjoined, the infringing Party, shall rectify the part of the services affected by such determination by (a) procuring for PREPA, or reimburse PREPA for procuring, the right to continue using the infringing Service; (b) modify the infringing Service, so that the same becomes non -infringing; or (c) replace the infringing Service, with non -infringing Service, as the case may be.

**Article 15. Warranty**

15.1. Consultant warrants that it shall perform the Services in accordance with the applicable standards of care and diligence at the time of performance of the Services, and which are normally practiced and recognized in performing services of a similar nature (the “Standard”). Consultant's sole obligation and PREPA's exclusive remedy, should any of the Services provided by Consultant not fulfill the



above established Standard, whether in contract or tort, shall be for Consultant to re-perform such deficient Services, at its own and exclusive cost, so long as such failure is reported in writing to Consultant within thirty (30) calendar days following discovery thereof, but in no event later than one year from the date on which such Services were performed. After said one year, Consultant shall have no remaining obligation to re-perform any Services or otherwise compensate PREPA.

15.2. No other warranty, express or implied, is made or intended by this Contract, by furnishing oral or written reports of findings made, or by any other act of Consultant.

15.3. Consultant will endeavor to prepare cost estimates, project time schedules, reports, or any other deliverable as accurately as possible based on current information and experience. In addition PREPA acknowledges that the cost estimates, project time schedules, reports, or any other deliverable generated by Consultant are time sensitive; thus, changes in the underlying data, applicable codes, standards, and acceptable engineering practices, as well as the passage of time, may affect the accuracy of the deliverables provided to PREPA.

**Article 16. Responsibility for Damages and Venue**

The appearing Parties agree that this Contract, as well as their rights, obligations and responsibilities for damages hereunder will be governed and interpreted in accordance with the laws of the Commonwealth of Puerto Rico and any federal law and/or regulation, if applicable. Also, the Parties expressly agree that the United States District Court for the District of Puerto Rico will be the court 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 17. Independent Contractor**

17.1. Consultant shall be considered as an independent contractor, for all material purposes under this Contract, and all persons engaged or contracted by Consultant for the performance of its obligations herein, shall be considered as its employees or agents, and not as employees or agents of PREPA.

17.2. As an independent contractor, Consultant shall not be entitled to any fringe benefits, such as, but not limited to vacation, sick leave, and to which PREPA's employees are entitled.

**Article 18. Employees not to Benefit**

No officer, employee or agent of PREPA, nor of the Government of the Commonwealth of Puerto Rico or its Municipal Governments shall be admitted to any share or part of this Contract or to any benefit that may arise therefrom.

**Article 19. Conflict of Interest**

19.1. Consultant certifies that none of its representatives under this Contract receive payment or compensation of any nature, for the services regularly rendered through an appointment in another government agency, body, public corporation or municipality of Puerto Rico. Consultant also certifies that it may have other consulting services contracts with other governmental agencies or bodies, but such condition does not constitute a conflict of interest for Consultant.





- 19.2. Consultant acknowledges that in executing its Services pursuant to this Contract it has a duty towards PREPA which includes not having a conflict of interest. “Conflict of Interest” means representing clients who have or may have interests that are contrary to PREPA, but does not include rendering services that are unrelated to the Services covered in this Contract. Also, Consultant shall have the continuous obligation to disclose to PREPA all information and circumstances of its relations with clients and third persons that would result in a conflict of interest which would influence the Consultant when performing its responsibilities under this Contract.
- 19.3. The Parties understand and agree that a conflict of interest exists when Consultant must advocate a position or outcome on behalf of any existing or future client that is contrary to PREPA’s interests. Also, any conduct defined in the Rules of Professional Conduct regarding conflict of interests shall apply to Consultant and its personnel.
- 19.4. In the event that any of the partners, directors, agents or employees of Consultant engaged in providing Services under this Contract should incur in the conduct described herein, said conduct shall constitute a violation of the prohibitions provided herein.
- 19.5. Consultant’s partners, directors, agents or employees and personnel shall avoid even the appearance of the existence of conflicting interests.
- 19.6. Consultant acknowledges that PREPA’s Executive Director shall have the power to intervene with the acts of Consultant and/or its agents, employees, and



subcontractors regarding the enforcement of the prohibitions contained herein. In the event that the existence of adverse interests is discovered, the PREPA's Executive Director shall inform Consultant in writing of PREPA's intention to terminate this Contract within a thirty (30) day period. During said period, Consultant may request a hearing with the Executive Director to present its arguments regarding the alleged conflict of interests. In the event that Consultant does not request such hearing during the specified thirty (30) day period or the controversy is not satisfactory settled during the hearing, this Contract shall be canceled.

19.7. The Consultant certifies that, at the time of the execution of this Contract, it does not have nor does it represent anyone who has a Conflict of Interest with PREPA. If such Conflict of Interest arises after the execution of the Contract, the Consultant shall notify PREPA immediately.

**Article 20. Notices**

All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or sent by telecopy, or 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 to the following addresses:

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



Attention: Efran Paredes Maisonet  
Executive Director

To Consultant: Sargent & Lundy Puerto Rico, L.L.C.  
55 East Monroe Street  
Chicago, Illinois 60603-5780

Attention: Vincent T. Heinz  
Manager

**Article 21. Applicable Law and Venue**

This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico. Also, the Parties expressly agree that the United States District Court for the District of Puerto Rico will be the court 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 22. Change in Law**

During the term of this Contract, any change in law, including, but not limited to changes in applicable tax law, which cause an increase in Consultant's costs when providing the Services, shall entitle Consultant to an increase to the Contract Amount.

**Article 23. Force Majeure**

23.1. The Parties shall be excused from performing their respective responsibilities and obligations under this Contract and shall not be liable in damages or otherwise, if and only to the extent that they are unable to perform or are prevented from performing by a force majeure event.



- 23.2. 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.
- 23.3. Force majeure may include, but not be limited to, the following: acts of God, industrial disturbances, acts of the public enemy, war, blockages, 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 discovery of the alleged force majeure, gives the other Party written notice reasonably 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.

**Article 24. Novation**

- 24.1. The Parties expressly agree that no amendment or change order, which could be made to the Contract during its term, shall be understood as a contractual novation, unless both Parties agree to the contrary, specifically and in writing.
- 24.2. The previous provision shall be equally applicable in such other cases where PREPA gives Consultant a time extension for the compliance of any of its obligations under this Contract, or where PREPA dispenses the claim or demand of any of its credits or rights under the Contract.



**Article 25. Severability**

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

**Article 26. Save and Hold Harmless**

The Consultant 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 for bodily injuries, including death, or for third-party property damage, to the extent directly caused by negligent act or omission of Consultant, in the performance or nonperformance of its obligations under the Contract, but not to the extent caused by negligence or tort of PREPA or a third party, which is not an employee or subcontractor of the Consultant. With respect to any indemnity set forth in this Contract, each indemnitee 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 by the indemnitee of such claim. The indemnifying Party shall have the right, at its election, to conduct the defense of such action at its sole expense.

**Article 27. Insurance**

The Consultant 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:



27.1. Commonwealth of Puerto Rico Workmen's Compensation Insurance:

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

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

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

27.2. Employer's Liability Insurance:

The Consultant shall provide Employer's Liability Insurance with minimum bodily injury limits of at least \$1,000,000 for each employee and at least \$1,000,000 for each accident covering against the liability imposed by Law upon the Consultant 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.

27.3. Commercial General Liability Insurance:

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

27.4. Commercial Automobile Liability Insurance:

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



27.5. Professional Liability Insurance:

The Consultant shall provide a Professional Liability Insurance with limits of at least \$1,000,000 per claim and at least \$1,000,000 aggregate.

27.6. 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 days' 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 Named Insured (i.e. Sargent & Lundy Puerto Rico, L.L.C.) shall not prejudice the rights under this policy of the insured individual or entity (i.e. the Puerto Rico Electric Power Authority) shown in the subject schedule, or alternatively include the following quote, "Separation of Insureds provisions are included in the



Commercial General Liability Insurance and Commercial Automobile Liability Insurance.”

27.7. **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 Consultant shall furnish a certificate of insurance in original signed by an authorized representative of the insurer in Puerto Rico, describing the coverage afforded.

**Article 28. Compliance with the Commonwealth of Puerto Rico Contracting Requirements**

The Consultant will comply with all applicable State Law, Regulations and Executive Orders that regulate the contracting process and establish the requirements for governmental contracting in the Commonwealth of Puerto Rico, including but not limited to those mentioned in this Article. Also, if applicable to the performance of Services under this Contract, the Consultant shall provide, within fifteen (15) calendar days after the execution of the Contract, the following documents and certifications:

- A. Executive Order No. 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 No. OE-1991-24 of June 18, 1991, the Consultant 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 Consultant 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 Consultant 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 Consultant will be given a specific amount of time to produce said documents. During the term of this Contract, the Consultant agrees to pay and/or to remain current with any repayment plan agreed to by the Consultant with the Government of Puerto Rico.

- B. Executive Order No. 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 No. OE-1992-52, dated August 28, 1992 amending OE-1991-24, the Consultant will certify and warrant that it has made all payments required for unemployment benefits, workmen's compensation and social security 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 Consultant accepts and acknowledges its responsibility for requiring and obtaining a similar warranty and certification from each and every contractor and subcontractor, if any approved by PREPA, whose service the Consultant 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 Consultant 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 Consultant 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 Consultant 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 Consultant does not owe any tax accruing to such governmental agency. To request such Certification, Consultant will use the form issued by the MRCC in the website). The Consultant will deliver upon request any documentation requested by PREPA. During the Term of this Contract, the Consultant agrees to pay and/or to remain current with any repayment plan agreed to by the Consultant with the Government of Puerto Rico with regards to its property taxes.

The Consultant shall provide a Personal Property Tax Filing Certification, issued by the MRCC which indicates that Consultant 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 Consultant 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 Consultant shall furnish a Certification issued by the Treasury Department of Puerto Rico which indicates that Consultant 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 Consultant shall provide a Puerto Rico Sales and Use Tax Filing Certificate, issued by the Treasury Department of Puerto Rico assuring that Consultant has filed his Puerto Rico Sales and Use Tax for the last sixty (60) contributory periods.
- F. The Consultant shall provide a copy of Consultant's Certificate of Merchant's Registration issued by the Treasury Department of Puerto Rico.
- G. Puerto Rico Child Support Administration (ASUME): The Consultant shall present, to the satisfaction of PREPA, the necessary documentation certifying that the Consultant 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 Consultant will be given a specific amount of time to deliver said documents. 3 L.P.R.A. § 8611 et seq.;
- H. The Consultant shall provide a Good Standing Certificate issued by the Department of State of Puerto Rico.



- I. The Consultant 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 Consultant will be 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 U.S. citizens and Non-U.S. citizens, which are nonresidents of the Commonwealth of Puerto Rico Consultant 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 Consultant will request PREPA not to make such withholdings if, to the satisfaction of PREPA, the Consultant 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. As proof of the remittance of withholdings to the Treasury Department required by this Paragraph L (as well as



- Paragraph J above), PREPA agrees to provide Consultant with a completed copy of the Puerto Rico Treasury Department Form 480.6C (entitled, “Declaración Informativa - Ingresos Sujetos a Retención - No Residentes”).
- M. Compliance with Act 1 of Governmental Ethics: The Consultant 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 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 Consultant 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 Act 18 of October 30, 1975, as amended.

- P. Prohibition with respect to execution by public officers: 3 L.P.R.A. § 8615(c): No public officer or employee authorized to contract on behalf of the executive agency for which he/she works may execute a contract between the agency for which he/she works and an entity or business in which he/she or any member of his/her family unit has or has had direct or indirect economic interest during the last four (4) years prior to his/her holding office.
- Q. Prohibition with respect to contracting with officers or employees: 3 L.P.R.A. § 8615(d): No executive agency may execute a contract in which any of its officers or employees or any member of their family units has or has had direct or indirect economic interest during the last four (4) years prior to their holding office, unless the Governor gives authorization thereto with the previous recommendation of the Secretary of the Treasury and the Secretary of Justice.
- R. Prohibition with respect to contracts with officers and employees of other Government entities: 3 L.P.R.A. § 8615(e): No public officer or employee may be a party to or have any interest in any profits or benefits produced by a contract with any other executive agency or government dependency unless the Governor gives express authorization thereto with previous recommendation from the Secretary of the Treasury and the Secretary of Justice.
- S. Prohibition with respect to evaluation and approval by public officers: 3 L.P.R.A. § 8615(f): No public officer or employee who has the power to approve or authorize



contracts shall evaluate, consider, approve or authorize any contract between an executive agency and an entity or business in which he/she or any member of his/her family unit has or has had direct or indirect economic interest during the last four (4) years prior to his/her holding office.

- T. Prohibition with respect to execution by public officers' contracts with former public officers: 3 L.P.R.A. § 8615(h): No executive agency shall execute contracts with or for the benefit of persons who have been public officers or employees of said executive agency until after two (2) years have elapsed from the time said person has ceased working as such.
- U. Dispensation: Any and all necessary dispensations have been obtained from any government entity and that said dispensations shall become part of the contracting record, if applicable, and if mutually agreed upon in writing between the Parties.
- V. Rules of Professional Ethics: The Consultant acknowledges and accepts that it is knowledgeable of the rules of ethics of his/her profession and assumes responsibility for his/her own actions.

If any of the previously required Certifications shows a debt, and Consultant has requested a review or adjustment of this debt, Consultant 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, Consultant will provide, immediately, to PREPA a proof of payment of this debt; otherwise, Consultant accepts that the owed amount be offset by PREPA and retained at the origin, deducted from the corresponding payments.



**Article 29. Anti-Corruption Code for a New Puerto Rico**

- 29.1. Consultant 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 (Act 2-2018). The Consultant hereby certifies that it does not represent particular interests in cases or matters that imply a conflict of interest, or of public policy, between the executive agency and the particular interests it represents. Consultant shall furnish a sworn statement to the effect that neither Consultant 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 Consultant 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 (Act 8-2017) or any of the crimes included in Act 2-2018.
- 29.2. Consultant 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, any of the crimes listed in Articles 250 through 266 of Act 146-2012, as amended, known as the Puerto Rico Penal Code (Act 146-2012), any of the crimes typified in Act 2-2018, 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.
- 29.3. PREPA shall have the right to terminate the Contract in the event Consultant is convicted in Puerto Rico or United States Federal court for under Articles 4.2, 4.3 or 5.7 of Act 1-2012, any of the crimes listed in Articles 250 through 266 of Act





146-2012, any of the crimes typified in Act 2-2018, 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.

29.4. Consequences of Non-Compliance: The Consultant expressly agrees that the conditions outlined throughout this Article are essential requirements of this 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 Consultant shall reimburse the PREPA all moneys received under this Contract.

**Article 30. Dispute Resolution**

Executive Negotiation: Any unresolved disputes shall be referred to the Contracting Officer, Project Manager or designee by PREPA and Consultant for resolution. During the first thirty (30) days following the delivery of a notice of dispute (and during any extension agreed to by the Parties in writing, the “Negotiation Period”) the Parties shall attempt in good faith to resolve the dispute through negotiations. If such negotiations result in an agreement in principle to settle the dispute, they shall cause a written settlement agreement to be prepared, signed and dated (an “Executive Settlement”), and the dispute shall be deemed settled, and not subject to further dispute resolution. If a dispute is not resolved through the Executive negotiation, the Parties agree to resolve the dispute according to the jurisdiction established in the Choice of Law and Venue Article of the Contract.



**Article 31. Limitation of Liability**

- 31.1. Notwithstanding any other provisions of this Contract to the contrary, in no event shall either Party, its officers, employees, agents, or assigns be liable for any consequential, incidental, punitive, special, exemplary, or indirect damages, included by example but not limited to: loss of profits, use, capital, revenue, business opportunity, or claims of customers, cost of purchased or replacement power, or other economic advantage, whether such claim is choate or inchoate, whether by statute, or in tort, contract, or otherwise, and even if such Party has been advised of the possibility of such damages.
- 31.2. Contractor's maximum/aggregate limitation of liability for any and all claims arising out of, related to or connected with an individual task specified hereunder, whether by statute, or in tort, contract, or otherwise, shall not exceed 100% of the total task amount. Consultant's maximum/aggregate limitation of liability under this Contract shall not exceed 100% of the total Contract Amount.
- 31.3. The limitations set forth in this section shall not apply with respect to (a) third party claims for property damage and/or bodily injury including death to the extent caused by the negligence of the Consultant, and (b) in the case of liabilities arising from Consultant's willful misconduct or fraud.

**Article 32. Non-Discrimination**

The Consultant certifies that it will not discriminate against any employee or applicant for employment on account of race, color, gender, age, sex, national or social origin, social status, political ideas or affiliation, religion, for being or perceived to be a victim of



domestic violence, sexual aggression or harassment, regardless of marital status, sexual orientation, gender identity or immigrant status, for physical or mental disability, for veteran status or genetic information.

**Article 33. Contractor’s Requirement Certification**

33.1. The Parties acknowledge that the Consultant has submitted the certification titled “Contractor Certification Requirement” required in accordance with the Contract Review Policy of the Financial Oversight and Management Board for Puerto Rico, effective as of November 6, 2017 and amended on October 30, 2020, signed by the Consultant’s Executive Director (or another official with an equivalent position or authority to issue such certifications). A signed copy of the “Contractor Certification Requirement” is included as an annex to this Contract.

33.2. The Consultant represents and warrants that the information included in the Contractor Certification Requirement is complete, accurate and correct, and that any misrepresentation, inaccuracy or falseness in such Certification will render the Contract null and void and the Consultant will have the obligation to reimburse immediately to the Commonwealth any amounts, payments or benefits received from the Commonwealth under the Contract.

**Article 34. Transfer of skills and technical knowledge**

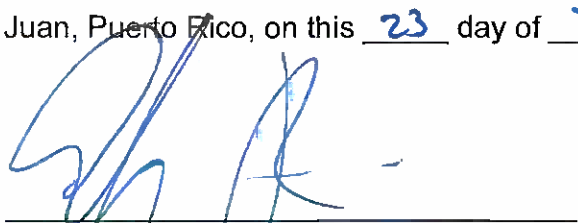
For this Contract, the transfer of skills and technical knowledge required by the Certified Fiscal Plan is inapplicable given the non-recurring or specialized nature of the contracted services.



**Article 35. Entire Contract**

The terms and conditions contained herein constitute the entire agreement between PREPA and Consultant with respect to the subject matter of this Contract, and supersede all communications, negotiations, and agreements of the Parties, whether written or oral, other than these, made prior to the signing of this Contract.

IN WITNESS WHEREOF, the Parties hereto have agreed to execute this Contract in San Juan, Puerto Rico, on this 23 day of July, 2021.



Efran Paredes Maisonet  
Executive Director  
Puerto Rico Electric Power Authority  
Tax ID: 660-43-3747



Vincent T. Heinz  
Manager  
Sargent & Lundy Puerto Rico, L.L.C.  
Tax ID: 660-94-9018

**APPENDIX A**

Approved Services	4-Month Budget
a) Tranche 1 RFP	\$860,000
b) Other Services:	
Diesel and bunker fuel RFI/RFP support, fuel procurement planning support and technical advisory.	\$325,000
Other fuel contract optimization support, bid support, finalization, and award including optimization of natural gas supply systems.	\$75,000
Work to support generation concession including finalization of independent engineering reports for (4) peaker stations.	\$275,000
Work to support generation concession including environmental assessments for existing (4) peaker facilities.	\$180,000
Remaining useful life report for generation fleet to support concession work.	\$85,000
Heat rate and reliability improvements including recovery of lost MWs for Costa Sur U5/U6 and SJ U5/U6.	\$150,000
Preparation and planning to place the existing synchronous condensing systems at Mayaguez into service.	\$65,000
Support for PREPA generation for the separation of generation services from grid services. Each generation plant will require a demarcation point to separate its scope of responsibility from grid services. PREPA must work with LUMA to define and agree on these plans.	\$125,000
Technical depreciation support for preparation of PREPA's FY audited financial statements.	\$75,000
<b>MAXIMUM PAYABLE AMOUNT</b>	<b>\$2,215,000</b>

*Zafar*



## CONTRACTOR CERTIFICATION

Consultant certifies to the Financial Oversight and Management Board for Puerto Rico and PREPA that:

1. Consultant's subcontractors in connection with the Contract are the following:

Subcontractor Name	Subcontractor Role	Estimated Subcontract Amount*
Sargent & Lundy, L.L.C.	All advisory (i.e. non-professional engineering) Services	99.94%
P&S Consultants, LLC	Environmental site assessment of Cambalache Power Plant	0.06%

*\* Estimated subcontract amounts are subject to change based on the specific scope(s) of work assigned thereto as needed under the Contract.*

2. Neither Consultant nor any of its owners, partners, directors, officials or employees, has agreed to share or give a percentage of Consultant's compensation under the Contract to, or otherwise compensate, any third party, whether directly or indirectly, in connection with the procurement, negotiation, execution or performance of the Contract, except as follows:

NONE.

3. To the best of Consultant's knowledge (after due investigation), no person has unduly intervened in the procurement, negotiation or execution of the Contract, for its own benefit or that of a third person, in contravention of applicable law.
4. To the best of Consultant's knowledge (after due investigation), no person has: (a) offered, paid, or promised to pay money to; (b) offered, given or promised to give anything of value to; or (c) otherwise influenced any public official or employee with the purpose of securing any advantages, privileges or favors for the benefit of such person in connection with the Contract (such as the execution of a subcontract with Consultant, beneficial treatment under the Contract, or the written or unwritten promise of a gift, favor, or other monetary or non-monetary benefit).
5. Neither Consultant, nor any of its owners, partners, directors, officials, or employees or, to the best of its knowledge (after due investigation), its representatives or subcontractors, has required, directly or indirectly, from third persons to take any action with the purpose




of influencing any public official or employee in connection with the procurement, negotiation or execution of the Contract in contravention of applicable law.

6. Consultant recognizes and accepts that any incorrect, incomplete or false statement made by Consultant's undersigned representative as part of this certification shall cause the nullity of the Contract, and in such event, Consultant must reimburse immediately to the Commonwealth any amounts, payments, or benefits received from the Commonwealth under the Contract

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

**Sargent & Lundy Puerto Rico, L.L.C.**

Signature: 

Printed Name: Vincent T. Heinz

Title: Manager

Date: July 1, 2021