

AGREEMENT FOR PROFESSIONAL SERVICES**APPEAR**

AS A PARTY OF THE FIRST PART: The **PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY**, a public corporation of the Commonwealth of Puerto Rico, created by Act Number 2, enacted on January 18, 2017 ("Act 2"), represented herein by its Executive Director, Gerardo Portela Franco, of legal age, single, and a resident of San Juan, Puerto Rico (hereinafter referred to as the "Authority").

AS A PARTY OF THE SECOND PART: Julia Keleher of legal age, single and a resident of San Juan (hereinafter referred to as "Consultant").

WITNESSETH

WHEREAS, pursuant to Act 2, the Authority was created for the purpose of acting as fiscal agent, financial advisor and reporting agent of the Commonwealth and its public corporations, instrumentalities, commissions, authorities, municipalities and political subdivisions. Furthermore, Act 2 transferred to the Authority all fiscal agency, financial advisory and reporting functions of Government Development Bank for Puerto Rico, including overseeing all matters related to the restructuring or adjustment of any covered obligations or otherwise coordinate and implement liability management transactions for any covered obligation.

WHEREAS, the Authority, by itself and on behalf of the Commonwealth and its instrumentalities, wishes to engage the Consultant to assist the Commonwealth of Puerto Rico (the "Commonwealth"), in coordinating efforts to restructure all curricular and administrative areas of the Department of Education as an integral part of the execution

of a Fiscal Plan aimed at reducing government spending while improving the essential services given to the people of Puerto Rico.

NOW, THEREFORE, being each party empowered to enter into this Agreement and perform their obligations hereunder in consideration of the premises and the mutual covenants contained herein, the Authority and the Consultant agree to enter into this Agreement for Professional Services (the "Agreement") under the following:

TERMS AND CONDITIONS

FIRST: The Authority engages the Consultant to continue to assist the Commonwealth, in coordinating efforts to restructure all curricular and administrative areas of the Department of Education as an integral part of the execution of a Fiscal Plan aimed at reducing government spending while improving the essential services given to the people of Puerto Rico. This Agreement shall be in effect from the date of its execution till June 30, 2017.

SECOND: Termination. Notwithstanding any provision to the contrary in this Agreement, the Authority shall have the right to terminate this Agreement by providing the Consultant thirty (30) days' notice by registered mail, return receipt requested, or overnight express mail. If notice is given, this Agreement shall terminate upon the expiration of thirty (30) days. and the Authority shall be obligated to pay all fees incurred up to the day of effective termination, in accordance with the terms of this Agreement. If the Agreement is terminated by the Authority, by causes only attributable to the Authority, the Authority shall pay Consultant a termination fee, which shall be an amount equal to the maximum total amount payable by the Authority under this

Agreement. This termination fee would not be enforceable if the Agreement has to be terminated for causes not attributable to the Authority

The Office of the Chief of Staff of the Governor of Puerto Rico shall have the authority to terminate this Agreement at any time.

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

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

THIRD: As compensation for services rendered under the terms of this Agreement, the Authority will pay the Consultant a fixed monthly fee of TWENTY THOUSAND EIGHT HUNDRED THIRTY THREE DOLLARS AND THIRTY THREE CENTS (\$20,833.33), at rate of TWO HUNDRED EIGHT DOLLARS AND THIRTY THREE CENTS (\$208.33) PER HOUR. The maximum total amount payable by the Authority under this Agreement shall not exceed **ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$125,000.00)**.

FOURTH: The Consultant's area of expertise is in project management matters. The Consultant shall not subcontract the services under this Agreement, or contract third-party experts or other persons to render the services under this Agreement, without prior

written authorization from the Authority. A request to hire a subcontractor shall specify the issues in which the subcontractor would take part. The professional fees earned by these persons will be deducted from the total maximum amount that the Consultant can receive under the terms of this Agreement. The confidentiality covenants set forth in the NINTH clause of this Agreement and the other requirements established in the TWENTY-THIRD clause of this Agreement shall apply to these persons. The Authority will be responsible for obtaining its own professional advice on legal, accounting, taxation, and other specialist matters outside the Consultant's area of expertise. To the extent such specialist advisors are retained in connection with this Agreement or matters arising in connection with the services provided pursuant to this Agreement, either by the Authority or by the Consultant at the Authority's instruction and written consent, the cost of such specialist advice will be reimbursable by the Authority to the Consultant and it shall require the prior acknowledgment and execution by the parties of an amendment to this Agreement.

FIFTH: The Authority will not reimburse the Consultant for out of pocket expenses related to the services rendered under this Agreement.

SIXTH: The Consultant will submit monthly invoices to the Authority within thirty (30) days of the end of the monthly billing cycle during which the invoiced services were performed. Each invoice shall include a detailed, itemized description of the services rendered and must be duly certified by the Consultant as provided below.

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

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

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

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

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

POSTAL ADDRESS

Puerto Rico Fiscal Agency and
Financial Advisory Authority
PO Box 42001
San Juan, Puerto Rico 00940-2001

PHYSICAL ADDRESS

Puerto Rico Fiscal Agency and
Financial Advisory Authority
Roberto Sánchez Vilella
Government Center
De Diego Avenue No. 100
Central Building – Floor P
Santurce, PR 00907-2345

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

SEVENTH: The Authority will review the invoices and if they are in compliance with the requirements set forth in this Agreement, it will proceed with payment.

The Authority certifies that the funds for the payment of services rendered under

this Agreement come from budget allocations. All disbursements for the payment of services provided hereunder shall be made from account number 141-2950000-0001-081-2017.

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

NINTH: The Consultant acknowledges the proprietary and confidential nature of all internal, non-public, information systems, financial, and business information relating to the Authority, its subsidiary corporations and affiliates, as well as to the Commonwealth of Puerto Rico, its agencies, corporations or municipalities now or hereafter provided to the Consultant in connection with the Consultant's engagement by the Authority under this Agreement.

The Authority will furnish or arrange to have furnished to the Consultant such information, documentation and data as the Consultant believes appropriate in connection with the services being rendered under this Agreement (all such information, documentation and data so furnished being the "Materials"). The Authority,

(a) recognizes and acknowledges that the Consultant:

- (i) will rely on the Materials and other publicly available information in fulfilling the terms of its engagement under this Agreement without any obligation to independently verify the same,

- (ii) does not assume responsibility for the accuracy or completeness of the Materials or such other information,
- (iii) has no obligation to undertake an independent evaluation or appraisal of any assets or liabilities of the Authority or any other person,
- (iv) has no obligation to investigate the accuracy or completeness of the Materials, and
- (v) with respect to any financial forecasts (including costs, savings and synergies) that may be furnished to or discussed with the Consultant by the Authority or its agents, will assume that they have been reasonably prepared and reflect the best then-currently available estimates and judgment of the Authority,

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

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

Materials shall not be considered confidential to the extent that:

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

- (b) they were known to the Consultant (other than in connection with the performance of its duties under this Agreement) at the time such Materials were furnished to the Consultant;
- (c) they are independently developed by the Consultant without reference to other Materials;
- (d) they are subsequently learned from a third party that does not impose an obligation of confidentiality upon the Consultant;
- (e) they are required to the disclosed pursuant to applicable professional standards or law or regulation, government authority, duly authorized subpoena or court order or directive, buy only to the extent the Authority, wherever practicable and permissible, has been informed and has had an opportunity to dispute such requirement; or
- (f) they are approved for disclosure by prior consent of the Authority.

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

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

The Consultant may divulge such Materials only to the persons who need to know

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

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

In connection with the services provided under this Agreement, the Consultant

will furnish the Authority with any reports, analyses, problem solving approaches, frameworks or other tools and processes developed for the services provided hereunder or other such materials as the Authority may request, which shall at all times be the property of the Authority.

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

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

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

ELEVENTH: The Consultant acknowledges that in executing its professional services pursuant to this Agreement it has the obligation to exhibit complete loyalty towards the Authority, including having no adverse interest to this government entity. Adverse interest includes representing clients who have or may have an interest contrary

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

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

The Consultant acknowledges the power of the Executive Director of the Authority to oversee the enforcement of the prohibitions herein established. If the Executive Director of the Authority determines the existence or the emergence of adverse interests with the Consultant, she shall inform such findings in writing and her intentions to terminate this Agreement within a thirty (30) day term. Within such term, the Consultant can request a meeting with the Executive Director of the Authority to present its arguments regarding the alleged conflict of interest, which shall be granted at the Executive Director's sole discretion. If such meeting is not requested within the specified term, or if the controversy is not settled satisfactorily during the meeting, this Agreement shall be rescinded at the end of said thirty (30) day period; provided, however, that, at the Authority's discretion, the Executive Director may grant the Consultant fifteen (15) days from the day of such meeting to correct the alleged conflict of interest; provided,

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

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

THIRTEENTH: The Consultant certifies that at the time of execution of this Agreement it has no contracts with agencies, public corporations, municipalities or instrumentalities of the Commonwealth of Puerto Rico, other than her appointment as Secretary of Education. The parties hereto acknowledge that the Consultant's role as head of the Department of Education has priority over any other governmental engagements and that the scope of the work to be performed by the Consultant hereunder does not impair her independence of criteria in the exercise of her position as Secretary of Education.

FOURTEENTH: The Authority shall indemnify and hold harmless the Consultant and its present and former partners, principals and employees for any liability, damages, fees, expenses and costs (including defense costs) associated with any third-party claim arising from or relating to (i) misrepresentations made by the Authority or any of its personnel or agents, or (ii) false or incomplete information provided to the Consultant in connection with the services required to be performed under this Agreement. The provisions of this paragraph shall apply regardless of the nature of any

claim asserted, including but not limited to contract, statute, tort, strict liability or any form of negligence, whether of the Authority, the Consultant, or others, except for the Consultant's gross negligence or willful misconduct (as determined to be contrary to any applicable law by a court of competent jurisdiction). The AUTHORITY's reimbursement and indemnity obligations under this paragraph shall not exceed the existing balance of the maximum amount payable under the THIRD Clause of this Agreement. However, nothing herein shall preclude the parties from agreeing to increase said amount if the present limit should be reached by an amendment executed in writing by both parties.

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

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

SEVENTEENTH: The Consultant certifies and guarantees that at the execution of this Agreement, she has not been convicted, and that she has no knowledge of

her being the subject of any investigation, in either a civil or a criminal procedure in a state or federal court for charges related to the public treasury, the public trust, a public function, or a fault that involves public funds or property. It is expressly acknowledged that this certification is an essential condition of this Agreement. If the certification is not correct in its entirety or in any of its parts, it shall constitute sufficient cause for the Authority to terminate this Agreement immediately, without prior notice, and the Consultant will have to reimburse to the Authority any amount of money received under this Agreement.

If the status of the Consultant with regards to the charges previously mentioned should change at any time during the term of the Agreement, the Consultant shall notify the Authority immediately. The failure to comply with this responsibility constitutes a violation of this clause, and shall result in the remedies mentioned previously.

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

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

condition of this Agreement. If the certification is not correct in its entirety or in any of its parts, it shall constitute sufficient cause for the Authority to terminate the Agreement immediately, without prior notice to the Consultant.

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

TWENTIETH: The Consultant certifies that she does not receive salary or any kind of compensation for the delivery of regular services by appointment in any agency, instrumentality, public corporation, or municipality of the Commonwealth of Puerto Rico.

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

For the purposes of this Agreement, tax debt shall mean any debt that the Consultant, or other parties which the Authority authorizes the Consultant to subcontract, may have with the Commonwealth of Puerto Rico for income taxes, real or chattel property taxes, including any special taxes levied, license rights, tax withholdings for payment of

salaries and professional services, taxes for payment of interest, dividends and income to individuals, corporations and non-resident accounting firms, for payment of interests, dividends and other earnings shares to residents, unemployment insurance premiums, workers' compensation payments, Social Security for chauffeurs and ASUME.

The Consultant shall present to the Authority the certifications issued by the Department of the Treasury, the Department of Labor and Human Resources, the Municipal Tax Collection Center (known by its Spanish acronym, *CRIM*), and ASUME, stating that he has no outstanding debts.

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

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

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

The Consultant is an independent contractor and as such shall be responsible for the payment of all of its income taxes, their subcontractors, and its individual and employers' withholdings under the applicable tax laws of Puerto Rico or the U.S. Internal Revenue Code. No withholdings or deductions shall be made from payments to the Consultant for services rendered, except the special contribution required by Act No. 48-2013, as amended, and if applicable, those applicable in accordance with the Puerto Rico Internal Revenue Code and its regulations. The Authority shall forward any such withholdings or deductions to the Secretary of the Treasury of Puerto Rico.

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

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

TWENTY-FIFTH: The Consultant certifies it is not required to obtain a dispensation in compliance with the applicable laws and regulations of the Commonwealth

of Puerto Rico prior to, after or otherwise in connection with the execution of this Agreement. Both parties agree that the proven illegality of any of the provisions of this Agreement shall not invalidate it as a whole.

TWENTY-SIXTH: Both parties acknowledge and agree that the contracted services may be provided to any entity of the Executive Branch with which the contracting entity subscribes an interagency agreement or by direct disposition of the Office of the Chief of Staff of the Governor of Puerto Rico. These services will be provided under the same terms and conditions regarding work hours and compensation as set forth in this Agreement. For the purposes of this Clause, the term "entity of the Executive Branch" includes all agencies of the Government of Puerto Rico, as well as instrumentalities, public corporations and the Governor's Office.

TWENTY-SEVENTH: The assignment of this Agreement by either party shall be sufficient cause to terminate it immediately, except if the assignment is made by the Authority to a successor entity of the Authority, in which case, such assignment shall be considered effective with only a written notice to the Consultant. Upon such occurrence, this Agreement shall be binding and inure to the benefit of the Authority's successors and assigns.

TWENTY-EIGHTH: It is understood that this Agreement is the sole agreement between the parties with regard to the services covered hereby and supersedes any prior agreements, written or verbal.

The Agreement may not be changed orally, but may be amended in writing by mutual agreement of the parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto sign this Agreement for Professional
Services in San Juan, Puerto Rico, this 3rd day of ^{February}~~January~~, 2017.

**PUERTO RICO FISCAL AGENCY
AND FINANCIAL ADVISORY
AUTHORITY**

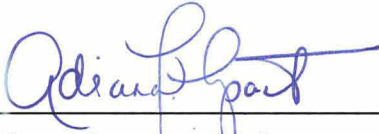


Gerardo Portela Franco
Executive Director
Tax ID Number

CONSULTANT



Julia Keleher
Social Security Number:



Adriana Capacete Cabassa
General Counsel - AAFAF