

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 No. 83 of May 2, 1941, as amended (Act. 83), represented in this act by its Chief Executive Officer/Executive Director, José F. Ortiz Vázquez, of legal age, married, and resident of San Juan, Puerto Rico.-----

As Second Party: Mr. José Alberto Pérez Canabal ("Contractor"), of legal age, married, licensed engineer and a resident of Ponce, Puerto Rico.

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

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WITNESSETH

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

WHEREAS, Pursuant Section 205(2)(d) of Act 83 competitive bidding shall not be necessary when professional or expert services or work are required and PREPA deems it in the best interests of good administration for such works or services to be contracted without such announcements.-----

WHEREAS; PREPA is currently under restructuring pursuant to the Title III proceeding in the United States District Court of Puerto Rico ("USDC-PR") pursuant to the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA"). This proceeding compels PREPA to the oversight of the Financial Oversight and

Management Board for Puerto Rico ("FOMB") and the USDC-PR. The services of a strategic consultant will assist PREPA with a myriad of request for information and reporting necessary to comply with the FOMB's reporting requirements.-----

WHEREAS; PREPA has opportunity to identify and submit projects and infrastructure spending and investment which may qualify for funding from the Federal Emergency Management Agency ("FEMA"). PREPA needs the services of a strategic consultant to identify these projects, pursue the qualification for funding or reimbursements, and that also assists in identifying additional opportunities.-----

WHEREAS; PREPA needs the services of a strategic consultant to establish and oversee the strategic technical direction of several offices and programs to assure compliance with the Fiscal Plan.-----



WHEREAS; PREPA needs the services of a strategic consultant with a strong knowledge of utility energy efficiency programs, operations and infrastructure reconstruction.-----

WHEREAS; PREPA is interested in obtaining the services of the Contractor for strategic consulting services.-----

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

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

I. TYPE OF CONTRACT

A. Scope of Services

1. In accordance with the terms and conditions set forth herein, the Contractor will provide to PREPA strategic consulting services (the "Services").
2. The strategic consulting services will be provided in the form of:
 - (i) strategic direction and define objectives for engagement involved with the PREPA Chief Executive Office ("CEO") and Directors, coordinate project team members and resource ensuring execution and timely delivery and work stream products and business plan;
 - (ii) direct activities of PREPA project teams and overall project management to secure implementation of PREPA Fiscal Plan objectives;
 - (iii) oversee quality assurance practices and providing PREPA deliverables within scope and objectives of CEO strategic business plan and certified fiscal plan;
 - (iv) resolve complex issues and regularly interact with PREPA leadership, advisors, and key stakeholders;
 - (v) determine the analytical methods, models, and necessary tools in order to develop utility focused studies and evaluations which aid utilities in making strategic infrastructure and business decisions;
 - (vi) lead on research and local aspects of PREPA's infrastructure, regulations, and transformation, which will enable to framework the direction and strategy of the reports, case studies, and PREPA management requested deliverables, on ad-hoc basis;
 - (vii) provide oversight and strategic technical direction of PREPA's Program

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Management Office ("PMO"); (viii) provide oversight and strategic technical direction of PREPA's Disaster Funding Management Office ("DFMO"); (ix) provide assistance identifying projects and infrastructure spending & investments that can qualify for FEMA Public Assistance Program Permanent Repairs Categories, (x) provide assistance in preparing the project scope and budgets to be submitted as part of the application process for funds under FEMA Public Assistance; (xi) assist in identifying opportunities of additional mitigation FEMA funds available under the Stafford Act and the Hazard Mitigation Program (HMGP); and, (xii) lead the "Executive Asset Reconstruction Management Meeting."-----



3. The Consultant will provide advice to the "Steering Committee" of the Energy Sector Office program Organization established by PREPA and COR3 as a way to speed up the completion of projects associated to the grid reconstruction.-----
4. The Consultant will provide advise to the "Infrastructure Committee" of the PREPA Governing Board.-----

B. Additional Provisions Regarding the Services

1. Any and all changes and/or modifications to the scope of the Services shall be in writing and must be signed by both Parties.-----
2. The Contractor represents that it has or shall obtain, or cause to be obtained, all personnel necessary to undertake and provide the Services in a manner satisfactory to PREPA.-----

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



II. TERM OF CONTRACT; TERMINATION

A. Term

This Contract shall be in effect from the date of its execution until December 31, 2019 (the "Contract Period"). The Contract may be extended, at the exclusive option of PREPA, for additional annual fiscal periods subject to the availability of funds.-----

B. Termination for Convenience

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

day of effective termination, in accordance with the terms of this Contract. The rights, duties and responsibilities of the Parties shall continue in full force and effect during the thirty (30) day notice period. Contractor shall have no further right to compensation except for what has been accrued for services rendered under this Contract until said date of effective termination.-----

C. **Termination for Cause**

PREPA shall have the right to terminate this Contract immediately in the event of negligence, dereliction of duty, noncompliance, or material breach by the Contractor, as determined in the sole discretion of PREPA, or for any other reason described elsewhere in this Contract as a basis for termination. In the event the Contract is terminated by PREPA for cause, PREPA shall be obligated to pay all fees and expenses incurred up to the day of effective termination, in accordance with the terms of this Contract. Contractor shall have no further right to compensation except for what has been accrued for services rendered under this Contract until said date of effective termination.

The Parties acknowledge that PREPA is undergoing a transformation process, and therefore, both Parties agree that in the eventuality of the execution of a Partnership Contract, Sale Contract or any other PREPA Transaction (as these terms are defined in Act 120-2018), PREPA may sell, assign, convey, transfer, pledge, mortgage, sublease, delegate, hypothecate, or otherwise dispose (each, a "Transfer") any of its rights, title, or interest in this Contract as permitted by applicable law and at any time, and without Official Examiner's consent or cost, expense or incremental liability to



PREPA, to any future operator of Puerto Rico's electric power transmission and distribution system or any of its affiliates, or to any governmental agency, body, public corporation or municipality of Puerto Rico; provided, that PREPA shall notify Official Examiner no later than thirty (30) days before the effective date of any such Transfer.-----

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

III. COMPENSATION AND PAYMENT

-  A. As compensation for services rendered under this Contract, PREPA agrees and the Contractor accepts that the total amount to be paid under this Contract shall not exceed one hundred thirty thousand dollars (\$130,000), including reimbursable expenses (the "Contract Amount"). However, nothing herein shall preclude the Parties from agreeing to increase the Contract Amount. PREPA will only pay for services that are evidenced by properly submitted invoice for services rendered. Notwithstanding the foregoing, any increase to the Contract Amount shall be evidenced in writing and signed by both Parties. PREPA will not be required to make advance payments for any service to be rendered by Contractor under this Contract. Contractor shall promptly notify PREPA when the billing under the present Contract amounts to seventy five percent (75%) of the Contract Amount. Once this notification has been issued, Contractor, in coordination with PREPA, will ensure that no services will be rendered in

excess of the Contract Amount, except when a written amendment is agreed upon by both Parties.-----

B. In addition, Contractor shall present with each invoice a reasonably itemized list of the remaining billable work that is in progress under the Contract.-----

C. PREPA shall pay the Contractor, for the Services at a rate of one hundred fifteen dollars (\$150) per hour for services rendered under the Contract.-----

D. All payments performed under this Contract will be charged to PREPA's budget account number 01-4019-92320-556-673. -----

E. Contractor shall submit monthly invoices within the first thirty (30) days following the period invoiced that will include a description of the services rendered and the number of hours spent. Each invoice for professional services shall be itemized with a reasonably detailed description of the work performed, the purpose of the task, and the FEMA Project Worksheet (PW) to which it pertains, if applicable. Invoices must be duly certified by an authorized representative of Contractor. Contractor shall allocate any invoiced fees between: (i) activities undertaken outside of Puerto Rico; and (ii) those relating to activities undertaken within Puerto Rico.-----

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



G. Invoices must also include a written and signed certification stating that no officer or employee of PREPA, and their respective subsidiaries or affiliates, will personally derive or obtain any benefit or profit of any kind from this Contract, with the acknowledgment that invoices that do not include this certification will not be paid. This certification must read as follows:-----

We certify under penalty of absolute nullity that no public servant of PREPA is a party or has any interest in the benefit or profit product of the Contract 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 delivery of Services provided is the agreed-upon price that has been negotiated with an authorized representative of PREPA. The total amount shown on this invoice is true and correct. The Services have been rendered, and no payment has been received.

Contractor's Signature

H. Contractor shall submit, if preferred, bank account wiring instructions to PREPA on or before submission of its first invoice to facilitate payment by means of electronic transfer.-----

I. As required by Act No. 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.-----

J. In compliance with Executive Order 1991 OE- 24; and C.F.R. Part 404 et. seq., the Contractor 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.-----

K. PREPA shall deduct and withhold ten percent (10%) of 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, the Contractor will retain twenty percent (20%) and twenty-nine percent (29%) respectively. PREPA will remit such withholdings to the Government of Puerto Rico's Treasury Department (*Departamento de Hacienda de Puerto Rico*). The Contractor will request PREPA not to make such withholdings if, to the satisfaction of PREPA, the Contractor timely provides a release from such obligation by the Government of Puerto Rico's Treasury Department. 3 L.P.R.A. § 8611 et seq., 2011 L.P.R. 232; 232-2011.-----



IV. CONFLICTS OF INTEREST

- A. Contractor acknowledges that in the performance of Services pursuant to this Contract, it has an obligation of complete loyalty towards PREPA, including having no conflict of interests. "Conflict of interests" includes representing clients who have or may have interests that are contrary to PREPA, but does not include rendering services that are unrelated to this engagement. This duty includes the continued obligation to disclose to PREPA all circumstances of its relations with clients and third parties which would result in a conflict of interest, and any adverse interest which would influence Contractor when executing the Contract or while it is in effect.-----
- B. This conduct by one of Contractor's partners, members, directors, executives, officers, clerks or employees shall be attributed to Contractor for purposes of

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

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

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

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



V. RESPONSIBILITIES OF PREPA

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

VI. OWNERSHIP AND USE OF DOCUMENTS



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

VII. NON-DISCLOSURE AND CONFIDENTIALITY

A. Confidential Information (the "Confidential Information"); Definition

The term Confidential Information, as used throughout this Contract, means any information concerning PREPA and/or PREPA's operations and that of its Contractor (e.g., the projects, computer processing systems, object and

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

B. **Non-Disclosure**

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



2. "Confidential Information" shall not apply to any information which:-----
i. is generally known to the public at the time of disclosure to Contractor or becomes generally known through no wrongful act on the part of Contractor;

- ii. is in Contractor 's possession at the time of disclosure otherwise than as a result of Contractor 's breach of any legal obligation;
- iii. becomes known to Contractor through disclosure by sources having the legal right to disclose such information other than PREPA and Contractor; or
- iv. is independently developed by Contractor without reference to or reliance upon the Confidential Information.

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



3. Contractor will not disclose any Confidential Information relating to the work that Contractor performs under this Contract. Contractor may divulge Confidential Information to its employees who need to know such information to fulfill the purposes of this engagement provided that such persons:-----

- i. shall have been advised of the confidential nature of such information and Contractor shall direct them, and they shall agree, to treat such information as confidential and to return all materials to Contractor upon request, but for one copy for record purposes only; and

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



C. **Return of Documents**

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

thirty (30) day period, and except to the extent making such documents available would result in the loss of legal privilege for PREPA, these documents shall be available for inspection by the Office of the Comptroller of Puerto Rico. This Article shall survive the termination, expiration, or completion of this Contract.-----

D. **Equitable Relief**

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



VIII. TERMINATION BY THE CHIEF OF STAFF

Pursuant to Memorandum No. 2017-001, Circular Letter 141-17, of the Office of the Chief of Staff of the Governor of Puerto Rico (*Secretaría de la Gobernación*) and the Office of Management and Budget (*Oficina de Gerencia y Presupuesto* – OGP), the Chief of Staff shall have the authority to terminate this Contract at any time. If so directed by the Chief of Staff, PREPA will terminate this Contract by delivering to the Contractor a notice of termination specifying the extent to which the performance of the work under this Contract is terminated, and the effective date of termination. Upon the effective date of termination, the

Contractor shall immediately discontinue all services affected and deliver to PREPA all information, studies and other materials property of PREPA. In the event of a termination by notice, PREPA shall be liable only for payment of services rendered up to and including the effective date of termination.-----

IX. INTERAGENCY SERVICES

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



X. COMPLIANCE WITH THE COMMONWEALTH OF PUERTO RICO CONTRACTING REQUIREMENTS

The Contractor will comply with all applicable State Law, Regulations or Executive Orders that regulate the contracting process and requirements of the Commonwealth of Puerto Rico. Particularly: Law 237-2004, as amended, which establishes uniform contracting requirements for professional and contractor services for the agencies and governmental entities of the Commonwealth of Puerto Rico. -----

- A. Contractor shall provide, before the execution of this Contract, the following: -----
1. Certificate issued by the Treasury Department of Puerto Rico which indicates that it does not owe taxes to the Commonwealth of Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms.-----

2. An Income Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico, Area of Internal Revenues, assuring that Contractor has filed his Income Tax Return for the last five (5) tax years.-----
3. Certificate issued by the Municipal Revenues Collection Center (MRCC), indicates that Contractor does not owe any tax.-----
4. Certificate issued by the Municipal Revenues Collection Center (MRCC), indicates that Contractor has filed the Personal Property Tax Return to such governmental agency.-----
5. Certificate issued by the Department of Labor and Human Resources of Puerto Rico, that indicates that Contractor has paid to the Department of Labor and Human Resources of Puerto Rico its employee contributions in accordance with the Puerto Rico Employment Security Act, unemployment, temporary disability or sickness, or is paying such contributions by an installment plan and is in full compliance with its terms.-----
6. Certificate issued by the Department of Labor and Human Resources of Puerto Rico, that indicates that Contractor has paid to the Department of Labor and Human Resources of Puerto Rico its employee contributions in accordance with the Puerto Rico Employment Security Act, social security for chauffeurs, or is paying such contributions by an installment plan and is in full compliance with its terms.-----
7. Certificate issued by the Puerto Rico Child Support Administration (ASUME) assuring that Contractor is in compliance with the collection of child support payments.-----



8. A copy of the Merchant's Registration Certificate.-----
9. Certificate issued by the Treasury Department of Puerto Rico which indicates that it does not owe Puerto Rico Sales and Use Taxes to the Commonwealth of Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms.-----
10. Puerto Rico Sales and Use Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico, Area of Internal Revenues, assuring that Contractor is in compliance with it.-----

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



- B. In compliance with Executive Order 1991 OE- 24; and C.F.R. Part 404 et. Seq., the Contractor 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.-----
- C. Contractor agrees to comply with the provisions of Act 2-2018, as the same may be amended from time to time, which establishes the Anti-Corruption Code for a New Puerto Rico. Contractor hereby certifies that it does not represent particular

interests in cases or matters that imply a conflicts of interest, or of public policy, between the executive agency and the particular interests it represents.-----

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

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

PREPA shall have the right to terminate the Contract in the event Contractor is convicted in Puerto Rico or United States Federal court for under Articles 4.2, 4.3 or 5.7 of Act 1-2012, as amended, known as the Organic Act of the Office of Government Ethics of Puerto Rico, any of the crimes listed in Articles 250



through 266 of Act 146-2012, as amended, known as the Puerto Rico Penal Code, any of the crimes typified in Act 2-2018, as amended, known as the Anti-Corruption Code for a New Puerto Rico or any other felony that involves misuse of public funds or property, including but not limited to the crimes mentioned in Article 6.8 of Act 8-2017, as amended, known as the Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico.-----

Consequences of Non-Compliance: Contractor 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 Contractor shall reimburse the PREPA all moneys received under this Contract.---

A. **Act 168-2000: Law for the Strengthening of the Family Support and Livelihood of Elderly People**

The Contractor will certify that if there is any Judicial or Administrative Order demanding payment or any economic support regarding Act 168-2000, as amended, the same is current and in all aspects in compliance. Act 168-2000 "*Law for the Strengthening of the Family Support and Livelihood of Elderly People*" in Spanish: "*Ley para el Fortalecimiento del Apoyo Familiar y Sustento de Personas de Edad Avanzada*", 3 L.P.R.A. §8611 et seq.-----

B. **Act 127-2004: Contract Registration in the Comptroller's Office of Puerto Rico Act**

Payment for Services under this Contract will not be made until this Contract is properly registered in the Office of the Comptroller of the Government of Puerto Rico pursuant to Law Number 18 of October 30, 1975, as amended.

C. **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.

D. **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.-----

E. **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.-----

F. **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.-----

G. **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.-----

H. **Dispensation**

Any and all necessary dispensations have been obtained from any government entity and that said dispensations shall become part of the contracting record.-----

I. **No Compensation for Appointments: (3 L.P.R.A. 8615(o))**

The Contractor acknowledges and accepts that he or she receives no payments or compensation for regular services rendered under a designation from any other public entity, except those authorized by law.---

J. **Rules of Professional Ethics**

The Contractor acknowledges and accepts that it is knowledgeable of the rules of ethics of his or her profession and assumes responsibility for his or her own actions.-----

K. **Provisions Required under Act 14-2004**

Contractor agrees that articles extracted, produced, assembled, packaged or distributed in Puerto Rico by enterprises with operations in Puerto Rico, or distributed by agents established in Puerto Rico shall be used when the service is rendered, provided that they are available.-----



XI. INSURANCE

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

Automobile Liability Insurance

The Contractor shall provide an Automobile Liability Insurance with limits of \$100,000 in bodily injury per person, \$300,000 in bodily injury per accident and \$100,000 in property damage per accident.-----

The Automobile Liability Insurance required under this contract, shall be endorsed to include:-----

a. As Additional Insured:

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

b. A 30 day cancellation or nonrenewable notice to be sent to the above address.

Furnishing of Policies:

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

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



XII. NOTICES

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

If to PREPA:

José F. Ortiz Vázquez
Chief Executive Officer

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

If to Contractor:

José Alberto Pérez-Canabal

XIV. COUNTERPARTS

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

XV. INDEPENDENT CONTRACTOR

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



XVI. RESPONSIBILITY FOR DAMAGES

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

XVII. 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

only the Federal 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.-----

XVIII. SEPARABILITY

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

XIX. SAVE AND HOLD HARMLESS

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

With respect to any indemnity set forth in this Contract, each indemnities shall give prompt notice of its receipt of any threat, indication or other notice of any claim, investigation or demand that might give rise to any losses required to be indemnified hereunder and shall reasonably cooperate in the defense of such

claim. The indemnifying party shall have the right to conduct defense of such action at its sole expense.-----

XX. 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 the Contractor's costs when providing the services, shall be the Contractor's responsibility and PREPA shall not be obligated to increase the Contract Amount.-----

XXI. FORCE MAJEURE

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.-----



For purposes of this Contract, force majeure means any cause without the fault or negligence, and beyond the reasonable control of, the party claiming the occurrence of a force majeure event.-----

Force majeure may include, but not be limited to, the following: Acts of God, industrial disturbances, acts of the public enemy, 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 occurrence of

the alleged force majeure, gives the other party written notice describing the particulars of the occurrence and its estimated duration. The burden of proof as to whether a force majeure event has occurred shall be on the party claiming the force majeure. -----

XXII. NOVATION

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. The previous provision shall be equally applicable in such other cases where PREPA gives the Contractor 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.-----



XXIII. NON-DISCRIMINATION

The Contractor agrees 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. -----

XXIV. FEES, EXPENSES AND DISBURSEMENT

- a) PREPA should not be billed for (a) time spent in processing conflict searches, preparing billing statements, or in responding to PREPA inquiries

concerning Consultant's invoices; or (b) travel time during which Consultant is billing another client for work performed while traveling. Moreover, PREPA requires that only professional services be billed. Accordingly, PREPA should not be billed for the administrative tasks of creating, organizing, reviewing and/or updating files; routine or periodic status reports; receiving, reviewing, and/or distributing mail; faxing or copying documents; checking electronic mail or converting information to disk. ----

- b) PREPA will reimburse the Consultant for actual costs and expenses related to matters assigned to Consultant and for necessary and reasonable out-of-pocket disbursements, subject to the limitations and exceptions set forth below. The Consultant is expected to have a system in place that ensures those who bill time and disbursements to PREPA matters do so promptly and accurately. PREPA will not reimburse Consultant for: (a) costs included in a 'miscellaneous' or 'other' category of charges; (b) overhead costs and expenses-such as those relating to fees for time or overtime expended by support staff (secretaries, administrative/clerical personnel, internal messengers, and other similar services), word processing and/or proofreading, cost of supplies or equipment, and/or other similar costs of doing business; (f) time spent attending education seminars or training programs; or (h) mark-ups or surcharges on any cost or expense. In 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. -----

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

d) 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. -----

e) Travel – PREPA will reimburse actual charges for transportation and hotels reasonable and necessary for effective services to PREPA. PREPA will not pay for any first-class or business-class travel. Summaries of transportation expenses should reflect the identity of the user, the date and amount of each specific cost, and the points of travel. Summaries of lodging and meals expenses should include the identity of the person making the expenditure, the date and amount, and the nature of the expenditure. Meals will be reimbursed only upon presentation of restaurant detailed bill and under no circumstances PREPA will reimburse alcoholic beverages.-----

f) 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. -----

g) Air Travel- The cost of air travel will be reimbursed up to an amount of \$500 per person per flight (including: seat assignment, applicable taxes, and other applicable fees). The Consultant shall submit a copy of the airline ticket and paid invoice. Airfare may only be invoiced following completion of travel. -----

h) Airfare necessary to attend PREPA's official business will be paid by PREPA according to these guidelines. The Consultant shall buy an economic class ticket or equivalent, then if desired, he/she may upgrade, but PREPA will only pay the amount corresponding to the economy class or equivalent airfare. Baggage fees will not be reimbursed. -----

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

-----Lodging (standard not smoking room): - \$200 per person, per night not including government fees and taxes The Consultant will use the most economical alternative of lodging, including temporary rentals of apartments or rooms (Airbnb like rentals). For travel period longer than five days, temporary rentals shall be coordinated when this temporary rental is less expensive than hotel accommodation, and evidence of said temporary rental shall be provided. Ground Transportation: - \$20 per person, per working day. If a car is rented for the services to be provided, a fixed amount of \$25 per day will be reimbursed for parking expenses, upon presentation of evidence of the car rental (no proof of payment will be required).-----

j) 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. -----

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

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

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



XXV. NON-DISCRIMINATION

The Consultant agrees 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. -----

XXVI. ENTIRE CONTRACT

Subject to any additional Federal or Commonwealth requirements not specified herein, this Contract and its attachments, (and any executed amendments to either), constitutes the entire Contract between the Parties and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Contract will inure to the benefit of, and be binding upon, the Parties and their respective successors and assigns.-----



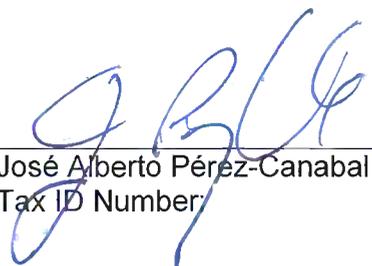
IN WITNESS THEREOF, the parties hereto execute this Contract as of the 1 of July, 2019.

PUERTO RICO ELECTRIC POWER
AUTHORITY

CONTRACTOR



José F. Ortiz Vázquez
Chief Executive Officer
Tax ID Number:



José Alberto Pérez-Canabal
Tax ID Number: