

Amendment No. 1 to Statement of Work

This amendment, dated April 17, 2017 (this “Amendment”) amends the Agreement dated February 15, 2017, (the “Original Agreement” and as modified by this Amendment, the “Agreement”) between Ernst & Young Puerto Rico LLC, a limited liability company organized and existing under the laws of Delaware, with its principal place of business located at 1000 Scotiabank Plaza, 273 Ponce de Leon Avenue, San Juan, Puerto Rico (“we” or “EY”) and the Financial Oversight and Management Board for Puerto Rico, (“you” or “Client”).

Capitalized terms used, but not otherwise defined, in this Amendment shall have the respective meanings ascribed to them in the Original Agreement and identical terms defined in this Amendment and in the Original Agreement shall have the respective meanings ascribed to them herein.

Except as modified by this Amendment, all terms and conditions of the Original SOW shall continue in full force and effect and be unaffected by this Amendment.

Scope of services

EY will assist you as set forth below in connection with your duties as established in Public Law 114-187 (“PROMESA”) in the following areas:

1. **Puerto Rico proposed Fiscal Year 2018 Budget (the “FY18 Budget”) as contemplated by Section 202 of PROMESA. EY will lead this analysis and coordinate with your other advisors.**
 - a. Analyze the key assumptions used in the development of the FY18 Budget
 - b. Advise you in your assessment of the FY18 Budget consistency with Government of Puerto Rico Fiscal Plan, as certified by you
2. **Assessment of Long-term fiscal projections. EY will lead this analysis with the assistance of the Board economists and advisors.**
 - a. Advise you in the development of long-term financial projections beyond the Fiscal Plan 10 year period
 - i. Projections to be analyzed at the same level of detail as ten year projections included in Fiscal Plan
 - ii. Long-term projections to include primary balance, creditor recoveries and resulting surplus/deficit for each period
 - b. Advise you in your analysis of the funds available for creditors post ten years

- c. Develop a framework to analyze the financial impact of various restructuring scenarios

3. Creditor mediation support. EY will cooperate with you and your other advisors on this scope item.

- a. Advise you during mediation sessions and negotiations with major creditor and retiree groups;
- b. Provide restructuring insight and observations on debt restructuring alternatives relative to other distressed municipalities
- c. Advise you in determining the feasibility of any proposed debt restructuring

4. Specific financial and economic analyses, as requested by counsel. EY will coordinate with your legal counsel on this scope item.

- a. Analysis of historical and projected costs to provide essential services as defined by the Government
- b. Analysis of additional revenue and expenditure measures proposed by creditors and their potential impact on the economic recovery of Puerto Rico
- c. Analysis of downside scenario, absent a restructuring, to support the creditors' modified best interest test

We will provide you with periodic progress updates and, at your request, meet with you to review our results.

Timetable

Unless otherwise agreed, we expect to begin to perform the Services immediately upon execution of this SOW and through July 15, 2017 (the "Amendment #1 Period").

EY team and contacts

Gaurav Malhotra, Juan Santambrogio and Adam Chepenik will be actively and directly involved in providing the Services and will lead the EY team.

You have identified Natalie Jaresko as your contact with whom we should communicate about these Services. Your contacts at EY for these Services will be Gaurav Malhotra, Juan Santambrogio and Adam Chepenik.

Fees

The General Terms and Conditions of the Agreement address our fees and expenses generally.

We will bill you hourly fees for our professional services based on the following hourly rates:

- Partner/Principal \$805
- Executive Director \$750
- Senior Manager \$668
- Manager \$550
- Senior \$410
- Staff \$225

Based on the workload expected for each of the scope items above, the estimated total fees for the Amendment #1 Period is \$1,100,000, with \$900,000 estimated to be incurred through June 30, 2017.

Scope Area	Estimated Fee
1. FY18 Budget	\$450,000
2. Long-Term Financial Projections	\$350,000
3. Creditor Mediation Support	\$150,000
4. Specific financial and economic analyses	\$150,000
Total estimated fees for scope items 1-4	\$1,100,000

Scope items #1 (FY18 Budget) will be capped at the estimated fees above for Amendment #1 Period.

The fee estimates for Amendment #1 Period for scope item #2 (Long-Term Financial Projections), scope item #3 (creditor mediation support) and scope item #4 (specific financial and economic analyses) are \$350,000, \$150,000 and \$150,000 respectively. However, if the work load for scope items #2, #3 and #4 exceeds these estimates, we will consult with you in order to adjust the fees for these scope items.

We will track hourly fees for each scope item and report them to you every two weeks. You will have the ability at any time during the Amendment #1 Period to instruct us to adjust or reduce the level of effort on any specific scope item or to terminate the contract.

In addition to the hourly fees above, you shall reimburse EY for its direct expenses incurred in connection with performance of the Services, which shall include reasonable and customary out-of-pocket expenses for items such as travel (coach airfare and ground transportation), hotel and meals. We will cap the total direct expenses at \$50,000 for Amendment #1 Period.


We will bill you for our fees and expenses on a bi-weekly basis. Payment is due upon your receipt of our invoice. Your obligation to pay our fees and expenses is not contingent upon the results of the Services.

In witness whereof, the parties have executed this Amendment as of the date set forth above.

Ernst & Young Puerto Rico LLC

By: 
Arturo Ondina
Partner

Financial Oversight and Management Board for
Puerto Rico

By: 
Natalie Jaresko
Executive Director