

**SECOND AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING FIRM PROJECT**

THIS SECOND AMENDMENT to the Consulting Agreement (the "Second Amendment") effective as of January 1, 2018 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties).

WHEREAS, on or about November 27, 2016, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for services in support of the Strategic Consulting Firm project (the "Services"); and

WHEREAS, on or about March 9, 2017, the Parties agreed to amend the Consulting Agreement to revise the scope of services and extend the period of performance; and

WHEREAS, the Parties wish to make additional adjustments to the scope of services and further extend the period of performance; and

WHEREAS, the Parties now wish to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

"Amended Attachment 1 Scope of Work" to the Consulting Agreement, dated March 9, 2017, is hereby replaced in its entirety with the "Second Amended Attachment 1 Scope of Work", attached hereto. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a Third Amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board
For Puerto Rico**

McKinsey & Company, Inc., Washington D.C.



Name: Natalie A. Jaresko

Title: Executive Director

Date: 12-26-17



Name: Tyler Duvall

Title: Partner

Date: 3 January 2018

SECOND AMENDED ATTACHMENT 1
Scope of Work

PERIOD OF PERFORMANCE:

January 1, 2018 - June 30, 2018

SCOPE:

During the period of performance, McKinsey will support the Board as follows:

Core activities will include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support upon request):

- Support the evaluation, stress testing and certification of fiscal plans and annual budgets for non-Title III instrumentalities (e.g. PRASA, COSSEC, UPR).
- Develop and implement capability building program for staff.
- Provide the support and preparation of materials to support Board's staff and/or subcommittee to review government recovery-related contracts above \$10m with a focus on:
 - Consistency with fiscal plans and budget;
 - Review analysis conducted by government to evaluate the risk allocation between the government and vendor over the life of the contract;
 - The presences of evidence that the government carefully evaluated pricing relative to available benchmarks for comparable purchases
- Integrate activities of restructuring advisors into on-going fiscal plan efforts, including working directly with Citi to ensure fiscal plan measures are quantitatively and qualitatively aligned with restructuring strategy and pension reforms.
- Support development of overall capital reconstruction plan
- Support the assessment of which critical infrastructure projects should be selected and fast-tracked by the Board under Title V of PROMESA drawing on sector specific key criteria and utilizing tools that allow for measurement of impact, including supporting the evaluation of at least one major pilot project through the process established.

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis as set forth below:

Period of Performance	Fee
January 2018	\$650,000.00
February 2018	\$650,000.00
March 2018	\$650,000.00
April 2018	\$650,000.00
May 2018	\$650,000.00
June 2018	\$650,000.00

McKinsey will submit invoices on a monthly basis, on or before the 25th day of the calendar month following the month during which the services were performed.