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## **Amendment No. 4 to Statement of Work (“SOW”)**

This amendment, dated January 13, 2018 (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 (“we” or “EY”) and the Financial Oversight and Management Board for Puerto Rico, (“you”, “FOMB” or the “Client”).

Except as otherwise set forth in this Amendment, this Amendment incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this Amendment shall apply only to the advisory Services covered by this Amendment and not to Services covered by any other Amendment pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement, and references in the Agreement to “you”, “FOMB” or “Client” shall be deemed references to you.

If you ask us to begin work before you execute and return this SOW to us, you will be deemed to have agreed to its terms. As such, this Amendment covers applicable work completed under the scope of services below since January 1, 2018.

### **Scope of Services**

#### **1. High-Level Revenue Estimates**

It is expected that federal corporate tax reform will alter the relative cost of operating a subsidiary of a US company in Puerto Rico, which will in turn impact the attractiveness of Puerto Rico as a destination for investment and the amount of corporate net income reported in Puerto Rico for tax purposes. While federal tax reform has potentially little impact on the definition and calculation of Puerto Rico taxable income, it may have a large impact on relative incentive to invest in Puerto Rico vs mainland US or other countries, which will impact the level of economic activity and therefore the tax base.

EY’s high-level estimates would answer the following questions to illustrate the means by which federal tax reform would potentially impact the Puerto Rico economy and, indirectly, tax collections.

- 1. What share of the Puerto Rico economy will be directly affected by US federal tax reform?** EY will examine the economic activity in Puerto Rico related to CFCs of US parent companies to determine the share of the economy impacted by federal reform. Domestic (Puerto Rico) companies would be assumed to have little or no impact from US federal changes and would be assumed to be less responsive to any change that does occur.
- 2. How will the GILTI provision impact US parents of Puerto Rico affiliates?** To estimate these impacts, EY will evaluate the impact on tax liabilities of US mainland taxpayers with PR CFCs. This portion of the analysis will rely on taxpayer data reported on form IRS 5471. To overcome the limitations of this data, certain broad assumptions will be made about the share of assets that are tangible property and the share of income that falls above the 10% deemed rate of return threshold. Describe, qualitatively, differential impacts on low-tangible-property-basis (e.g. intangible holding companies) and high-basis businesses (e.g. factories) and how high-basis companies are likely to make greater economic contributions per dollar of income.

3. **How will the base erosion and anti-avoidance tax on payments to Puerto Rico subs affect US parent companies?** While potentially less significant than GILTI, EY will attempt to identify impacts of the BEAT provision on US mainland taxpayers making payments to Puerto Rico affiliates.
4. **What is the economic impact of changes in tax on US parents?** Given results of steps above, show approximate impact on investment and long-run economic activity due to federal tax change, holding other factors constant (e.g. other economic conditions)
5. **How will projected changes in investment impact tax revenues?** Translate estimates of impacts on economic activity into changes in Puerto Rico tax revenues, given current tax law or known proposals. These estimates will be based on the historical relationship of changes in tax revenue and changes in economic activity.

If additional details are known about potential Puerto Rico tax reform scenarios, it is possible these reforms could be incorporated into the scope of work. Without additional information on the potential tax reforms, it is not possible to commit to specific estimates.

The estimates described above would be provided by January 17, 2017. All results would need to be provided on a white paper basis, without attribution to EY. Given the compressed timeline for providing these estimates, all estimates will be provided on a best-efforts basis. Given the short time period and uncertainty about what data might be available, EY cannot guarantee that an analysis will be without significant limitations in terms of precision or coverage.

## **2. Routine On-Call Advisory (ROCA) Services**

This portion of the SOW covers engagements where EY provides services concerning issues or projects (“projects”) as requested by the FOMB when such projects are not covered by a separate SOW. Pursuant to this SOW and as detailed in the paragraphs that follow, EY will provide to the FOMB routine tax advisory services and assistance concerning issues as requested by the FOMB when such projects are not covered by a separate SOW and do not involve any significant tax planning or projects (“on-call tax advisory services”). This SOW applies to routine on-call projects commenced on or before the termination of the Agreement.

### **On-call tax advisory services**

The scope of on-call tax advisory services to be performed pursuant to this SOW may be agreed to orally or through written communications with the FOMB such as e-mails.

The projects covered by this SOW include assistance with tax issues by answering one-off questions, drafting memos describing how specific tax rules work, assisting with general transactional issues, and assisting the FOMB in connection with its dealings with tax authorities (other than representing the FOMB in an examination or an appeal before the IRS or other taxing authority).

Specific tasks that may be involved in connection with the services include the following: participating in meetings and telephone calls with the FOMB; participating in meetings and telephone calls with taxing authorities and other third parties where we are not representing the FOMB in an examination or an appeal before the taxing authority; reviewing transaction-related documentation; researching technical issues; and preparing technical memoranda, letters, e-mails, and other written documentation.

This SOW is not intended to cover services related to significant tax planning or other projects where a mutual understanding of the scope of the engagement should be formally documented. Accordingly, in lieu of this SOW,

separate SOWs generally will be entered into in connection with such services, including but not limited to the following: services related to a transaction that is a reportable transaction, transaction of interest or transaction similarly designated by a tax authority; engagements where we will render formal opinions or opinions that will be relied upon by third parties; studies with respect to the FOMB's tax attributes (e.g., basis studies or repairs and maintenance studies); loaned or assigned staff engagements; and due diligence engagements.

### **Specific additional terms and conditions**

As it relates to this engagement, FOMB will make all management decisions and perform all management functions. The FOMB will provide oversight for our work by designating a person or persons to coordinate our efforts with the FOMB. In addition the FOMB will evaluate the adequacy and results of the Services performed and accept responsibility for the uses of the results of the Services.

The Services are advisory in nature. EY will not render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by applicable professional standards. None of the Services or any Reports will constitute any legal opinion or advice. This service is not in connection with any adversarial, advocacy, litigation or legal proceeding and we will not provide opinions or expert witness testimony. None of the Services or any Reports will constitute any tax opinion or advice.

We cannot and do not provide any assurance that our work and findings will either support or contradict any particular position. You agree that, because the Services are limited in nature and scope, they cannot be relied upon to discover all documents and other information, or provide all analyses, that may be important to you or any matter.

We have reviewed our available records to determine whether potential conflicts might arise out of our performance of the Services. However, the very nature, diversity, magnitude, and size of the Ernst & Young organization and its past and present professional relationships does not allow us to be certain that each and every possible relationship or potential conflict has come to our attention. If additional relevant relationships or potential conflicts come to our attention, we will promptly notify you. You agree that any EY Firm may provide the Services under this SOW, as well as services to other such parties, as long as (a) no member of the EY team performing these Services (the "EY Team") is part of any team serving other clients in connection with the Matter, and (b) the EY Team does not disclose to any other such team any confidential information relating to you (except as required by applicable law, regulation or professional obligation), in either case without your prior written consent.

If the performance of the Services is challenged on the basis of an alleged conflict of interest or alleged violation of independence requirements, including the requirements of the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder you will promptly notify us, and we may engage our own legal counsel to contest any such challenge.

### **Timetable**

Unless otherwise agreed, and subject to the General Terms and Conditions of the Agreement, we expect to perform the Services, as requested, during the life of the Agreement.

### **Contacts**

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 Juan Santambrogio, Adam Chepenik, Gaurav Malhotra, Andrew Phillips, and Pablo Hymovitz.

## Fees

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

For work completed on Scope of Service Area #1 above, High-Level Revenue Estimates, we will bill you a fixed fee of \$65,000 for all work completed between now and January 30, 2018. Should you request additional work on this scope of service area after January 30, 2018, we will bill you hourly fees at the rate below for our professional services.

For each Routine On-Call Advisory (ROCA) Services request under Scope of Service Area #2 above, we will bill you at the rate below for our professional services with a total amount per ROCA services request at an hourly rate not to exceed \$25,000 per individual project. At the FOMB's request, multiple ROCA requests can be pursued simultaneously.

**However, as stated in the scope of work section, the ROCA services statement of work is not intended to cover services related to significant tax planning or other projects where a mutual understanding of the scope of the engagement would have to be formally documented.**

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

- Partner \$845
- Executive Director \$788
- Senior Manager \$701
- Manager \$578
- Senior \$430
- Staff \$236

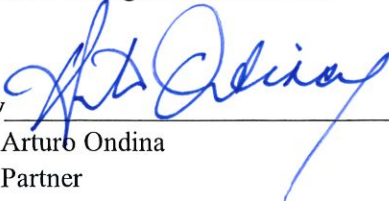
Should work on these scope of service areas continue beyond January 30, 2018, or more extensive services are required than provided under the ROCA basis, we will work with you to identify estimated budgets for these efforts. To the extent requested, we will also revisit the agreed upon fee structure in this Amendment to incorporate a mutually agreed upon fee limitation or fixed fee adjustment as a subsequent amendment.

In addition to the hourly fees above, you shall reimburse EY for its direct expenses incurred in connection with the 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.

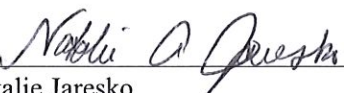
We will bill you for our fees and expenses on a bi-weekly basis. Payment is due upon your receipt of our invoice. Your obligation to pay our fees and expenses is not contingent upon the results of the Services.

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

Ernst & Young Puerto Rico LLC

By   
Arturb Ondina  
Partner

Financial Oversight and Management Board for Puerto Rico

By   
Natalie Jaresko  
Executive Director