



Ernst & Young Puerto Rico LLC  
273 Ponce de Leon Avenue - 5th Fl - 00909  
San Juan, Puerto Rico 00909 USA

## Amendment No. 2 to Statement of Work

This amendment, dated August 15, 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 Fiscal Year 2018 and Fiscal Year 2019 Budgets (the "Budgets") 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 Budgets
  - b. Advise you in your assessment of the Budgets consistency with Government of Puerto Rico Fiscal Plan, as certified by you
  - c. Advise in the comparison of the Budgets to historical approved budgets by agency and concept
  - d. Advise on the development of a process to evaluate any proposed amendments to the Budget
  - e. Analyze the Budgets as compared to the Fiscal Plan
  - f. Identify risks and opportunities in the Budget
  - g. Assist in meetings with various stakeholders including but not limited to the Government, members of the Legislature and Government advisors
  - h. Assist in the analysis of Budget to Actuals periodic reporting by the Government

- i. Assist in confirming whether new proposed legislation is consistent with the Budget Resolutions
- j. Advise in the evaluation of the process being followed to develop the FY19 Budget

## **2. Reconciliation Adjustment**

- a. Advise the Board on the updated analysis of the proposed reconciliation adjustment as more information becomes available for FY15 and FY16
- b. Advise the Board on the implications of changes to the reconciliation adjustment on the Fiscal Plan

## **3. Corporate Tax Reform**

- a. Advise the Board on the analysis and tracking of the Government's efforts to implement a new corporate tax regime
- b. Advise the Board in its evaluation of tax regimes proposed by the Government and their potential impact on the economy and on tax collection levels

## **4. Other financial analyses**

- a. Advise the Board on the Government's plans to transition to modified accrual accounting and reporting
- b. Advise the Board in the design of reporting templates for liquidity and budget reporting
- c. Advise the Board in its assessment of the Government's tax incentives
- d. Prepare additional financial analyses as requested by you and agreed by us

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

### **Timetable**

The terms of this agreement will cover our Services starting on July 1, 2017 and ending on June 30, 2018 (the "Amendment #2 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.

The total fees for the Amendment #2 Period are \$4,800,000, including \$600,000 corresponding to the Amendment #1 Period.

We will cap our fees at \$350,000 per month. If our hourly fees exceed this cap, we will consult with you in order to adjust the fees on a mutually agreeable basis.

We will track hourly fees based on the hourly rates below and report them to you on a monthly basis. You will have the ability at any time during the Amendment #2 Period to instruct us to adjust or reduce the level of effort on any specific scope item.



In addition to the 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 bill you for our fees and expenses on a monthly 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  
Arturo Ondina  
Partner

Financial Oversight and Management Board for  
Puerto Rico

By: Natalie A. Jaresko  
Natalie Jaresko  
Executive Director