

AGREEMENT FOR PROFESSIONAL SERVICES

APPEAR

AS PARTY OF THE FIRST PART: The **GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO**, a public corporation of the Commonwealth of Puerto Rico, created by Act Number 17, enacted on September 23, 1948, as amended ("Act 17"), represented herein by its Executive Vice President and Treasurer, Richard Barrios Cardona, of legal age, married, and a resident of Guaynabo, Puerto Rico (hereinafter referred to as the "Bank").

AS PARTY OF THE SECOND PART: PUBLIC FINANCIAL MANAGEMENT, INC., a corporation organized and existing under the laws of the State of Pennsylvania, with offices located at Philadelphia, PA and Charlotte, NC (among other locations), hereby represented in this act by its Managing Director, Michael Mace, of legal age, married and a resident of North Carolina (hereinafter referred to as "PFM" or "Consultant").

WITNESSETH

WHEREAS, the Bank, by virtue of the powers conferred to it under Act 17, has the authority to engage the professional, technical and consulting services necessary and convenient to the activities, programs, and operations of the Bank;

WHEREAS, PFM has provided the Bank services in the areas of financial advisory, transaction management, pricing and execution, and other advisory activities; and

WHEREAS, the Bank wishes to continue receiving the Consultant's services.

NOW, THEREFORE, being each party empowered to enter into this Agreement for Professional Services (the "Agreement") and perform their obligations hereunder, and in consideration of the premises and the mutual covenants contained herein, the Bank and PFM agree to enter into this Agreement under the following:

TERMS AND CONDITIONS

FIRST: The Bank engages PFM to provide financial advisory services in connection with its role as independent registered municipal advisor for the Bank in matters related to the instrumentalities and public corporations of the Commonwealth of Puerto Rico as set forth in the Proposal dated June 12, 2015, attached hereto and made a part hereof as **Appendix A**. If any part of **Appendix A** is found to contradict or be inconsistent with any provision of the Terms and Conditions set forth herein, such Terms and Conditions shall take precedence over **Appendix A** and govern the matter in question.

SECOND: This Agreement shall be in effect from the date of its execution until June 30, 2016, provided that the parties may extend the expiration date of this Agreement by amendment executed in writing.

THIRD: Either party shall have the right to terminate this Agreement by providing the other party thirty (30) days notice by registered mail, return receipt requested, or overnight express mail. If notice is given, this Agreement shall terminate upon the expiration of thirty (30) days, and the Bank shall be obligated to pay all fees and expenses incurred up to the date of effective termination, in accordance with the terms of this Agreement.

The rights, duties and responsibilities of the Bank and the Consultant shall continue in full force and effect during the thirty (30) day notice period. The Consultant shall have no

further right to compensation except for what has been accrued for services rendered under this Agreement until said date.

FOURTH: As compensation for the services rendered under the terms of this Agreement, the Bank will pay PFM a monthly fee of **FIFTY THOUSAND DOLLARS (\$50,000)** which shall be payable promptly upon receipt of an invoice therefor, and a maximum of **FIVE THOUSAND DOLLARS (\$5,000)** for reimbursable expenses. In no event shall the total payment to PFM under this Agreement exceed **SIX HUNDRED FIFTY THOUSAND DOLLARS (\$650,000)**, including reimbursable expenses.

If any transactions are to be executed pursuant to the terms included in the Proposal attached as **Appendix A**, this Agreement shall be amended by the parties as necessary to reflect the terms thereof.

The Consultant agrees to notify the Bank within fifteen (15) working days after having reached three fourths (3/4) of the maximum amount payable under this Agreement. The written notification shall include a detailed report of projected services for the duration of the Agreement that entail a possible increase to the limit established and a request addressed to the President of the Bank to increase said amount. Furthermore, the Consultant understands and accepts that it may only exceed the maximum amount established herein only with prior written amendment to this Agreement. If the Consultant does not comply with these requirements, it waives its rights to payment for services rendered in excess of the maximum amount established in the Agreement, even after they have been provided.

FIFTH: The Bank will reimburse PFM for expenses directly related to the services rendered under this Agreement and not considered part of the usual overhead of a

professional office, for items such as travel and lodging, long distance telephone calls, fax and other telecommunication charges, filing fees, taxi fares, printing and delivery expenses, including services such as overnight mail, courier and messenger charges.

Any expense for which a reimbursement is requested, shall be reasonable and necessary, and any extraordinary expenses shall be authorized in writing and in advance by the Bank. The Bank will not reimburse expenses which do not comply with this provision. Under no circumstances will expenses for alcoholic beverages be reimbursed.

Any petition for reimbursement of expenses must be accompanied by the corresponding invoice or receipt and shall specify the relation of the expense to the services rendered. All reimbursements shall be for actual expenses incurred and shall be billed at cost. The total amount invoiced as expenses during the term of this Agreement shall not exceed the maximum amount established in the FOURTH Clause.

When traveling is required to provide services under this Agreement, only one representative from PFM shall be authorized to travel, unless otherwise authorized by the President of the Bank or an authorized representative responsible for the management of this Agreement. In order for the Bank to reimburse travel and lodging costs, they shall be authorized in writing and in advance by the Bank. For travel to places other than Puerto Rico, the Bank will notify and reimburse PFM the daily meals and lodging allowances applicable to the place of travel, which shall be those published by the U.S. General Services Administration and the Defense Travel Management Office of the Department of Defense. For travel to Puerto Rico, the Bank will reimburse a maximum of amount of \$195 per night for lodging expenses, and will pay a daily per diem amount of \$58 for meals (no receipt will be required for payment of this per diem). Reimbursement for air travel

expenses is restricted to the lowest economy class or coach fares available to the place of travel. In the event a scheduled trip is cancelled for reasons not attributable to PFM, the Bank will assume the cost of any penalty. The Bank shall not pay for travel time, except if specific services are rendered during travel time. Payment for travel time shall be made only if the invoice details the services rendered and the time billed on each matter, as required in this Agreement.

SIXTH: The Consultant shall submit monthly invoices within the first fifteen (15) days following the period invoiced (or, at its option, more frequently) which will include a description of the services rendered, the hours spent by each person, and the number of people working on such services. Each invoice for professional services shall be itemized and must be duly certified by an authorized representative of the Consultant. Copies of the receipts for all expenses must accompany the invoices.

The Bank will review the invoices carefully and if it finds them acceptable, will proceed with payment. The Bank reserves the right to conduct the audits it deems necessary. Invoices must be submitted within one hundred twenty days (120) of services having been rendered. The Bank will not honor invoices submitted after this time, and the Consultant accepts and agrees to this requirement, and understands that if the Consultant does not comply with this requirement it waives its right to payment for services rendered and expenses.

SEVENTH: Invoices must also include a written and signed certification stating that no officer or employee of the Bank, and their respective subsidiaries or affiliates, will personally derive or obtain any benefit or profit of any kind from this Agreement, with the

acknowledgment that invoices which do not include this certification will not be paid. This certification must read as follows:

“We certify under penalty of nullity that no public servant of the Government Development Bank for Puerto Rico, their respective subsidiaries or affiliates, will derive or obtain any benefit or profit of any kind from the contractual relationship which is the basis of this invoice. If such benefit or profit exists, the required waiver has been obtained prior to entering into the Agreement. The only consideration to be received in exchange for the delivery of goods or for services provided is the agreed-upon price that has been negotiated with an authorized representative of the Government Development Bank for Puerto Rico. The total amount shown on this invoice is true and correct. The services have been rendered, and no payment has been received.”

EIGHTH: All invoices shall be signed and mailed or physically delivered to the attention of:

POSTAL ADDRESS

Government Development Bank
PREINTERVENTION
PO Box 42001
San Juan, Puerto Rico 00940-2001

PHYSICAL ADDRESS

Government Development Bank
PREINTERVENTION
José V. Pagán Beauchamp
Government Center
De Diego Avenue No. 100
Central Building - Floor P
San Juan, PR 00907-2345

NINTH: The Consultant agrees to submit checking account transfer data to the Bank in order to facilitate payment by means of electronic transfer.

TENTH: The Bank will provide such access to its facilities and information, and such other cooperation in working with the Consultant, as the Consultant may from time to time reasonably determine to be necessary for the Consultant to render any services requested; provided that such access and cooperation shall not interfere with the Bank's continuing conduct of its operations.

ELEVENTH: At the direction of the Bank, the Consultant may be required to work with other consulting, legal, investment, or other consultants. The parties agree to discuss such assignments in advance, so that all parties have clear expectations as to their responsibilities. The Consultant is not responsible for work performed by others.

TWELFTH: The Bank certifies that all disbursements made to the Consultant under this Agreement shall be drawn from operating Bank accounts opened at the Bank for such purpose.

THIRTEENTH: The Consultant shall not subcontract the services to be provided under this Agreement, or contract with other consultants or other services without the prior written authorization of the President of the Bank or any of its authorized representatives. The parties agree that employees of the Consultant's parent company or any of its subsidiaries will be considered as employees of the Consultant and not as subcontractors or employees of subcontractors for all purposes under this Agreement. A request to subcontract, or to contract experts or other consultants, shall specify the issues or matters that will be referred to the supplier. The professional fees earned by these suppliers will be subject to review and approval by the President of the Bank or its authorized representatives.

FOURTEENTH: The Consultant shall not request any payment for services rendered under the terms of this Agreement until this Agreement has been registered by the Bank at the Office of the Comptroller of Puerto Rico as established in Act 18-1975, as amended. The Bank undertakes to register this Agreement pursuant to such Act as soon as practicable after the execution of this Agreement.

FIFTEENTH: The Consultant will submit any reports required by the Bank regarding services performed under this Agreement. If required by the Bank, at the completion of the assigned tasks, the Consultant will submit a final written report describing the work it has performed. The Consultant shall not invoice the time spent in preparing letters to auditors, as it is understood that this is an administrative obligation complementary to the services rendered hereunder.

SIXTEENTH: The Bank will provide all the documentation necessary of the adequate fulfillment of the Consultant's obligations under this Agreement.

SEVENTEENTH: The Consultant acknowledges the proprietary and confidential nature of all internal, non-public, information systems, financial, and business information relating to the Bank and its personnel, its subsidiary corporations and affiliates and their personnel, the Commonwealth of Puerto Rico, its agencies, corporations and/or municipalities and their personnel, now or hereafter provided to the Consultant or otherwise obtained by the Consultant in the course of rendering services for the Bank (collectively, "Confidential Information").

The Consultant and its employees, affiliates and authorized sub-contractors shall keep in strict confidence all Confidential Information, and (1) shall not make public or disclose any of said materials without the previous written consent of the Bank, (2) shall use the Confidential Information only to perform the Consultant's obligations under this Agreement; and (3) will reproduce the Confidential Information only as required to perform the Consultant's obligations under this Agreement.

"Confidential Information" shall not apply to any information which:

- (a) is generally known to the public at the time of disclosure to the Consultant or becomes generally known through no wrongful act on the part of the Consultant;
- (b) is in the Consultant's possession at the time of disclosure otherwise than as a result of the Consultant's breach of any legal obligation;
- (c) becomes known to the Consultant through disclosure by sources other than the Consultant having, to Consultant's knowledge, the legal right to disclose such information; or
- (d) is independently developed by the Consultant without reference to or reliance upon the confidential information.

In addition, these provisions shall not prohibit the Consultant from making any disclosure pursuant to any subpoena or order of a court or a Governmental or Administrative tribunal which may assert jurisdiction over the Consultant; provided that, except for any requests or requirements in connection with routine inspections, examinations or similar processes by any organization responsible for regulating and/or monitoring the Consultant's professional conduct as a regulated entity, to the extent legally permissible, the Consultant shall promptly notify the Bank of any such disclosure obligations and reasonably cooperate with the Bank's efforts to lawfully avoid and/or minimize the extent of such disclosure.

The Consultant will not make public, without the prior written approval of the Bank, that the Bank is a client of the Consultant until the Bank makes such information publicly available, nor will the Consultant disclose any confidential information relating to the work that the Consultant performs under this Agreement.

The Consultant 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 the Consultant shall direct them, and they shall agree, to treat such information as confidential

and to return all materials to the Consultant upon request except for record purposes only; and (ii) in each case, such person is bound by obligations of confidentiality and non-use consistent with and at least as stringent as those set forth in this Agreement.

In connection with the services rendered under this Agreement, the Consultant will furnish the Bank any necessary reports, analyses or other such materials which the Consultant has prepared in connection with providing the services as the Bank may reasonably request. The Consultant shall not invoice the time spent to gather and deliver such information, as it is understood that this is an administrative obligation complementary to the services rendered hereunder. The Bank, however, acknowledges that the Consultant 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 the Consultant from developing or disclosing such materials and information provided that the same do not contain or reflect Confidential Information.

If requested by the Bank, the Consultant shall return all Confidential Information, as well as any other document that may relate to its work under this Agreement, to the Bank within thirty (30) days after date of the expiration or earlier termination of this Agreement or destroy such information, certifying that all the information has been returned to the Bank 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. During this thirty (30) day period, these documents shall be available for inspection by the Office of the Comptroller of Puerto Rico. Notwithstanding the foregoing, the Consultant may retain its

own work product provided that the Consultant shall maintain the confidentiality of any Confidential Information incorporated in such work product.

Except as required by law, no reference may be made to the Consultant in any materials prepared for public distribution.

This section SEVENTEENTH shall survive the termination, expiration or completion of this Agreement.

EIGHTEENTH: The Consultant's grossly negligent discharge continuing after receipt of written warning or abandonment of the duties assigned hereunder or the breach of the confidentiality clause hereinabove shall constitute a breach of this Agreement by the Consultant and the Bank will be entitled to terminate this Agreement forthwith, without having to comply with the requirements of notice set forth above, without limitations of any other rights and remedies under law, and will release and discharge the Bank from any further obligations and liabilities hereunder.

NINETEENTH: The Consultant acknowledges that in executing its services pursuant to this Agreement, it has an obligation of complete loyalty towards the Bank, including having no adverse interests. Adverse interests include representing clients who have or may have interests that are contrary to the Bank, but do not include rendering unrelated services to such clients. This duty includes the continued obligation to disclose to the Bank all circumstances of its relations with clients and third parties which would result in an adverse interest, and any adverse interest which would influence the Consultant when executing the Agreement or while it is in effect.

This conduct by one of the Consultant's partners, members, directors, executives, officers, associates, clerks or employees shall constitute a violation of this prohibition. The

Consultant shall endeavor to avoid even the appearance of the existence of a conflict of interest that has not otherwise been waived.

The Consultant acknowledges the power of the President of the Bank to oversee the enforcement of the prohibitions established herein. If the President of the Bank determines the existence or the emergence of adverse interest with the Consultant, he shall inform such findings in writing and his intentions to terminate the Agreement within a fifteen (15) day term. Within such term, the Consultant can request a meeting with the President of the Bank 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 Agreement shall be terminated at the end of said fifteen (15) day period.

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

TWENTIETH: The Bank and the Consultant agree that the Consultant's status hereunder, and the status of any agents, employees and subcontractors engaged by the Consultant, shall be that of an independent subcontractor only and not that of an employee or agent of the Bank. The Consultant recognizes that it shall not be entitled to employment benefits such as vacations, sick leave, retirement benefits and others because of its condition as an independent contractor. The Consultant shall not have any power or right to enter into contracts on behalf of the Bank.

TWENTY-FIRST: The Consultant certifies that, at the time of execution of this Agreement, it has no other contracts with agencies, public corporations, municipalities, or instrumentalities, in each case of the Commonwealth of Puerto Rico.

TWENTY-SECOND: The Consultant certifies and guarantees that at the execution of this Agreement, neither the Consultant, nor any of its, directors, employees or agents, have been convicted, and that it has no knowledge that any of them is or are the subject of any investigation in either a civil or a criminal procedure in a state or federal court, for charges related to the public treasury, the public trust, a public function, or a fault that involves public funds or property. It is expressly acknowledged that this certification is an essential condition of this Agreement. If the certification is not correct in its entirety or in any of its parts, it shall constitute sufficient cause for the Bank to terminate this Agreement immediately, without prior notice, and the Consultant will have to reimburse the Bank any amount of money received under this Agreement.

If the status of the Consultant with regards to the charges previously mentioned should change at any time during the term of the Agreement, it shall notify the Bank immediately. The failure to comply with this responsibility constitutes a violation of this section, and shall result in the remedies mentioned previously.

TWENTY-THIRD: The Consultant certifies that it has received copies of (a) Act No. 84-2002, as amended, which establishes the Code of Ethics for Contractors, Suppliers and Applicants for Economic Incentives of the Executive Agencies of the Government of the Commonwealth of Puerto Rico and (b) the Puerto Rico Government Ethics Law of 2011, Act No. 1-2012, as amended from time to time, and its implementing regulations. The

Consultant agrees that it, as well as all personnel providing services under this Agreement, will comply with such acts.

TWENTY-FOURTH: The parties hereby declare that, to the best of their knowledge, no public officer or employee of the Commonwealth of Puerto Rico, its agencies, instrumentalities, public corporations or municipalities or employee of the Legislative or Judicial branches of the Government has any direct or indirect interest in the present Agreement.

TWENTY-FIFTH: The Consultant certifies that neither it nor any of its partners, directors, executives, officers, and employees receives salary or any kind of compensation for the delivery of regular services by appointment in any agency, instrumentality, public corporation, or municipality, in each case of the Commonwealth of Puerto Rico.

TWENTY-SEVENTH: The Consultant certifies that no authorization or dispensation of any kind is required prior to its execution of this Agreement, which, in the case of compliance with the applicable laws and regulations of the Government of the Commonwealth of Puerto Rico, consists only of making the certifications contained in this Agreement.

TWENTY-EIGHTH: The Consultant certifies that at the execution of this Agreement it does not have, and has not had, to submit income tax returns in Puerto Rico during the past five (5) years, and that it has no outstanding debts with the Government of the Commonwealth of Puerto Rico for income taxes, real or chattel property taxes.

The Consultant also certifies it does not have outstanding debts regarding its treatment of unemployment insurance premiums, workers' compensation payments, Social

Security for chauffeurs in Puerto Rico or the Administration for the Sustenance of Minors (known by its Spanish acronym as *ASUME*).

Accordingly, a sworn statement provided by the Consultant, subscribed by its Managing Director, Michael Mace, is appended hereto and made to form part of this Agreement as **Appendix B**.

It is expressly acknowledged that the certifications provided by the Consultant, pursuant to this TWENTY-EIGHTH Clause, are essential conditions of this Agreement, and if these certifications are incorrect, the Bank shall have sufficient cause to terminate this Agreement immediately.

TWENTY-NINTH: The Consultant will be responsible for providing the Bank with the information and certifications required under the previous Clause from any professional or technical consultants subcontracted by the Consultant as authorized by the Bank. For purposes of this Clause, any subcontractor engaged by the Consultant in accordance with the conditions herein established, or who dedicates twenty five percent (25%) or more of his or her time to provide services related to the Agreement on behalf of the Consultant, will be considered as subcontractor.

THIRTY: For purposes of this Agreement, tax debt shall mean any debt that the Consultant, or any of its partners or other parties which the Bank authorizes the Consultant to subcontract, may have with the Government of the Commonwealth of Puerto Rico for income taxes, excise taxes, real or chattel property taxes, including any special taxes levied, license rights, tax withholdings for payment of salaries and professional services, taxes for payment of interests, dividends and income to individuals, corporations and non-resident partnerships, for payment of interests, dividends and other earnings shares to residents, unemployment

insurance premiums, workers' compensation payments, Social security to chauffeurs and ASUME.

THIRTY-FIRST: Except as set forth in the next paragraph, no withholding or deductions shall be made from payments to the Consultant for income tax purposes. The Consultant shall be responsible for paying: (i) all applicable income taxes in accordance with any and all applicable income tax laws, and (ii) any corresponding contributions to the Social Security Administration. Payments due to the Consultant shall be paid into a bank account in the United States designated to the Consultant.

When invoicing the Bank, the Consultant shall allocate fees between those relating to activities undertaken outside of Puerto Rico and constituting gross income from sources outside of Puerto Rico, and those relating to activities undertaken within Puerto Rico and constituting gross income from sources within Puerto Rico. The Bank shall deduct and withhold twenty nine percent (29%) (or such lesser amount as may be required under applicable law from time to time) of the gross amounts paid for services relating to activities undertaken within Puerto Rico, when any of the invoiced amounts constitute gross income from sources within Puerto Rico, in accordance with Section 1062.11 of the Puerto Rico Internal Revenue Code, Act 1-2011, as amended. The portion of the compensation amount (or any other compensation arrangement the parties may agree to from time to time) the Consultant allocates to services rendered by the Consultant outside of Puerto Rico, as identified in its invoices, shall not result in withholding.

The Bank shall also deduct and withhold one point five percent (1.5%) of the gross amounts paid under this Agreement, in accordance with Article 1 of Act No. 48-2013, as amended. The Bank shall forward such amounts to the Department of Treasury of Puerto

Rico and, within thirty (30) days after paying any amount to the Department of Treasury of Puerto Rico, the Bank shall deliver evidence satisfactory to the Consultant of such payments.

THIRTY-SECOND: The Consultant certifies and warrants that at the time of execution of this Agreement the Consultant is in compliance with Act No. 168-2000, as amended, known as the "Act for the Improvement of Family Assistance and for the Support of the Elderly." In the event the Consultant is under a court or administrative order directing the Consultant to provide financial support or to fulfill any obligation under the mentioned Act, the Consultant further certifies and warrants that the Consultant is in compliance with said obligations. It is expressly acknowledged that the above certification is an essential condition of this Agreement. If the certification is not correct in its entirety or in any of its parts, it shall constitute sufficient cause for the Bank to terminate the Agreement immediately, without prior notice to the Consultant.

THIRTY-THIRD: This Agreement shall be governed by the laws of the Commonwealth of Puerto Rico.

THIRTY-FOURTH: The court and authorities of the Commonwealth of Puerto Rico and the federal courts of the United States shall have jurisdiction over all controversies that may arise with respect to this Agreement. The parties hereby waive any other venue to which they might be entitled by the virtue of domicile or otherwise. Should either party initiate or bring suit or action before any other court, it is agreed that upon application, any such suit or action shall be dismissed, without prejudice, and may be filed in accordance with this provision. The party bringing the suit or action before a court not agreed to herein shall pay to the other party all the costs of seeking dismissal including reasonable attorney's

fees. Should any clause or conditions of this Agreement be declared null and void by a competent court of law, the remaining parts of this Agreement shall remain in full force and effect.

THIRTY-FIFTH: The Consultant certifies that it maintains sufficient insurance to adequately provide for any liability that may arise from its actions, error, omissions and/or negligent acts that may arise from the services provided under this Agreement. Prior to receiving the first payment for services rendered under this Agreement, the Consultant shall provide the Bank with a certification of each of the following policies:

1. Commercial General Liability Insurance in an amount not less than a combined single limit of at least \$1,000,000 for each occurrence. The certification provided must identify the Bank as Additional Insured.
2. Professional Liability Insurance, with a minimum limit of liability of one million dollars (\$1,000,000).

THIRTY-SIXTH: The Consultant agrees that it will not discriminate against any employee or applicant for employment on account of race, color, religion, sex, sexual orientation, disability or national origin. The Consultant has a non-discrimination policy.

THIRTY-SEVENTH: Neither party shall be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to a cause beyond its reasonable control. Performance times shall be considered extended for the period required to make up the work lost because of such cause.

THIRTY-EIGHTH: This Agreement may not be assigned or otherwise transferred without the prior express written consent of the other party.

THIRTY-NINTH: Each of the parties represents to the other that:

(1) it has the legal power and authority to enter into this Agreement and to perform its obligations hereunder, and neither the execution of this Agreement nor the performance of its obligations hereunder will violate any agreement or obligation from that party to others; and

(2) the officer or representative who has executed and delivered this Agreement on its behalf is authorized to do so.

FORTIETH: 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:

(i) If to the Consultant:

Attn: Michael Mace
Public Financial Management
11325 N Community House Road
Suite 275
Charlotte, NC 28277

Email: macem@pfm.com with a copy to masvidals@pfm.com
Telecopy: 704-541-8393

(ii) If to the Bank:

José V. Pagán Beauchamp
Government Development Bank for Puerto Rico
Roberto Sánchez Vilella Governmental Center
De Diego Avenue, Stop 22
Santurce, Puerto Rico 00940
PO Box 42001
San Juan, Puerto Rico 00940-2001
Email: jose.v.pagan@bgfpr.com
Telecopy: 787-728-6646

Notwithstanding the foregoing, notices, authorizations and consents for extensions of the term of this Agreement, fees agreed upon for services, permission for travel and for additional personnel and termination of this Agreement may be given by email at the addresses indicated above.

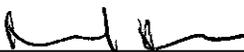
FORTY-FIRST: The parties hereto will attempt in good faith to promptly resolve any controversy or claim arising out of or relating to this Agreement through negotiations between them in the normal course of business, before resorting to other remedies available to them pursuant to this Agreement. For any dispute whatsoever which has not been resolved through negotiation as set forth above, the parties may seek resolution of the matter utilizing any remedies available at law or in equity.

FORTY-SECOND: This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original instrument, but all of which taken together shall constitute one instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS THEREOF, the parties hereto sign this Agreement in San Juan, Puerto Rico, and in Charlotte, North Carolina, this 9 day of July, 2015.

**GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO**

By: 
Name: Richard Barrios Cardona
Title: Executive Vice President and
Treasurer

Tax ID: 66-0348572

PUBLIC FINANCIAL MANAGERS, INC.

By:  July 9, 2015
Name: Michael Mace
Title: Managing Director

Tax ID: 23-1992164



Public Financial Management
Financial and Investment Advisors

GDB
Financial Advisory Services Proposal
June 12, 2015

Mr. José Pagán Beauchamp
Advisor to the President
Office of the President
Government Development Bank for Puerto Rico

Dear Mr. Pagán:

Public Financial Management ("PFM") has appreciated the opportunity to work with the Government Development Bank for Puerto Rico (the "GDB"), the Commonwealth of Puerto Rico and its instrumentalities over the past years. PFM remains very interested in continuing our role as the Independent Registered Municipal Advisor ("IRMA" or "MA") for the GDB in matters related to the instrumentalities and public corporations of Puerto Rico (collectively, the "Issuers").

PFM shall be considered to be the IRMA for each of the Issuers. The term Independent Registered Municipal Advisor shall include the meanings attached to any of the terms: municipal advisor, financial advisor, and municipal financial advisor, as they are used by the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board; or the subject of the Dodd-Frank Act. The Scope of Financial Advisory Services to be provided to the Issuers by PFM will include, but not be limited to all of the services outlined in our existing contract with the GDB, which scope is summarized below:

I) Ongoing Financial Advice

1. Act as the IRMA to the GDB and the Issuers, as such term (IRMA or MA) is defined by the U.S. Securities Exchange Commission, in connection with all capital markets activity related to the Issuers.
2. Confer with the GDB and the Issuers on financial goals, objectives and opportunities.
3. Review, evaluate and recommend potential financing, refinancing and restructuring alternatives.
4. Analyze and evaluate proposals received from underwriters and make necessary recommendations.
5. Assist in the solicitation, evaluation, negotiation and renegotiation of letters and lines of credit, and other potential credit arrangements.
6. Provide advice as the marketability of, and investor response to, various financial alternatives and structures.
7. Develop financial models to evaluate various alternatives.
8. Provide data and financial analysis relative to the municipal capital markets.
9. Communicate financial plans and information to stakeholders and interested parties for any necessary transaction approvals. Assist in preparing for public hearings and meetings with executive branch representatives, legislative representatives, and other governmental authorities.
10. Provide ongoing advice related to credit ratings and credit rating agency communications.
11. Provide ongoing advice related to existing and potential investors, and investor communications.
12. Communicate and work with GDB, its professionals and consultants, and provide routine updates on all progress and developments associated with the services rendered by PFM.

II) Transaction Management, Pricing and Execution

1. Develop a credit strategy for any financing transaction that will be presented to financial institutions, rating agencies, investors, and other capital markets constituencies.

2. Develop security structure alternatives related to debt transactions in consideration of revenues available, desired maturity schedule and cash flow requirements.
3. Evaluate benefits and availability of credit enhancement, if necessary.
4. If appropriate, develop credit presentations and coordinate with the GDB/Issuer financing team for the overall presentation to rating agencies and investors.
5. Assist in the procurement of other services relating to debt issuance such as printing, paying agent, registrar, escrow agent, verification agent, etc.
6. Identify debt security features and advise as to the financial consequences of provisions to be included in bond resolutions regarding security, reserve funds, flow of funds, redemption provisions, additional debt tests, etc.
7. Review the terms, conditions and structure of any proposed debt offering undertaken by an Issuer and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
8. Coordinate with GDB/Issuer staff and other advisors on the furnishing of data for bond offering documents, it being specifically understood that PFM is not responsible for the inclusion or omission of any material in published offering documents.
9. Provide regular updates on municipal market conditions and advise on the timing for issuing debt.
10. Advise on the conditions of the credit markets at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
11. Assist and advise in negotiations with the banking community regarding fees, pricing of debt and final terms of any security offering, and make recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
12. Assist in the closing of the transaction including, but not limited, providing any certificates or opinions required by legal counsel.

III) Other Advisory Activities

1. As needed, assist in the preparation of studies related to an Issuer's revenue and/or rate framework, and the financial metrics relative to other comparable issuers.
2. Provide analysis and testimony that maybe required for any revenue or rate regulatory, governing or oversight body.
3. Provide guidance on statutory and regulatory matters related to financing matters, such as changes proposed and/or implemented by Congress, the U.S. Treasury, the IRS, and other regulatory agencies. Provide guidance on post-issuance compliance.
4. Provide such other financial advisor services as requested by the GDB/Issuer.

Our understanding is that PFM's role may include a range of services; from traditional capital financing activities described above, to various analyses and evaluations of transactions, strategies and policies available to GDB and the Issuers. PFM understands that our participation in any of the activities is at GDB's discretion, and that GDB reserves the right to utilize PFM on a case-by-case basis in relation to any of the Issuers' financial activities. PFM would make available the services of Michael Mace, Sergio Masvidal, and other PFM professionals having experience and expertise relating to specific Issuers.

Fees and Expenses

PFM proposes to continue working for the GDB and the Issuers at the compensation levels in our current contract, summarized as follows:

Monthly Retainer

PFM will be paid a base monthly retainer of \$50,000 per month.

Transaction-Based Success Fees

In the event PFM serves as the advisor on successful bond transactions, debt placement or debt restructurings for any of the issuers, PFM would be paid an additional amount that would be equal to:

\$0.25 per \$1,000 par amount of long-term debt (over 10 years), capped at \$300,000 per transaction, or

\$0.05 per \$1,000 par amount of short-term debt (10 years and less), capped at \$75,000 per transaction.

PFM would expect to be reimbursed at actual cost for travel, meals, lodging, major document production, and other costs approved by GDB that are incurred in connection with PFM's financial advisory service. Appropriate documentation and third party receipts will be provided upon request. PFM will not be reimbursed for expenses related to routine administrative activities, such as: telephone and conference calls, copying, faxing, meals, computer/software costs, etc.

Investment and Swap Advisory Services

It is important to note that the fees proposed above apply only to financial advisory services and do not include investment advisory services that might be provided by our SEC-registered investment management affiliate – PFM Asset Management. Nor do the services or fees listed above apply to Qualified Independent Representative swap advisory services that could be provided by PFM Swap Advisors. GDB and the Issuers are under no obligation to utilize PFM for any investment or swap related services. However, upon request, PFM would provide a fee proposal for investment management activity, or for escrow, swap or structured investment product activity. Compensation for these services would be agreed upon and memorialized in separate contracts as required by the SEC.

Term

The term of this Agreement shall commence upon the expiration of our existing contract with GDB, and expire upon thirty (30) days written notice by either party.

Confidential Information

In the performance of its work, PFM may have access to or may be provided with confidential information associated with GDB and the Issuers. PFM has previously executed a Non Disclose Agreement with GDB. We would be willing to have this agreement remain in effect or execute a new agreement.

Summary

PFM would be pleased to continue serving GDB and the Issuers as Financial Advisor. If you have questions or comments regarding this transmittal please feel free to contact me at (704) 319-7923, or by e-mail at macem@pfm.com. Thank you again for the opportunity to work with GDB and the municipal bond issuers in the Commonwealth of Puerto Rico.

Sincerely,
Public Financial Management



Michael Mace
Managing Director

APPENDIX B

SWORN STATEMENT

Michael Mace, of legal age, married, and a resident of North Carolina, in his capacity as Managing Director of Public Financial Managers, Inc. (the "Consultant"), being duly sworn in and says:

That the Consultant has offices at 11325 Community House Rd. Charlotte, NC 28277 and that its Tax Identification Number is: 23-1992164.

That the Consultant has not submitted income tax returns in Puerto Rico during the past five years because it was not required by law to do so, and that it is not aware of any outstanding debts with the Government of the Commonwealth of Puerto Rico for income taxes, real or chattel property taxes. The Consultant also certifies that it is not aware of any outstanding debts regarding its payment of unemployment insurance premiums, workers' compensation payments or Social Security for chauffeurs in Puerto Rico and the Administration for the Sustenance of Minors (known by its Spanish acronym, ASUME). The Consultant also certifies that compliance with the terms of the Agreement will not result in it becoming an entity authorized to do business in Puerto Rico.

In CHARLOTTE, NC, this 9th day of July, 2015.

PUBLIC FINANCIAL MANAGEMENT, INC.



Michael Mace

Affidavit No. _____

Sworn and subscribed to before me Richard Dee, in his capacity as Notary of North Carolina, of the personal circumstances stated above.

In Charlotte, NC, this 9th day of July, 2015.



Notary Public

My Commission expires: 2/19/2016

