PUERTO RICO ECONOMIC DEVELOPMENT BANK
SAN JUAN, PUERTO RICO

PROFESSIONAL SERVICES AGREEMENT

APPEAR

AS PARTY OF THE FIRST PART: The **ECONOMIC DEVELOPMENT BANK FOR PUERTO RICO**, an instrumentality of the Government of Puerto Rico created by Act No. 22, enacted on July 24, 1985, as amended, ("Act 22-1985") represented in this AGREEMENT by its Chief Financial Officer, **Gilberto Hernádez Negron**, of legal age, married, executive and a resident of Carolina, Puerto Rico, acting in accordance with the provisions of Act 22-1985, hereinafter referred to as "**EDB**".

AS PARTY OF THE SECOND PART: **GARNET CAPITAL ADVISORS, LLC**, a limited liability company organized under the laws of the state of Delaware, represented in this AGREEMENT by its Managing Partner, **Robin Ishmael**, of legal age, married, and a resident of North White Plains, New York, hereinafter referred to as the "**CONTRACTOR**".

RECITALS

FIRST: EDB, by virtue of the powers conferred to it by Act 22-1985, has the authority to engage the professional, technical and consulting services necessary and convenient to the activities, programs, and operations of **EDB**.

SECOND: EDB needs the specialized financial consulting services to be provided by the **CONTRACTOR** to act as **EDB's** financial advisor for the sale of loans and associated liens in accordance with the provisions of Act No. 22-1985.

THIRD: The **CONTRACTOR** has the expertise and personnel required to comply with the duties and responsibilities assumed by it in this **AGREEMENT**, under the following:

TERMS AND CONDITIONS

First: Services:

1.1. The **CONTRACTOR** will provide financial advisory and consulting services as the Financial Advisor to **EDB** in connection with the offer and sale of a portfolio of loans owned by and owing to **EDB** (the "PORTFOLIO"), in accordance with the engagement letter executed by the **EDB** and the **CONTRACTOR** on May 4, 2017, which is attached to this AGREEMENT as Appendix I (the "Engagement Letter"), the terms of which are incorporated hereinto by reference as if set out in full herein. Reference is made to the Engagement Letter for a more detailed

description of the services to be provided by the **CONTRACTOR** and of the process for the sale of the PORTFOLIO.

1.2. **EDB** will coordinate any matter related to the services subject to this AGREEMENT through the **CONTRACTOR**'s authorized representative, Sean McVity or his/her authorized representative, who will provide specific instructions for its implementation and performance. Likewise, the **CONTRACTOR** will coordinate any matter related to the services subject to this AGREEMENT through **EDB**'s Chief Financial Officer, Mr. Gilberto Hernández Negron or his/her authorized representative, who will provide specific instructions for its implementation and performance.

1.3. In the event of any discrepancy between any appendix of this AGREEMENT and this AGREEMENT, this AGREEMENT shall prevail. Any interpretation of this AGREEMENT will be done in accordance with the best practices for the payment and disbursement of public funds.

Second: Effectiveness.

2.1. This AGREEMENT shall become effective on the date of its execution until no earlier than **December 31, 2017** (the "Expiration Date"), and shall thereafter continue to be in effect unless terminated under the terms of Section 2.8 of the Engagement Letter.

2.2. Subject to Section 2.8 of the Engagement Letter, either party may cancel, rescind, or terminate this AGREEMENT, at any moment, at its sole discretion and by any reason, before the termination date and without any other communication or justification than a communication in writing, by certified mail, return receipt requested, with thirty (30) days of anticipation to the date in which the contract will be cancelled or terminated. The rights, duties and responsibilities of the **EDB** and the **CONTRACTOR** will continue in full force and effect during the thirty (30) day notice period. Following termination, the **CONTRACTOR** will have no further right to compensation except for what has been accrued for services rendered under this AGREEMENT until said date.

Third: Registration at the Office of the Comptroller.

3.1. No compensation or obligation of the parties may be demanded or enforced until this AGREEMENT has been duly filed with the Office of the Comptroller of Puerto Rico pursuant to Act No. 18 enacted on October 30, 1975, as amended. **EDB** shall provide the **CONTRACTOR** evidence of the filing within two (2) business days after such filing.

Fourth: Compensation.

4.1. Method of payment. The compensation payable to the **CONTRACTOR** for its services under this AGREEMENT is as set forth in Sections 2.2 and 2.4 of the Engagement Letter.

4.2. For reimbursable expenses due the **CONTRACTOR** on the Phase I project as stated of the Engagement Letter, **EDB** will pay the **CONTRACTOR** the maximum amount of **ONE HUNDRED THOUSAND DOLLARS ($100,000.00)**.

4.3. Budget Account. The payment for the services rendered by the **CONTRACTOR** has been approved and shall be issued from the budget account number **1120000100 - Garnet Project Expenses**.

Fifth: Invoices.

5.1. The **CONTRACTOR** shall remit all invoices under this AGREEMENT to the **EDB** Officer responsible for coordinating the **CONTRACTOR's** services under this AGREEMENT as provided in the First clause of this AGREEMENT. **EDB's** authorized officer will review the invoices and approve the corresponding payment if the services were rendered as agreed. The billing and payment process will be carried out as provided in this AGREEMENT and the applicable rules of **EDB** and of the Commonwealth of Puerto Rico for the payment and disbursement of public funds. Any questions about the payment process or status will be directed to the **EDB** Officer that coordinates the services. The **CONTRACTOR** shall not contact or make payment arrangements directly with any other Officer and/or **EDB's** Department.

5.2. The **CONTRACTOR** agrees that, as per Article 5(d) of the "Code of Ethics for Contractors, Suppliers and Applicants of Economic Incentives of the Executive Agencies of the Government of the Commonwealth of Puerto Rico", Act No. 84-2002, as amended, and in accordance with Executive Order No. OE 2001 73, all invoices submitted to **EDB** must contain the following certification: "*Under penalty of absolute nullity, I certify that no public servant of **EDB** is a party to or has an interest in the profits or benefits that are the product of the contract subject of this invoice, and to be a party to or have an interest in the profits or benefits of resulting from the contract, under this invoice a prior dispensation has been issued. The sole consideration to furnish the contracted goods or services subject of the contract is the payment agreed upon with the authorized representative of **EDB**. The amount that appears in the invoice is fair and correct. The work has been performed, the products have been delivered and the services rendered, and no payment has been received for them.*" The **CONTRACTOR** further acknowledges that it has received a copy of the aforementioned Act No. 84-2002 and agrees to comply with the provisions thereof.

5.2.1. Any invoice that does not contain foregoing certification will not be processed for payment.

5.3. EDB reserves the right to review the accuracy and correctness of all invoices submitted under or pursuant to this **AGREEMENT** and to order any audits it deems appropriate in connection therewith.

Sixth: Withholdings for social security and income tax.

6.1. EDB will not deduct or withhold from payments due to the **CONTRACTOR** any amounts on account of social security or income tax for **CONTRACTORS** employees. The payments made under this AGREEMENT will be notified to the Department of the Treasury, and the **CONTRACTOR** shall be responsible for all required payments to the Social Security Administration and the Internal Revenue Service.

Seventh: Reimbursable expenses in excess of the maximum amount or services rendered and reimbursable expenses incurred beyond the terms of this AGREEMENT.

7.1. The **CONTRACTOR** agrees that, in the absence of an amendment prior to the termination of this AGREEMENT, **EDB** will not pay invoices for reimbursable expenses in excess of the maximum amounts agreed herein, and will not pay any invoices for services or reimbursable expenses rendered beyond the Expiration Date, unless such services were requested by **EDB** in writing to the **CONTRACTOR**.

7.2. The **CONTRACTOR** hereby accepts the term of this AGREEMENT shall expire on the Expiration Date set forth in paragraph **Second** of this AGREEMENT, subject to provisions for extension as provided in Section 2.8 of the Engagement Letter. The **CONTRACTOR** is responsible for performing and providing all services to **EDB** through the Expiration Date, provided that notice of termination of this AGREEMENT must be executed by the parties and duly filed with the Office of the Controller of Puerto Rico, prior to the Expiration Date.

Eighth: Independent contractor.

8.1. Neither the **CONTRACTOR** nor its employees shall have any rights or benefits as **EDB** employees, and no employer-employee relationship shall exist between **EDB** and the **CONTRACTOR** or its employees, affiliates or partners. The **CONTRACTOR** is, and shall be considered an independent contractor for all purposes and under no circumstances shall be considered as an employee or agent of **EDB**. The **CONTRACTOR** shall be solely responsible for all contracts, debts, and liabilities incurred by it and its employees, affiliates or partners relating to the performance of the services contemplated in this AGREEMENT.

8.2. EDB will accept charges for costs of travel, such as, mileage, breakfast, lunch, food, lodging, or any other similar charges for carrying out the services contemplated hereby as set

forth in Appendix I. **CONTRACTOR** will make its best efforts to incur only such expenses as are strictly necessary for the completion of its services hereunder, and to limit and minimize the amount of any such charges.

8.3. The **CONTRACTOR** hereby certifies that it does not currently receive any compensation or payment for any services provided to other entities of the Government of Puerto Rico, except as permitted by law.

Ninth: Payment Withholdings.

9.1. Pursuant to Circular Letter No. 1300 03-11 issued by the Department of the Treasury on August 17, 2010, **EDB** may withhold from payments due to the **CONTRACTOR** the amounts due as tax debts owed by the **CONTRACTOR** to the Government of Puerto Rico or any of its instrumentalities, except in those instances where such tax debt is subject to a payment plan agreed upon between the **CONTRACTOR** and the Department of the Treasury, or a final ruling on such tax debt is pending on any appeal or review proceeding by the **CONTRACTOR** in accordance with applicable law.

Tenth: Government Ethics.

10.1. The **CONTRACTOR** will not induce any employee or former employee of **EDB**, or any other agency or instrumentality of the Government of Puerto Rico, to breach the provisions of Act No. 1-2012, known as the "Government Ethics Act of Puerto Rico."

10.2. The **CONTRACTOR** hereby certifies having received a copy of the Government Ethics Act at the time of the signing of this AGREEMENT.

10.3. The **EDB** certifies that no public officer or employee of its institution, or any member of its family unit, has directly or indirectly an economical interest in this contract and has no knowledge of any public officer of the Executive Branch to have any interest in the profits or benefits produced by this contract.

10.4. In accordance to the disposition in Article 4.3 (c) of the Governmental Ethical Code of 2012, as amended, both parties certify that the public officer authorized to representing the **EDB**, or any member of its family unit, has not had and does not have, during the last two (2) years before taking charge of its office, directly or indirectly, pecuniary interest in the company or business of the **CONTRACTOR**.

10.5. In accordance to the dispositions in Article 4.3 (d) of the Governmental Ethical Code of 2012, as amended, the **EDB** certifies that any of its public officers, employees or members of its corporative unit, has had during the last two (2) years before occupying office, any pecuniary interest in this AGREEMENT.

10.6. The **CONTRACTOR** certifies that if at the execution of this AGREEMENT it does not has contracts with other Commonwealth of Puerto Rico government agencies, instrumentalities and municipalities, the **CONTRACTOR** certifies that, if it should have contracts, they will not affect the compliance with the present contact, and will not be in conflict with it. The **CONTRACTOR** assures that they shall notify the **EDB** of the execution of any other government contracts, and that the same will not be in conflict with the present AGREEMENT. The **CONTRACTOR** recognizes that in executing its services pursuant to this AGREEMENT it has a professional duty towards the **EDB**, including not having adverse interests to this governmental entity, and its affiliates. Adverse interests include servicing clients who have or may have interests contrary to the **EDB**. This duty includes the obligation to disclose to the **EDB** the circumstances of its relations with clients and third persons, and any interest, which may constitute conflicts of interest when executing the AGREEMENT or while it is in effect, subject, however, to professional and ethical rules applicable. The **CONTRACTOR** represents conflicting interests when, on behalf of one client it must support that which it is its duty to oppose to comply with its obligations with another previous, present or potential client. In addition to, it represents conflicting interests when its conduct is described as such in the standards of ethics applicable to its profession, or business, or in the Commonwealth of Puerto Rico's laws and regulations. The conduct herein described by one of the **CONTRACTOR** officers or employees in its office shall constitute a violation of this prohibition. The **CONTRACTOR** shall avoid even the appearance of the existence of a conflict of interest.

10.7. The **CONTRACTOR** acknowledges the power of the President of the **EDB** to oversee the enforcement of the prohibitions established in the previous clause. If the President of the **EDB** determines the existence or the emergence of adverse interests with the **CONTRACTOR**, he shall inform such findings in writing and his intentions to terminate the AGREEMENT within a thirty (30) days term. Within such term, the **CONTRACTOR** can request to meet with the President of the **EDB** 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 rescinded.

10.8. The **CONTRACTOR** represents that they do not have any contentious matters, adverse interest, and conflicts of public policy against the **EDB**, in conformity to the Governmental Ethical Code, as amended.

10.9. Anti-Corruption Program: The Circular OC-08-27, issued by the Comptroller of Puerto Rico requires that all Government Agencies establish anti-corruption programs to prevention. The Programs must be disseminated to all employees, contractors, providers and agencies. The EDB shall comply with this matter and must establish a Program, which includes the Policy on Conduct and Ethics in the **EDB** and the Conduct Policy to Released suspect in case of conduct. The **EDB** have the necessary regulation to establish standards for the recruitment of staff, reviewing the history of the candidates for jobs and promotions, system of assessment and recognition, corrective actions to impose the standards of discipline and the standards of training and continuing education. In addition, the Audit Division of the **EDB**, which responds to the **EDB's** Board of Directors, in order to perform its function independently and objectively, shall maintain as part of its policies, procedures and work plans for revising and improving the operations of the **EDB**. The **CONTRACTOR** if they wish may request these documents in the Legal Area with the Compliance Officer of the **EDB**.

Eleventh: Certifications.

11.1. The **CONTRACTOR** hereby certifies that it is duly organized State of Delaware limited liability company and that it is not a Commonwealth of Puerto Rico business entity. As such, the **CONTRACTOR** is not required to file income tax returns on the Commonwealth of Puerto Rico.

11.2. The **CONTRACTOR** has provided **EDB** the following documents prior to the execution of this AGREEMENT:

(i). Certificate of Incorporation or Organization issued by the Department of State of Delaware (or similar authority) of the **CONTRACTOR's** jurisdiction of organization.

(ii). Certificate of Good Standing issued by the Department of State of Delaware (or similar authority) of the **CONTRACTOR's** jurisdiction of organization.

(iii). Copy of the Operating Agreement of the **CONTRACTOR**.

(iv). Certificate of Compliance issued by the Puerto Rico Child Support Administration (ASUME).

(v). Sworn Statement stating that **CONTRACTOR** is not required to file income tax returns in the Commonwealth of Puerto Rico.

(vi). Sworn Statement stating that at the date of the execution of this AGREEMENT, the **CONTRACTOR** has not been convicted, or that it has no knowledge of being the subject of any investigation in either civil or a criminal procedure in a state or federal court

for criminal charges related to the public treasury, the public trust, a public function, or a fault that involves public funds or property.

11.3. The **CONTRACTOR** represents and warrants that all the foregoing certifications and the information contained therein are true and correct, and that such representation and warranty is an essential element of this AGREEMENT, without which **EDB** would not enter into this AGREEMENT. The **CONTRACTOR** also acknowledges and agrees that a breach of the foregoing representation, or the inaccuracy or falsehood of the certifications delivered pursuant to Section 11 above shall constitute sufficient grounds for termination of this AGREEMENT, whereupon the **CONTRACTOR** shall be obligated to refund to **EDB** all payments made to the **CONTRACTOR** pursuant to this AGREEMENT, effective on the date of such termination.

11.4. The **CONTRACTOR** expressly waives its right to invoke the defense of unjust enrichment if the information herein certified pertaining to the tax status of the **CONTRACTOR** is found to be false, incorrect, inaccurate or misleading. The **CONTRACTOR** acknowledges that that the truthfulness, accuracy and correctness of the information expressed and certified in this Section 11 is an essential inducement for **EDB** to enter into this AGREEMENT.

Twelfth: Governing Law; Jurisdiction. This AGREEMENT and claims arising out of or in connection therewith shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Puerto Rico, and the PARTIES consents to the jurisdiction of the Court of First Instance of San Juan, Puerto Rico. Each of the PARTIES hereto (i) irrevocably waives, to the fullest extent permitted by applicable law, any objection which it may now of hereafter have to the venue of any such suit, action or proceeding and any claim that any such proceeding brought in such court has been brought in an inconvenient forum, and (ii) irrevocably submits to the jurisdiction of such court in any such suit, action or proceeding.

Thirteenth: Representations.

13.1. The PARTIES represent and warrant that, to the best of their knowledge: (a) no officials or employees of **EDB** or any member of their respective immediate families (as defined by Act 1-2012) has any direct or indirect pecuniary interest in or related to this AGREEMENT, and (b) no appointed official or employee of the Executive Branch of the Government of Puerto Rico has any interest in the proceeds or benefits to be paid or derived pursuant to this AGREEMENT.

13.2. The **CONTRACTOR** hereby represents warrants and certifies that, to the best of its knowledge, none of its incorporators, members, stockholders, officers, directors or employees, is currently an employee or an appointed official of any agency, department, instrumentality, public

corporation or other political subdivision of the Government of Puerto Rico. The **CONTRACTOR** agrees that if the event any of its employees accepts a position with or otherwise becomes employed by any agency, department, instrumentality, public corporation or other political subdivision of the Government of Puerto Rico, the **CONTRACTOR** shall immediately terminate any and all employment, business, or other relationship between the **CONTRACTOR** and such with such person, in order to avoid any actual or apparent conflicts of interest.

13.3. The **CONTRACTOR** expressly acknowledges and recognizes its obligation to decline any interest or participation in any matter or transaction that is incompatible or otherwise represents an actual or apparent conflict of interest with **EDB**. The **CONTRACTOR** certifies that it is not a party to any active judicial or other formal legal proceeding against **EDB** or against any other any agency, department, instrumentality, public corporation or other political subdivision of the Government of Puerto Rico. The **CONTRACTOR** acknowledges and agrees that there may not exist any conflict or incompatibility, whether or not material, between the obligations assumed by the **CONTRACTOR** under this AGREEMENT and other prior or future obligations of the **CONTRACTOR**. The **CONTRACTOR** further acknowledges and agrees that the acknowledgements and agreements set forth in this Section 13 are an essential inducement for **EDB** entering into this **AGREEMENT**.

13.4. The **CONTRACTOR** hereby represents, warrants and certifies that, to the best of its knowledge, none of its incorporators, members, stockholders, officers, directors or employees, has been found guilty of any crimes that involve public corruption or the mishandling, misuse or embezzlement of public funds (as defined in Act 458-2000, as amended), in either the local, state or federal jurisdictions. The **CONTRACTOR** acknowledges that being found guilty of any of the foregoing offenses will constitute sufficient cause for the termination of this AGREEMENT.

13.5. The **CONTRACTOR** represents and warrants that it is not currently the subject of any civil, criminal or administrative proceeding or investigation directly or indirectly related to any of the offenses contemplated in Section 13.4 above. The **CONTRACTOR** fully understands its obligation to continually inform and report to **EDB** any situation that may arise during the term of this AGREEMENT directly or indirectly relating to the foregoing offenses, or that would constitute a breach of the representations, warranties and/or covenants set forth in this Section 13.

13.6. EDB may terminate this AGREEMENT without prior notice if the **CONTRACTOR** or any of its incorporators, members, stockholders, officers, directors or employees is found guilty of any of the offenses contemplated in this Section 13.

Fourteenth: Notices. All notices and other communications required or permitted by this AGREEMENT shall be in writing and will be effective, and any applicable time period shall commence, when: (a) delivered to the receiving party by hand or by a nationally recognized overnight courier service (costs prepaid) addressed to the address of such party set forth in the signature page hereof, or (b) transmitted electronically to the facsimile numbers or e-mail addresses, in each case marked to the attention of the person (by name or title) designated in the signature page hereof (or to such other address, facsimile number, e-mail address, or person as a party may designate by notice to the other party). All such communications must be addressed to the addresses stated for each party in the signature page of this AGREEMENT.

Fifteenth: Early Termination. **EDB** shall have the right to terminate this AGREEMENT at any time upon the occurrence of a breach by the **CONTRACTOR** of any representation, warranty or covenant of the **CONTRACTOR** set forth herein, or upon the **CONTRACTOR's** incurrence of any improper conduct. **EDB's** exercise of its termination rights hereunder shall be made by delivering written notice to that effect to the **CONTRACTOR** thirty (30) calendar days prior to the effective date of the termination. Upon the effective date of the termination of this AGREEMENT, the **CONTRACTOR** will cease from taking any action or rendering any service hereunder unless **EDB** otherwise instructs the **CONTRACTOR**, or if the cessation of any such action or the rendition of any such service would result would adversely affect **EDB's** interests, in which case the **CONTRACTOR** shall so notify **EDB** promptly and proceed according to **EDB's** instructions.

Sixteenth: Entire Agreement; Amendments. This AGREEMENT and all other related agreements, instruments, annexes, and documents executed and/or delivered by the parties hereunder or pursuant hereto are incorporated hereinto by reference and together constitute the entire AGREEMENT between the **CONTRACTOR** and **EDB** with respect to the subject matter of this AGREEMENT, and supersede all prior agreements relating to such subject matter, whether written or oral, and may not be amended or modified except in a writing signed by **EDB** and the **CONTRACTOR**.

Seventeenth: No Waiver. Neither any failure nor any delay by any party in exercising any right, power, or privilege under this AGREEMENT or any of the documents referred to in this AGREEMENT will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such

right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law: (a) no claim or right arising out of this AGREEMENT or any of the documents referred to in this AGREEMENT can be waived by a party, in whole or in part, unless made in a writing signed by such party, (b) a waiver given by a party will only be applicable to the specific instance for which it is given, and (c) no notice to or demand on a party will (i) waive or otherwise affect any obligation of that party, or (ii) affect the right of the party giving such notice or demand to take further action without notice or demand as provided in this AGREEMENT or the documents referred to in this AGREEMENT.

Eighteenth: Severability. If any provision of this AGREEMENT is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this AGREEMENT will remain in full force and effect. Any provision of this AGREEMENT held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Nineteenth: Confidentiality. The **CONTRACTOR** acknowledges the confidential nature of all information and/or documents made available (by any means) to **CONTRACTOR** by **EDB** in connection with the performance of this AGREEMENT and the transactions contemplated hereby, and agrees to keep the same confidential and not to use that confidential information relating to **EDB** that the **CONTRACTOR** may acquire in the course or as a consequence of the services to be rendered by it pursuant to this AGREEMENT for any purpose other than those related to its performance of this AGREEMENT, unless otherwise expressly authorized by **EDB** in each instance. The confidentiality obligations set forth in this Section 19 will be permanent and shall not expire. If the **CONTRACTOR** becomes compelled in any legal proceeding to make any disclosure that is prohibited by this Section 19, the **CONTRACTOR** shall, to the extent legally permissible, provide **EDB** with prompt notice of such compulsion so that **EDB** may seek an appropriate protective order or other appropriate remedy or waive compliance with the provisions of this Paragraph. In the absence of a protective order or other remedy, the **CONTRACTOR** may disclose that portion (and only that portion) of the confidential information that, based upon the opinion of the **CONTRACTOR's** counsel, the **CONTRACTOR** is legally compelled to disclose; provided, however, that the **CONTRACTOR** shall use its best efforts to obtain written assurance that any person to whom any confidential information is so disclosed shall accord confidential treatment to such confidential information.

Twentieth: Interagency Service Clause: The Parties acknowledge and agree that contracted services may be provided to any entity of the Executive Branch with which the contracting entity

makes an interagency agreement or by direct provision of the Chief of Staff of the Governor of Puerto Rico. These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this contract. For purposes of this clause, the term "Executive Branch Entity" includes all agencies of the Government of Puerto Rico, as well as public instrumentalities and corporations and the Office of the Governor.

Twentieth First: Termination Clause: Notwithstanding the above, subject to Section 2.8 of the Engagement Letter, the Chief of Staff of the Governor of Puerto Rico shall have the power to terminate this contract at any time.

Twentieth Second: Notices. Any notice required to be given by the terms of this AGREEMENT, shall be deemed to have been given when the same is sent by certified mail, postage prepaid, addressed to the respective party, at the following addresses:

PUERTO RICO ECONOMIC DEVELOPMENT BANK
P. O. Box 2134
San Juan, Puerto Rico 00922-2134
Tel. (787) 641-4300
Fax (787)-277-8055

GARNET CAPITAL ADVISORS, LLC
500 Mamaroneck Ave
Harrison, NY 10528
Tel. 914-909-1000
Fax. 914-630-8888

IN WITNESS WHEREOF, the parties hereto subscribe this agreement on this 8th day of August of 2017.

ECONOMIC DEVELOPMENT BANK FOR PUERTO RICO

By: **Gilberto Hernández Negrón**
Chief Financial Officer
EIN #:

GARNET CAPITAL ADVISORS, LLC

By: **Robin Ishmael**
Managing Partner
EIN #:

GARNET

May 4, 2017

Sr. Gilberto E. Hernandez Negrón
Executive Vice President/Chief Financial Officer
Banco de Desarrollo Económico
Expreso Rafael Martínez Nadal
San Juan, PR 00920

Dear Gilberto:

We are very pleased about the opportunity to assist the Banco de Desarrollo Económico para Puerto Rico ("BDE" or the "Client") in the sale of commercial loans totaling approximately $100 million current outstanding (the "Portfolio"). This letter is to set forth an agreement as to the terms of our engagement.

Client hereby engages Garnet Capital Advisors, LLC ("Garnet") as its exclusive agent to provide financial advisory services and market the Portfolio, and to exercise its best efforts to market and arrange the sale of all or a portion of the Portfolio, subject to the terms herein.

SCOPE OF SERVICES

Phase I: Analysis and Pricing of the Portfolio

1. **Analysis of Data File:** For the Portfolio, Garnet will review and analyze a portfolio data file provided by Client according to a data-specification sheet provided by Garnet listing the data points required for such analysis. Garnet will sort and stratify the Portfolio according to appropriate categorizations (e.g., obligation balance, loan type collateral property type, geography) reflecting potential secondary-market investment preferences and pricing criteria, if any, and will prepare detailed stratification reports identifying the gross characteristics of the Portfolio.

2. **Market Pooling and Pricing of the Portfolio:** Garnet will group the Portfolio into market purchasing categories, as and if appropriate, and will provide Client with a range of market pricing expected for a broadly-marketed, competitive auction sale of the Portfolio.

3. **Recommendations for Data Enhancement and/or Additional Third-Party Data:** To the extent deemed necessary for proper analysis and sale, Garnet will list any recommended additional data that should be procured by Client (e.g., updated property BPOs, business addresses, tax/title searches). To the extent that any such enhancement requires outside contractor support or third-party information, Garnet will assist Client with the procurement and execution of data from third-party contractors or providers as needed, it being understood that any such providers will be compensated by Client.

4. **Phase I Report:** Garnet will deliver to Client a Phase I Pricing Report detailing projected Portfolio Pricing, recommended marketing strategy (i.e., scope of buyer distribution, pooling, etc.) and a proposed timeline for the Portfolio Sale.

Upon delivery of Garnet's Phase I Report, it is understood that any decision to proceed with the marketing and sale of the Portfolio shall be at Client's sole discretion.

Phase 2: Marketing and Sale of the Portfolio

It is understood that the decision of Client to proceed to the marketing and sale of the Portfolio may be contingent upon receiving proper authorization and approvals, and that in any event the decision to sell the Portfolio or any portion thereof will be at Client's sole option. In the event that Client proceeds to the marketing of all or any portion of the Portfolio, Client hereby engages Garnet as its exclusive broker and advisor to arrange and execute the sale. In the event that Client does not proceed with marketing of all or a portion of the Portfolio, no fee shall be due to Garnet hereunder, except that certain Phase 1 expenses shall be reimbursable to Garnet as specified in Section 2.4 herein.

1.1 **Preparation of Marketing Materials.** Garnet will prepare a one-page sale announcement (the "Sale Announcement") that will include (i) a brief description of the Portfolio and (ii) an outline of the timetable and bidding procedures for the sale, in form satisfactory to Client. Garnet will also prepare a detailed offering package (the "Offering Materials") which will include an executive summary, detailed portfolio presentation, offering procedures and a form of sale contract, each in form and substance satisfactory to Client and its counsel. Garnet will also, if needed, facilitate the imaging and indexing of CRIM tax statements, applicable governing laws and related documents for investor review. Garnet will make the Offering Materials and a Portfolio data file available to potential buyers via a secure website.

1.2 **Document Imaging.** To the extent necessary, Client will contract directly with a local company specializing in file imaging; Garnet will assist Client to locate a suitable contractor, and will manage the work of the imaging company on Client's behalf to assist with setting appropriate parameters for the project and ensuring satisfactory completion of the work.

1.3 **Document Indexing and Setup of Secure Transaction Site(s).** Garnet will arrange to have tax statements and other documents indexed after imaging is complete, including selecting an appropriate contractor to perform the indexing in a manner appropriate for a transaction of this type. Such contractor will be engaged directly by Garnet and only upon Client's approval of same. Garnet will arrange a secure transaction site, for investor due diligence using its standard IntraLinks contract. The cost of any and all of these services will be passed through to Client directly, without markup.

1.4 **Marketing.** Garnet will conduct the marketing effort to facilitate the sale of the Portfolio. Garnet salespeople will contact a broad universe of accounts both inside and outside of Puerto Rico appropriate for the type of assets being sold. If appropriate, Garnet will arrange any appropriate advertising or publicity of the sale on Client's behalf, at Client's expense, with Client's prior approval.

1.5 **Coordination of Legal Documentation.** Client may opt to prepare a proposed contract for sale internally or by outside counsel. Alternately, Garnet can prepare a proposed form of contract for the sale, incorporating standard terms related to the secondary-market sale of financial assets, for review and approval by Client's counsel. In either case, Garnet will assist Client and Client's counsel in developing terms for a sale contract governing the sale, and will advise Client on matters of timing and document transfer.

1.6 **Handling Investor Inquiry.** Garnet will act as the primary clearinghouse for investor inquiry on questions which arise during the sale, and will provide answers to any questions for which the information is on hand. To the extent that inquiries require response from Client, Garnet will handle initial inquiries for direction to the proper Client personnel.

1.7 **Bids; Selection of Winning Bidder(s).** Garnet will take bids on the bid date and assist Client in selection of the winning bidder(s). Garnet will prepare a Bid Summary form detailing all bids and any conditions or requested contract revisions that may be a part thereof, to facilitate Client's decision-making. Client will have the right to accept or reject, in its sole option, any or all bids.

1.8 **Coordination of Closing.** The Garnet team will work closely with Client and the winning bidder(s) to ensure that the sale closes expeditiously. Garnet will coordinate bid acceptance, assist Client in any negotiations necessary relative to the terms of the sale, reconcile closing balances and prepare a settlement statement of amounts due at closing. Client will be responsible for the transfer of official data, documentation and servicing.

1.9 **Support with Approval Process Involving Governing Agencies and/or Outside Parties.** To the extent required by Client, Garnet will assist Client with compilation of any materials, analysis or information required by Client to support the process of obtaining necessary authorization from related governing agencies or any third parties. Garnet will participate in conference calls or meetings, as needed, to recap and provide detail on the sale process and results.

TERMS OF THE AGREEMENT

Garnet hereby accepts this engagement subject to the terms and conditions set forth herein:

2.1 **Retainer Fee:** – waived –

2.2 **Disposition Fee:**

Subperforming/Nonperforming Loans: Two percent (2.0%) of the gross sale proceeds received from the sale of the Portfolio or any portion thereof, payable by wire transfer upon closing and funding of the sale. For purposes of this Agreement, "Charged-Off Loans" shall be defined as those loans which sell for prices less than 15% of Unpaid Principal Balance.

Charged-Off Loans: Five percent (5.0%) of the gross sale proceeds received from the sale of the Portfolio or any portion thereof, payable by wire transfer upon closing and funding of the sale. For purposes of this Agreement, "Charged-Off Loans" shall be defined as those loans which sell for prices less than 15% of Unpaid Principal Balance.

It is noted and understood that any Disposition Fee will be payable only on the proceeds from assets actually sold.

2.3 **Client Direct Expenses:** Client will be responsible for its direct fees and expenses involved in preparing the offering and completing the transaction, including but not limited to Client's counsel, document imaging and indexing, and any third-party contractors approved by Client as detailed above. Garnet will arrange, procure and oversee the production of any such work as requested by Client, but Client shall contract directly with any such service providers.

2.4 **Out-of-Pocket Reimbursable Expenses:** Client shall reimburse Garnet for reasonable out-of-pocket expenses related to the sale of the assets (e.g., Intralinks). With respect to the setup of the sale, Client shall reimburse Garnet for reasonable out-of-pocket expenses for costs of travel, meals and lodging for Garnet's personnel to Client's site for pre-sale due diligence, including any subcontractors that may be needed to complete pre-sale review on a timely basis. These expenses are being incurred by Garnet on Client's behalf, with no markup or margin added. In

the event that Client opts not to proceed to the marketing and sale of Portfolio, these expenses shall nonetheless be reimbursable to Garnet.

Any such reimbursable expenses incurred by Garnet will only be billed and payable once the referenced sale has closed and funded; except in the event that Client elects not to proceed to marketing and sale (Phase 2) upon receipt of Garnet's Phase 1 Report, in which case such expenses shall be billed only after Client's notification to Garnet that it does not intend to proceed to Phase 2, and shall be payable by Client within 30 days of receipt of Garnet's invoice for such reimbursable expenses.

2.5 **Client's Approval of Marketing Materials:** Client will have the right to review and approve in advance the Sale Announcement and any Offering Materials prior to their distribution to prospective investors. Client and Client's approved representatives shall also receive access to the secure due diligence site.

2.6 **Obligations Limited:** Client acknowledges that the descriptions of the Portfolio and any underlying real property will be furnished by Client and are not representations by Garnet. Garnet shall be under no obligation to make an independent investigation or inquiry as to the correctness or completeness of any information or data given to Garnet, and shall have no liability in regard thereto. The Offering Materials will state that neither Garnet nor Client are making representations or warranties (either orally or in writing) regarding the Portfolio—including, *inter alia*, representations or warranties with respect to collectability or marketability of the debts, and that the buyer can rely only on the representations and warranties contained in the sale contract.

2.7 **Exclusivity; Confidentiality:** Client agrees that Garnet shall have the exclusive right to solicit purchasers for the Portfolio during the term and any extensions hereof. Client and Garnet will keep confidential and will not, without written consent, disclose to any other person the identity of any prospective purchaser introduced by Garnet, except to the extent necessary in working with legal counsel, auditors, taxing authorities or government agencies.

2.8 **Termination; Subsequent Closings:** This Agreement may not be terminated for 180 days from the date hereof. Thereafter, this Agreement may only be terminated for cause, including the gross negligence, demonstrable failure to perform, breach or willful misconduct of either party. Thereafter, this Agreement may be terminated on 10 business days' written notice from one party to the other. Notwithstanding such termination, if within 12 months of the date of such termination Client shall enter into an agreement to sell the Portfolio or any portion thereof to any purchaser introduced by Garnet to Client during the term hereof (defined as any potential investor who requested and received a copy of the Offering Materials), Garnet shall be deemed to have earned the Disposition Fee set forth herein, which shall be payable on the date of settlement of such sale. In any event, this Agreement shall terminate at the end of 12 months from its date of execution, unless expressly extended by both parties in writing.

2.9 **Indemnification:** Each party shall indemnify and hold harmless the other party against any and all losses, claims, damages or liabilities to which the latter may become subject, if proximately caused by the former's acts or failure to act, if arising in any manner out of or in connection with this Agreement. The indemnitor shall reimburse the indemnified party for any legal or other expenses reasonably incurred by it in connection with investigating, preparing to defend or defending any lawsuits, claims or other proceedings arising in any manner out of or in connection with this Agreement. This provision shall survive any termination of this Agreement. Each party's liability under this Agreement shall be limited to direct damages and

in no instance will an indemnifying party be liable for any special, consequential, indirect, incidental, exemplary or punitive damages.

2.10 Miscellaneous: This Agreement is made solely for the benefit of the parties hereto, and no other person shall acquire or have any right under or by virtue of this Agreement. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Puerto Rico without regard to its conflict-of-laws principles. Nothing contained herein shall be deemed or construed to create a partnership or joint venture between the parties hereto, and Garnet's services shall be rendered to Client as an independent contractor. In any legal proceeding brought under or with relation to this Agreement, the prevailing party shall be entitled to recover court costs and any reasonable attorneys' fees from the non-prevailing party. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect.

2.11 Counterparts; Facsimiles. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission or scanned email shall be effective as delivery of a manually executed counterpart hereof.

We look forward to moving ahead with Client on this transaction. Please indicate your acceptance of this Agreement by countersigning in the space provided below.

Sincerely yours,

GARNET CAPITAL ADVISORS, LLC

By: _____

Name: Sean S. McVity

Title: Managing Partner

BANCO DE DESARROLLO ECONÓMICO PARA PUERTO RICO

By: _____

Name: Gilberto E. Hernandez Negron

Title: Executive Vice President and Chief Financial Officer