

**TECHNICAL ASSISTANCE AGREEMENT BETWEEN
THE PUERTO RICO ELECTRIC POWER AUTHORITY AND
THE UNIVERSITY OF PUERTO RICO, MAYAGÜEZ CAMPUS**

AS FIRST PARTY: The Puerto Rico Electric Power Authority, hereinafter referred to as "PREPA", a public corporation and government instrumentality of the Commonwealth of Puerto Rico, created by Act of May 2, 1941, No. 83, as amended,

represented in this act by its Executive Director,
Mr. Edwin Rivera Serrano,
Puerto Rico.

AS SECOND PARTY: The University of Puerto Rico, Mayagüez Campus, hereinafter referred to as "UPRM", a public university of the Council of Higher Education of Puerto Rico, represented in this act by its Chancellor, Jorge Iván Vélez Arocho,

WITNESSETH

In consideration of the mutual covenants hereinafter stated, the parties agree themselves, their personal representatives, successors, and assignees, as follows:

ARTICLE 1: During the term of this Agreement, PREPA and UPRM agree to establish a Memorandum of Understanding (hereinafter the "Agreement") for the purposes of providing technical and scientific assistance to PREPA. PREPA has interest in initiating an Agreement to facilitate obtaining technical assistance from UPRM for the purpose of finding and sharing solutions to the problems facing UPRM and PREPA as responsible managers for hydraulic infrastructures, managing, and regulating hydrological systems, and the operation and maintenance of hydraulic projects.

ARTICLE 2: UPRM agrees that it shall provide technical assistance and guidance to PREPA to achieve the objectives of PREPA in its role as administrator of the Dam Safety Inspection Program for Puerto Rico, and also recognizing PREPA's responsibilities to coordinate Dam Safety Training, Dam Stability Analyses, Hydraulic/Hydrological Studies, and Rehabilitation Projects within Puerto Rico.

UPRM will provide technical assistance in the areas of water resource management and dam safety that are pertinent to the mission and objectives of PREPA. The specific areas of assistance shall consist of, though not be limited to, the following topics:

- (1) Dam Safety Training
- (2) Training for PREPA's employees
- (3) Dam Stability Analyses
- (4) Seismic Instrumentation of Dams
- (5) Studies for Rehabilitation & Retrofitting of Existing Structures
- (6) Hydraulic/Hydrological Studies
- (7) Environmental and Natural Resources Studies
- (8) Peer Review

Additional topics may be added through the "Annex".

ARTICLE 3: UPRM and PREPA will designate a liaison as authorized representative person for the execution of this Agreement. Mr. José A. Martínez Cruzado will be representing UPRM while Mr. Miguel A. Pérez García will represent PREPA.

Any administration matter related with the project will be executed in coordination with the Dam Safety Program Administrator, hereinafter referred to as "the Manager". However, matters related to changes of scope or additional task must be approved by Engineering Director of PREPA.

ARTICLE 4: UPRM and PREPA shall develop and implement, by means of annexes to this present Agreement, hereinafter called "Annexes", a program of technical and scientific assistance relating to water resources and Dam Safety.

ARTICLE 5: The introduction of the equipment and personnel necessary to attain the present Agreement shall be accomplished in accordance with the applicable national laws of the United States and the Commonwealth of Puerto Rico.

ARTICLE 6: The Annexes must include the detailed obligations of UPRM and PREPA for each activity contemplated, and should contain: objectives, specification of the technical or scientific assistance to be undertaken; activities and goals with set deadlines; technical, financial, and human resource contributions, and other elements which would ensure adequate completion.

ARTICLE 7: In accordance with the terms and conditions contained herein, PREPA agrees to pay UPRM for services performed under the Agreement those fees set forth

in each Annex. Also, the parties agree and establish that the fees for all the works rendered and to be invoiced by UPRM and paid by PREPA shall not exceed five hundred thousand dollars (\$500,000) per year.

All invoices submitted by UPRM shall include the following Certification in order to proceed with its payment. This is an essential requirement and those invoices without this Certification, will not be processed for payment.

No Interest Certification Clause:

Under penalty of absolute nullity, I hereby certify that no employee, official or director of PREPA is a party or has any interest in the profits or benefits to be obtained under this Agreement, or if any employee, official or director of PREPA has any interest in the profits or benefits under this Agreement or a waiver has been previously obtained. I, also certify that the only consideration to (furnish the goods) or (provide the services) under this Agreement is the payment agreed with PREPA's authorized representative.

The total amount of this invoice is fair and correct. The works were completed, (the products) were delivered or (the services) were provided and no payment has been received for said concept.



UPRM's Authorized Representative

All payments performed under this Agreement will be charged to the following budget account number 1-923-17-988-KE.

ARTICLE 8: As of the date of the signing of this Agreement, each task that may be assigned in accordance to its terms and conditions, shall only be valid when the Annexes are signed by the Executive Director of PREPA or his authorized representative and the Chancellor of UPRM or his authorized representative.

Payment for the technical or scientific services of the UPRM shall be made upon final completion of the work. Annexes shall be approved by the Chancellor of UPRM and by the Executive Director of PREPA.

ARTICLE 9: The present Agreement may be amended by consent of the UPRM and PREPA and such amendments shall become effective following written notification, and approved by the Chancellor for the UPRM and the Executive Director for PREPA.

ARTICLE 10: The present Agreement shall be, in effect, for a period of one (1) year beginning on the date on which all parties have signed the Agreement.

ARTICLE 11: The demand of the obligations of either Party under this Contract will be subject to the filing of the Contract at the Office of the Comptroller of the Commonwealth of Puerto Rico, in compliance with Act of October 30, 1975, No. 18, as amended.

ARTICLE 12: If a court of competent jurisdiction declares any of the Agreement provisions as null or invalid, such holding will not affect the validity and effectiveness of the remaining provisions of the Agreement and the parties agree to comply with their respective obligations under such provisions not included by the judicial declaration.

ARTICLE 13: Notwithstanding anything to the contrary in this Agreement regarding its term, PREPA may, at any moment, terminate, cancel or accelerate its expiration, after giving UPRM a not less than thirty (30) days prior notice, when in PREPA's judgment such action responds to PREPA's best interests. Provided that, in the event UPRM fails to comply with any of its obligations under the Agreement, PREPA may declare an immediate Agreement termination, cancellation or rescission, without prior notice to UPRM. The exercise of its right to terminate, cancel or rescind the Agreement shall not be understood as a waiver by PREPA to any other remedy it may have under this Agreement or under the law for delays or breach incurred by UPRM in the performance of its obligations under the Agreement.

ARTICLE 14: This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico. Also, the contracting parties expressly agree that only the state courts of Puerto Rico will be the courts of competent and exclusive jurisdiction to decide over the judicial controversies that the appearing parties may have among them regarding the terms and conditions of this Contract.

ARTICLE 15: Any notice to be given hereunder shall be in writing and will be sufficiently served when delivered in person or properly mailed to the following addresses:

To PREPA: Puerto Rico Electric Power Authority
PO Box 364267
San Juan, Puerto Rico 00936-4267

Attention: Mr. Edwin Rivera Serrano, P. E.
Executive Director

UPRM: University of Puerto Rico
Mayagüez Campus
PO Box 9041
Mayagüez, PR 00681-9041

Attention: Jorge Iván Vélez Arocho
Chancellor

ARTICLE 16: During the term of this Agreement, any change in law, including, but not limited to changes in applicable tax law, which causes an increase in UPRM's costs when supplying PREPA shall not be obliged to make additional payments nor to pay additional sums to the price or canon originally agreed for those products or services.

ARTICLE 17: UPRM shall not assign nor subcontract his rights and obligations under this Agreement, except in the event PREPA gives written authorization for such actions. Provided, that no subcontract shall be considered for PREPA's approval, except when the following requirements are met: (1) UPRM delivers PREPA a copy of the subcontract, not less than thirty (30) days prior to the effective date of the proposed subcontract; (2) the subcontract includes, as a condition for its legal validity and enforceability, a provision whereby PREPA has the right to substitute, subrogate or assume UPRM's rights under the subcontract, in the event that PREPA declares UPRM in breach or default or any of the Agreement terms and conditions; and (3) the subcontract includes, as a condition for its validity and enforceability, a provision establishing for the subcontractor the obligation to comply with all UPRM's obligations under the Agreement (mirror image clause), except for such obligations, terms, and conditions which exclusively related with works or services not included under the subcontract.

ARTICLE 18: The parties hereto shall be excused from performing hereunder and shall not be liable in damages or otherwise, if and only to the extent that they shall be unable to perform, or are prevented from performing by a Force Majeure event. For purposes of this Agreement, Force Majeure means any cause without the fault or negligence, and beyond the reasonable control of, the party claiming the occurrence of a Force Majeures event. Force Majeure may include, but not be limited to, the following: Acts of God, industrial disturbances, acts of the public enemy, war, blockages, boycotts, riots, insurrections, epidemics, earthquakes, storms, floods, civil disturbances, lockouts, fires, explosions, interruptions of services due to the acts or failure to act of any governmental authority, provided that these events, or any other claimed as a Force Majeure event, and/or its effects, are beyond the reasonable control and without the fault or negligence of the party claiming the Force Majeure, and that such party, within ten (10) days after the occurrence of the alleged Force Majeure, gives the other party written notice describing the particulars of the occurrence and its estimated duration. The burden of proof as to whether a Force Majeure has occurred shall be on the party claiming the Force Majeure.

IN WITNESS THEREOF, the parties hereto sign this Agreement in San Juan, Puerto Rico this 22 of December of 2005.

Puerto Rico Electric Power Authority

University of Puerto Rico
Mayagüez Campus

Edwin Rivera Serrano
Executive Director



Jorge Iván Vélez Arocho
Chancellor