

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY  
AND  
THE PUERTO RICO ELECTRIC POWER AUTHORITY**

This Memorandum of Understanding (the "MOU") is entered into this 5th day of January 2018 by the Parties:

**FOR ONE PARTY:** The **PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY** (the "Authority"), a public corporation of the Government of Puerto Rico, created by Act Number 2-2017, as amended ("Act 2"), represented herein by its Executive Director, Gerardo J. Portela-Franco, of legal age, single and a resident of San Juan, Puerto Rico, and by its Chief Operational Officer, Alejandro Camporreale, of legal age, married and a resident of Guaynabo, Puerto Rico.

**FOR THE OTHER PARTY:** The **PUERTO RICO ELECTRIC POWER AUTHORITY** ("PREPA"), a public corporation of the Government of Puerto Rico, created by Act 83 of May 2, 1941, as amended, represented herein by its Acting Executive Director, Justo L. González Torres, of legal age, married and a resident of Juana Díaz, Puerto Rico.

The Authority and PREPA are referred to, individually, as a "Party," and collectively, as the "Parties".

**WITNESSETH**

**WHEREAS**, pursuant to the Enabling Act of the Fiscal Agency and Financial Advisory Authority, Act 2-2017 the Authority is responsible for all fiscal agency, financial advisory and reporting functions for all entities of the Government of Puerto Rico, as well as the responsibility to renegotiate, restructure and/or reach an agreement with creditors on all or part of the public debt or any other debt issued by any government entity. Furthermore, the Authority is in charge of the collaboration, communication and cooperation efforts between the Government of Puerto Rico and the Fiscal Oversight Board created under the Puerto Rico Oversight, Management, and Economic Stability Act, Pub. L. 114-187 (PROMESA).

**WHEREAS**, the Authority has executed different Agreements for Professional Services with several specialized consultants or legal firms, which shall provide services or support for the benefit of PREPA, among others. Therefore, the Parties have agreed to execute this MOU to provide for the reimbursement by PREPA to the

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*[Handwritten initials]*

Authority of the fees and expenses disbursed to each of this consultants or firms accordingly to the terms and conditions of such agreements.

**NOW, THEREFORE**, in consideration of the foregoing and for other good and valuable consideration, the Authority and PREPA hereby enter into this MOU under the following:

#### TERMS AND CONDITIONS

**FIRST:** The Parties agree that PREPA will reimburse the Authority all fees and expenses disbursed or to be disbursed by the Authority to the following consultants or firms in regards to such services rendered for the benefit of PREPA under the following Agreements:

1. Agreement for Legal Services 2018-000015, as amended by the Agreement 2018-000015 A, with Greenberg Traurig, LLP ("**Greenberg**"), executed on July 5, 2017, to advise and assist the Authority in connection with: (i) any Title III filing by PREPA; (ii) any title II filing by the Puerto Rico Aqueduct and Sewer Authority (PRASA); and (iii) various other restructuring and creditors' rights matters related to the Commonwealth of Puerto Rico or its public corporations as agreed to between Greenberg and the Authority. The maximum amount to be reimbursed shall not exceed **EIGHT MILLION DOLLARS (\$8,000,000)**.
2. Agreement for Professional Services 2018-000003 with Rothschild, Inc. ("**Rothschild**"), executed on July 13, 2017, (Agreement 2018-000003) to continue providing specialized financial analysis and advisory services in connection with restructuring projects for the Commonwealth of Puerto Rico, its agencies, instrumentalities and/or public corporations, as well as other services which include municipal advisor work and P3 project support consistent with the scope of work or services described in the Appendix A of the Agreement 2018-000003. The maximum amount to be reimbursed shall not exceed **TWO MILLION FOUR HUNDRED THOUSAND DOLLARS (\$2,400,000)**.
3. Agreement for Professional Services 2018-000040 with AON Risk Solutions of Puerto Rico Inc. ("**AON**"), executed on November 28, 2017, (Agreement 2018-000040) to provide actuarial consulting services to PREPA and witnessing services to Greenberg as set forth in the Proposal dated August 14, 2017, attached as Appendix A of the Agreement 2018-000040. The maximum amount to be reimbursed shall not exceed **TWO HUNDRED EIGHTY THOUSAND DOLLARS (\$280,000)**.

Greenberg, Rothschild and AON are hereinafter referred as the "Consultants". These contracts, as described above, are referred to, individually as "Agreement" and

collectively, as the "Agreements". Furthermore, the maximum amount to be reimbursed by PREPA for each Agreement, as set forth before, are hereinafter defined as the "Reimbursement Amount".

If during the term of the Agreements, the work performed by any of the Consultants for the benefit of PREPA exceeds the Reimbursement Amount established for each Agreement in this First Clause, the Parties shall amend this MOU in writing and increase such amount as deemed necessary and as agreed to by the Parties. The Authority represents to PREPA that in connection with the Agreements, it has complied and shall comply with all contracting requirements in accordance with the applicable legal provisions.

**SECOND:** The Authority will issue and submit to PREPA monthly invoices for the reimbursement of funds. With each invoice, the Authority will certify that the total amount shown on the invoice is true and correct, and that the services were rendered. The invoices will also include supporting documents reflecting payments made by the Authority to the Consultants for services rendered and expenses incurred for the benefit of PREPA.

Disbursements made by PREPA to the Authority in accordance with this MOU shall be made from the following account: 01-4019-92320-556-673. PREPA agrees to make its best efforts to reimburse the Authority within thirty (30) days from the day of receipt of the invoice.

**THIRD:** This MOU shall be in effect from the date of its execution until June 30, 2018 (the "Term"), provided that if the term of any of the Agreements is extended, the Parties shall determine whether to renew or amend this MOU by executing a written amendment.

PREPA recognizes and agrees that the expiration of the term of any of the Agreements, or its termination in accordance with the provisions of such, shall in no way be construed or understood as a release of PREPA from its obligation to reimburse the Authority for all fees and expenses invoiced by the Consultants to the Authority for services rendered prior to the expiration of the Agreements and in accordance with the provisions of the Agreements, as shall be amended.

Any of the Parties may terminate this MOU at any time by providing the other party a fifteen (15) day prior notice by registered mail, return receipt requested, or overnight express mail. The rights, duties and responsibilities of the Parties shall continue in full force and effect during the fifteen (15) day notice period. This termination right, or the expiration of the Term, shall release PREPA from its obligation to reimburse the Authority the fees and expenses paid to the Consultants, except for those fees and

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expenses for services performed by the Consultants prior to the Termination Date of this MOU.

**FOURTH:** The Parties understands that the Authority may request reimbursement from PREPA of any invoice paid for services rendered during the term of the Agreements, even if such invoice was paid by the Authority on a date prior to the execution of this MOU.

**FIFTH:** The Parties hereby declare that, to the best of their knowledge, no public officer or employee of the contracting governmental entities has any direct or indirect interest in the present MOU or in any of the Agreements.

**SIXTH:** It is understood by the Parties that if any portion of this MOU is held to be void, invalid, or otherwise unenforceable, in whole or in part, its remaining portions shall remain in effect.

**SEVENTH:** This MOU constitutes the entire agreement between the Parties and supersedes any prior agreement, written or verbal, pertaining to the subject matter hereof. This MOU may be amended in writing, by mutual agreement of the Parties.

**EIGHTH:** None of the Parties shall request any payment or act under this MOU until it is registered at the Office of the Comptroller of Puerto Rico, in accordance with Act No. 18 enacted on October 30, 1975, as amended.

**IN WITNESS THEREOF,** the parties hereto sign this MOU, in San Juan, Puerto Rico, on the date first written above.

**PUERTO RICO FISCAL AGENCY AND  
FINANCIAL ADVISORY AUTHORITY**

  
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Gerardo J. Portela Franco  
Executive Director

**PUERTO RICO ELECTRIC  
POWER AUTHORITY**

  
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Justo L. González Torres  
Acting Executive Director

  
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Alejandro Camporreale  
Chief Operational Officer