


**AGREEMENT FOR PROFESSIONAL SERVICES**

This **AGREEMENT FOR PROFESSIONAL SERVICES** (hereinafter the "Agreement") dated as of July 1, 2016, by and between:

**AS PARTY OF THE FIRST PART: The PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY**, a public corporation of the Commonwealth of Puerto Rico (the "Commonwealth"), created by Act Number 21, enacted on April 6, 2016 ("Act 21"), represented herein by its Executive Director, Víctor A. Suárez Meléndez, of legal age, married, and a resident of Cayey, Puerto Rico (hereinafter referred to as the "Authority").

**AS PARTY OF THE SECOND PART: MILLCO ADVISORS, LP**, a limited partnership organized and existing under the laws of the State of Delaware, with offices located at 1717 Pennsylvania Ave., NW, Washington, DC 20006, hereby represented in this act by James E. Millstein, of legal age, married and a resident of the District of Columbia, appearing in his capacity as Chief Executive Officer (hereinafter referred to as "Millstein" or "Consultant").


**WITNESSETH**

 **WHEREAS**, on April 16, 2015, the Government Development Bank for Puerto Rico (hereinafter, the "Bank") and the Consultant executed the Agreement for Professional Services 2015-BGF138 (including all the amendments thereto, the "April Agreement") engaging the Consultant to provide services in the areas of financial consulting, recapitalizations, and the development and implementation of strategic alternatives.

WHEREAS, pursuant to Act 21, the Authority was created for the purpose of acting as fiscal agent, financial advisor and reporting agent of the Commonwealth and its public corporations, instrumentalities, commissions, authorities, municipalities and political subdivisions. Furthermore, Act 21 transferred to the Authority all fiscal agency, financial advisory and reporting functions of the Bank, including overseeing all matters related to the restructuring or adjustment of any covered obligations or otherwise coordinate and implement liability management transactions for any covered obligation.

WHEREAS, as established under Chapter 6, Section 602 (b) of Act 21, the Authority shall also assume, and become a party to, any and all contracts between the Bank and any advisor, including legal and financial advisors related to the restructuring or adjustment of covered obligations.

WHEREAS, the Authority, by itself and on behalf of the Commonwealth and its instrumentalities, wishes to continue receiving the Consultant's services in the areas of financial consulting, recapitalizations, and the development and implementation of strategic alternatives, as specified below. In accordance with the foregoing, the Authority has agreed to assume the rights and obligations of the Bank under the April Agreement, under the same terms and conditions established therein and as agreed upon between the Bank and the Consultant.

 NOW, THEREFORE, being each party empowered to enter into this Agreement and perform their obligations hereunder in consideration of the premises and the mutual covenants contained herein, the Authority and Millstein agree to enter into this Agreement under the following:


## TERMS AND CONDITIONS

**FIRST:** The Authority assumes the rights and obligations of the Bank under the April Agreement and engages Millstein to continue to provide specialized financial analysis and advice in connection with available strategic alternatives consistent with the scope of work described in the attached **Appendix A** hereto (such services, collectively and as amended from time to time by agreement of the parties, the "Services"). Consultant understands that (a) certain services performed by Consultant will be at the direction of the Authority's internal or external legal advisors to assist such advisors in rendering legal advice to the Authority, and (b) reports, analysis and presentations (whether or not in written form) prepared or presented by Consultant may contain or otherwise reflect advice of the Authority's internal or external legal advisors. Consultant agrees that such work product constitutes attorney work product that is privileged and confidential and will accordingly treat it as directed by such legal advisors. In no event shall the Services Millstein provides be deemed to include responsibility, in whole or in part, for any official statement or preliminary official statement (or equivalent offering document) or, absent Millstein's written consent, as independent financial advisor for any offering of any securities, obligations, notes, instruments, credit support or other undertakings, whether by or to the Authority or the Commonwealth and any of its instrumentalities.

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**SECOND:** Subject to the provisions of the **THIRD** clause (including without limitation the fourth sentence thereof), this Agreement shall be in effect from the date of this Agreement until July 31, 2016 (such time period, as it may be from time to time extended, the "Term"), unless extended in a writing signed by the parties. The Authority

may extend the term of this Agreement (in which case, the term "Term" means the term of this Agreement as extended) subject to the same fees and expenses as detailed herein.

**THIRD:** Either party shall have the right to terminate Millstein's services as described in the FIRST clause under this Agreement at any time by providing the other party fifteen (15) days prior 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. The rights, duties and responsibilities of the Authority and the Consultant shall continue in full force and effect during the fifteen (15) day notice period. Notwithstanding the expiration of the Term or any termination of this Agreement, the Authority shall continue to be obligated to pay all fees accrued under the first paragraph of the FOURTH clause and expenses incurred, in each case, up to the effective date of termination. The Consultant shall have no other right to compensation under this Agreement. For the avoidance of doubt, nothing herein affects the rights of the Consultant under the Agreement for Professional Services Number 2015-BGF140 (as amended, the "PREPA Restructuring Agreement"), or the Agreement for Professional Services Number 2016-BGF095 (the "Liability Management Transaction Agreement"), or the agreements entered into by the Authority and the Consultant that are intended to be the equivalents of such documents.

 **FOURTH:** As compensation for the services contracted herein, the Authority will pay the Consultant a monthly installment of **SEVEN HUNDRED SIXTY FIVE THOUSAND DOLLARS (\$765,000)**, to be paid promptly upon receipt of an adequate invoice.

In no event shall the total amount to be paid by the Authority for the services rendered under this Agreement exceed **SEVEN HUNDRED SIXTY FIVE THOUSAND**

**DOLLARS (\$765,000)** ("Contract Amount") in the aggregate during the term of this Agreement.

If the Authority requires additional services beyond the scope of work of this Agreement, the parties will agree to additional compensation and/or time for these services. Any increase to the Contract Amount, any extension to the Term, and/or any changes to the terms of this Agreement, shall be agreed in writing by the parties in an amendment or amendments to this Agreement.

In accordance with the ELEVENTH clause of this Agreement, the Authority has agreed to indemnify and exculpate the Consultant and its related parties (the "Indemnification Obligations") on the terms set forth in the Indemnification and Contribution Agreement. In addition to the Contract Amount, the Authority has been authorized to pay up to **FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000)** specifically to satisfy the Indemnification Obligations ("Indemnity Obligations Amount"). In the event that the Indemnification Obligations requires additional funds, the Authority will request appropriations sufficient for the payment, observance, performance and discharge of all unsatisfied payment obligations due in accordance with the Indemnification Obligations and this Agreement must be amended in order to increase the Indemnity Obligations Amount.


The total maximum amount to be disbursed by the Authority to the Consultant under this Agreement is **ONE MILLION TWO HUNDRED FIFTEEN THOUSAND DOLLARS (\$1,215,000.00)**.

**FIFTH:** The Authority will not reimburse the Consultant for expenses related to the services rendered under this Agreement.

**SIXTH:** The Consultant shall submit monthly invoices within one hundred twenty (120) 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.

The Authority will not honor invoices submitted after one hundred and twenty days (120) from the rendering of the service and Millstein accepts and agrees to this requirement, and understands that if Millstein does not comply with this requirement it waives its right to payment for the services rendered and for expenses.

The Authority will review the invoices and if they are in compliance with the requirements set forth in this Agreement, it will proceed with payment. Payments of amounts are due upon receipt of a valid invoice. The Authority reserves the right to conduct the audits it deems necessary related with/to the direct costs/expenses incurred by Consultant during performance of this Agreement, and it will not be subject to finance charges regarding invoice payments.

 **SEVENTH:** Invoices must also include a written and signed certification stating that no officer or employee of the Authority, 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 Puerto Rico Fiscal Agency and Financial Advisory Authority 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 Authority. 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


Puerto Rico Fiscal Agency and  
Financial Advisory Authority  
PREINTERVENTION  
PO Box 42001  
San Juan, Puerto Rico 00940-2001

PHYSICAL ADDRESS

Puerto Rico Fiscal Agency and  
Financial Advisory Authority  
PREINTERVENTION  
Roberto Sánchez Vilella  
Government Center  
De Diego Avenue No. 100  
Central Building – Floor P  
Santurce, PR 00907-2345

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


The Authority certifies that the funds for the payment for services rendered under this Agreement have been allocated from budget allocations. All disbursements for the payment of services provided hereunder shall be made from account number 141-2950000-0001-081-2017 or such other account(s) that may hold the funds budgeted for payment for services rendered under this Agreement.

 **TENTH:** The Authority 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 Authority's continuing conduct of its operations.

**ELEVENTH:** The Authority will indemnify and exculpate the Consultant and its related parties by executing and delivering the Indemnification and Contribution Agreement with this Agreement, the form of which is attached hereto as **Appendix C**.

**TWELFTH:** At the direction of the Authority, 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.

**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 Executive Director of the Authority or any of its authorized representatives. The parties agree that employees of the Consultant's parent 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 Executive Director of the Authority or its authorized representatives.


 **FOURTEENTH:** The Consultant shall not request any payment for services rendered under the terms of this Agreement until it has been registered by the Authority at the Office of the Comptroller of Puerto Rico as established in Act 18-1975, as amended. The Authority 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 Authority regarding services performed under this Agreement. If required by the Authority, at the completion of the assigned tasks, the Consultant will submit a final written report describing the work it has performed. This requirement shall not be interpreted as a waiver by the Authority of the Consultant's ethical obligation and responsibility of keeping the Authority informed of the progress of the assigned matters.

**SIXTEENTH:** The Authority 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 Authority 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 Authority (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 Authority, [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 Authority of any such disclosure obligations and reasonably cooperate with the Authority'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 Authority, that the Authority is a client of the Consultant until the Authority 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 Authority any necessary reports, analyses or other such materials which the Consultant has prepared in connection with providing the services as the Authority 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 Authority, 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.


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If requested by the Authority, the Consultant shall return all Confidential Information, as well as any other document that may relate to its work under this Agreement, to the Authority 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 Authority 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 SEVENTEENTH clause 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 Authority 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 Authority 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 Authority, including having no adverse interests. Adverse interests include representing clients who have or may have interests that are contrary to the Authority, but do not include rendering unrelated services to such clients. This duty includes the continued obligation to disclose to the Authority 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 Executive Director of the Authority to oversee the enforcement of the prohibitions established herein. If the Executive Director of the Authority 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 Executive Director of the Authority 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.

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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 Authority relating to the Authority, the Commonwealth and its instrumentalities, agencies or public corporations. 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 Authority immediately.

**TWENTIETH:** The Authority 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 Authority. 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 Authority.

**TWENTY-FIRST:** The Consultant certifies that, except for the contracts mentioned in the THIRTY-FIFTH clause, 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 Authority to terminate this Agreement immediately, without prior notice, and the Consultant will have to reimburse the Authority 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 Authority 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, enacted on June 18, 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 Government Ethics Law, Act No. 1, enacted on January 3, 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-SIXTH:** The Consultant certifies that it self-insures to provide for any liability to the Authority that may arise from the services provided under this Agreement.


**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 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 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 Authorized Signatory, 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 Authority shall have sufficient cause to terminate this Agreement immediately.

 **TWENTY-NINTH:** The Consultant will be responsible for providing the Authority with the information and certifications required under the previous clause from any professional or technical Consultants subcontracted by the Consultant as authorized by the Authority. For purposes of this clause, any subcontractor engaged by the Consultant in accordance with the conditions herein established, or who dedicates twenty five (25%) percent 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 Authority authorizes the Consultant to subcontract, may have with the Government 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, and Social security to chauffeurs.

**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 Authority, 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 Authority 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 Contract

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. (Any withholding required for the Contract Amount will occur with the second monthly payment per the Contractor's invoice containing descriptions of services for the Term).

The Authority shall also deduct and withhold a special contribution of one point five percent (1.5%) of the gross amounts paid under this Agreement, in accordance with Article 1 of Act No. 48 of June 30, 2013, as amended. The Authority shall forward such amounts to the Department of Treasury of Puerto Rico.

**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 "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 Authority 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:** It is understood that this Agreement is the sole agreement between the parties with regard to the services covered hereby and supersedes any prior agreements written or verbal. For clarity, this Agreement and the Indemnity and Contribution Agreement entered into on the date hereof do not supersede any of (1) (a) the Contract for Professional Services Number 2014-BGF091, effective as of February 5th, 2014 (as amended, the "First Contract") or (b) the Indemnity and Contribution Agreement entered into in connection therewith, or (2) (a) the Contract for Professional Services Number 2014-BGF103, effective as of April 11th, 2014 (the "Second Contract") or (b) the Indemnity and Contribution Agreement entered into in connection therewith, or (3) (a) the Contract for Professional Services Number 2015-BGF033, effective as of July 1, 2014 (as amended, the "Third Contract") or (b) the Indemnity and Contribution Agreement entered into in connection therewith, or (4) (a) the Contract for Professional Services Number 2015-BGF138, effective as of April 16, 2015 (as amended, the "Fourth Contract") or (b) the Indemnity and Contribution Agreement entered into in connection therewith, or (5) (a) the

PREPA Restructuring Agreement or the Liability Management Transaction Agreement or (b) the Indemnity and Contribution Agreements entered into in connection therewith, and amounts payable under this Agreement entered into on the date hereof, are in addition to amounts that may be payable under the First Contract, the Second Contract, the Third Contract, the Fourth Contract, the PREPA Restructuring Agreement, the Liability Management Transaction Agreement and the Indemnity and Contribution Agreements (collectively and including any other documents or instruments delivered pursuant thereto, the "GDB Contracts") entered into in connection therewith. Pursuant to Act 21, the Authority hereby assumes all rights and obligations of the Bank under the GDB Contracts.

This Agreement may not be changed orally, but may be amended in writing, by mutual agreement of the parties.

**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 certifies that it has less than fifty employees; it understands that the program requirements set forth in 41 C.F.R. Section 60-1.40 therefore do not apply and it is in compliance with such regulation. 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:** The assignment of this Agreement by either party shall be sufficient cause to terminate it immediately, except if the assignment is made by the

Authority to a successor entity of the Authority, in which case, such assignment shall be considered effective with only a written notice to the Consultant provided that the successor entity agrees to assume all rights and obligations of the Authority under this Agreement and sufficient funds have been appropriated to the successor entity to satisfy the payment obligations hereunder. Upon such occurrence, this Agreement shall be binding and inure to the benefit of the Authority's successors and assigns.

**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:

Millco Advisors, LP  
1717 Pennsylvania Ave., NW  
Washington, DC 20006  
Attention: General Counsel

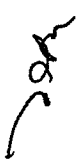
Email: [jim@millsteinandco.com](mailto:jim@millsteinandco.com) with a copy to [generalcounsel@millsteinandco.com](mailto:generalcounsel@millsteinandco.com)  
Telecopy: 646-559-2394

(ii) If to the Authority:

Víctor A. Suárez Meléndez  
Puerto Rico Fiscal Agency and Financial Advisory Authority  
Roberto Sánchez Vilella Governmental Center  
De Diego Avenue, Stop 22  
Santurce, Puerto Rico 00940  
PO Box 42001  
San Juan, Puerto Rico 00940-2001  
Email: Victor.Suarez@aafaf.pr.gov

Notwithstanding the foregoing, notices, authorizations and consents for extensions of this Agreement past the then-current Term, 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.

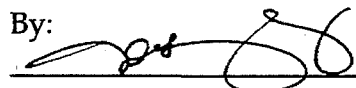
 **FORTY-SECOND:** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original instrument, but all of which taken together shall constitute one instrument.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS THEREOF, the parties hereto sign this Agreement for Professional Services in San Juan, Puerto Rico, and New York, New York, on the date first written above.

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

By:



Name: Víctor A. Suárez Meléndez  
Title: Executive Director

**Tax ID Number**

**MILLCO ADVISORS, LP**

By:

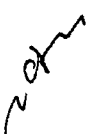


Name: James E. Millstein  
Title: Chief Executive Officer

**Tax ID:**

## APPENDIX A

### Services:

- 
1. Assist the Authority in evaluating potential funding sources and financing proposals provided to the Authority or the Commonwealth,
  2. Analyze cash flow projections and liquidity for the Commonwealth and its component parts, the GDB and the public corporations, based on information provided by relevant government agencies, public corporations and/or other Commonwealth advisors,
  3. Analyze the capital structure of the Commonwealth and its component parts, the GDB and the public corporations, including understanding all direct and contingent liabilities, based on information provided by relevant government agencies and/ or public corporations,
  4. Assist and advise the Authority in evaluating and executing on potential liability management transactions for the Commonwealth or any of its instrumentalities or public corporations,
  5. Assist the Authority in negotiations with creditors or entities affected by potential liability management transactions,
  6. Provide other similar assistance and advice to the Authority regarding potential financial transactions, as requested,
  7. Building the model supporting the Commonwealth's Fiscal and Economic Growth Plan based on inputs provided by the Authority and coordinating discussions with creditors to perform due diligence on such plan,
  8. Participate in hearings before courts with respect to the matters upon which the Consultant has provided advice, including, as relevant, coordinating with counsel for the Commonwealth, the Authority, the public corporations, and any of its instrumentalities, with respect to testimony in connection therewith,
  9. Provide reports to Fiscal Control Board, if necessary, and as requested.



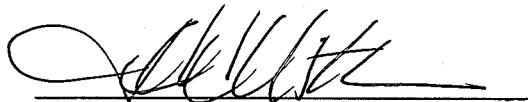
**APPENDIX B**  
**SWORN STATEMENT**

James E. Millstein, of legal age, married, and a resident of the District of Columbia, in his capacity as Chief Executive Officer of MILLCO ADVISORS, LP (the "Consultant"), being duly sworn in and says:

That the Consultant has offices at 1717 Pennsylvania Ave., NW, Washington, DC 20006 and that it's Tax Identification Number is: . 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 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).

In New York, NY, this 7 day of July, 2016.

MILLCO ADVISORS, LP

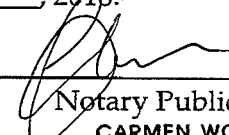


Affidavit No. \_\_\_\_\_

Sworn and subscribed to before me James Millstein in his capacity as CEO of Millco Advisors LP, of the personal circumstances stated above.

In New York, NY, this 7 day of July, 2016.


My Commission expires: 6/8/2019

  
\_\_\_\_\_  
Notary Public  
CARMEN WOO  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 02WO6325956  
Qualified in New York County  
My Commission Expires \_\_\_\_\_

## APPENDIX C

### Indemnification & Contribution


This Indemnification and Contribution Agreement (this "Agreement") dated as of July 1, 2016 is entered into by and between the party of the first part: **PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY**, a public corporation of the Commonwealth of Puerto Rico (the "Commonwealth"), created by Act Number 21, enacted on April 6, 2016 ("Act 21"), represented herein by its Executive Director, Víctor A. Suárez Meléndez, of legal age, married, and a resident of Cayey, Puerto Rico (hereinafter referred to as the "Authority"); and the party of the second part: **MILLCO ADVISORS, LP**, hereinafter referred to as "Millstein" or "Consultant", a limited partnership organized and existing under the laws of the State of Delaware, with offices located at 1717 Pennsylvania Ave., NW, Washington, DC 20006, hereby represented in this act by James E. Millstein, of legal age, married and a resident of the District of Columbia, appearing in his capacity as Chief Executive Officer. The parties are entering into this Agreement in connection with, and this Agreement is effective as of the effectiveness of, the Agreement for Professional Services by and between the parties dated as of the date hereof, as referenced in the ELEVENTH clause thereof (the "Professional Services Agreement").

 If (1) Millstein, (2) any of its current or future controlling persons, other affiliates or successors or (3) any current or future director, officer, partner, agent or employee of any of the preceding (collectively, "Indemnified Persons") becomes involved in any capacity in any actual or threatened, administrative, judicial or regulatory action, claim, suit, investigation or proceeding in any jurisdiction (an "Action") arising out of, related to or in connection with the Professional Services Agreement or any matter referred to therein, the Authority will reimburse

such Indemnified Person for the reasonable out-of-pocket costs and expenses (including counsel fees) of investigating, preparing for, defending and responding to such Action or enforcing this letter, as they are incurred. The Authority will also indemnify and hold harmless any Indemnified Person from and against any losses, claims, demands, damages or liabilities (collectively, "Losses") (A) related to or arising out of oral or written statements or omissions made or information provided by or on behalf of the Authority or its agents or the Commonwealth of Puerto Rico or any of the agencies or instrumentalities of the Commonwealth of Puerto Rico or (B) otherwise arising out of, related to or in connection with the Professional Services Agreement or the Consultant's performance thereunder, except that this clause (B) shall not apply to Losses that are finally judicially determined to have resulted primarily from the willful misconduct, bad faith or gross negligence of any Indemnified Person, in which case amounts reimbursed pursuant to the first sentence of this paragraph with respect to the Action giving rise to such Losses shall be returned to the Authority. The Authority agrees that no Indemnified Person shall have any liability arising out of, related to or in connection with the Professional Services Agreement (whether direct or indirect, in contract, tort or otherwise) to (1) the Authority, (2) any of its current or future affiliates or successors or (3) any current or future owner, director, officer, employee, security holder or creditor of any of the preceding, unless it is finally judicially determined that such liability resulted primarily from the willful misconduct, bad faith or gross negligence of any Indemnified Person.

If the indemnification provided for in this Agreement is for any reason other than by virtue of its express terms not available or insufficient to hold an Indemnified Person harmless, the Authority agrees to contribute to the Losses in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by the Authority, on the one hand,

and by the Consultant, on the other hand, with respect to the engagement or, if such allocation is judicially determined to be unavailable, in such proportion as is appropriate to reflect the relative benefits and relative fault of the Authority on the one hand and of the Consultant on the other hand, and any other equitable considerations; provided that, to the extent permitted by applicable law, in no event shall the Indemnified Persons be responsible for amounts that exceed the fees actually received by the Consultant from the Authority in connection with the engagement. Relative benefits to the Authority, on the one hand, and the Consultant, on the other hand, with respect to the engagement shall be deemed to be in the same proportion as (1) the total outstanding amount of obligations of the Authority bears to (2) the fees actually received by the Consultant in connection with the Professional Services Agreement.

 The Authority will not, without the prior written consent of the Consultant (not to be unreasonably withheld), settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate (a "Settlement") any Action in respect of which indemnification is or may be sought hereunder unless such Settlement includes a release of each Indemnified Person from any Losses arising out of such Action. The Authority will not permit any such Settlement to include a statement as to, or an admission of, fault or culpability by or on behalf of an Indemnified Person without such Indemnified Person's prior written consent. No Indemnified Person seeking indemnification, reimbursement or contribution under this Agreement will, without the Authority's prior written consent (not to be unreasonably withheld), agree to the Settlement of any Action. The Indemnified Parties are entitled to retain only one separate counsel (in addition to local counsel) of their choice in connection with any single Action in respect of which indemnification, reimbursement or contribution may be

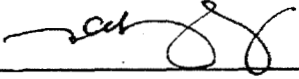
sought hereunder, except to the extent the representation of all Indemnified Parties by a single counsel would not be appropriate due to conflicting interests between the Indemnified Parties.

The Authority's obligations set forth in this Agreement are in addition to any rights that any Indemnified Person may have at law, in equity or otherwise.

Paragraphs Thirty-Eighth, Thirty Ninth, Fortieth, Forty-First and Forty-Second of the Professional Services Agreement are incorporated herein and made a part hereof as fully as though set forth herein. The information given for notices to the Consultant under Paragraph Fortieth shall also be the information for notices to any Indemnified Party unless and until the Indemnified Party provides written notice to the Authority of other information for it.

IN WITNESS THEREOF, the parties hereto sign this Agreement the date first written above.

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

By:  \_\_\_\_\_

Name: Víctor A. Suárez Meléndez  
Title: Executive Director

**Tax ID Number**

**MILLCO ADVISORS, LP**

By:  \_\_\_\_\_

Name: James E. Millstein  
Title: Chief Executive Officer

**Tax ID:**