

2018-P00012

COMMONWEALTH OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY

PROFESSIONAL SERVICES AGREEMENT

APPEAR

AS FIRST PARTY: The Puerto Rico Electric Power Authority, 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. Ricardo L. Ramos Rodríguez, of legal age, married, professional engineer, and resident of Caguas, Puerto Rico, (hereinafter referred to as "PREPA").

AS SECOND PARTY: King & Spalding LLP ("King & Spalding" or "the firm"), a limited liability partnership formed and existing under the laws of the State of Georgia, United States of America, with a place of business at 1700 Pennsylvania Ave., NW, Washington, DC 20006, herein represented by Steven M. Kupka, who has authority to enter into this contract by virtue of his position as a King & Spalding partner.

WHEREAS, PREPA, by virtue of its Governing Act, has the authority to engage those professional, technical and consulting services necessary and convenient to the activities, programs, and operations of PREPA;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the parties have agreed to enter into this Agreement under the following:



TERMS AND CONDITIONS

FIRST: King & Spalding LLP will provide PREPA, at PREPA's request, legal representation, counseling and litigation services solely in connection with the Securities and Exchange Commission's ("SEC") non-public investigation of certain of PREPA's bond offerings, captioned In the Matter of PREPA 2013 Power Revenue Bonds (B-20949) (the "SEC Investigation") (the Services).

SECOND: This Agreement shall be in effect since the date of its execution until June 30, 2018(the "Agreement Period"). The Agreement may be extended, by written amendment agreed upon by both parties, for additional annual fiscal periods subject to the availability of funds and previous authorization of the Secretariat of the Executive Branch. Either party shall have the right to terminate this Agreement, at any moment, by providing the other party thirty (30) days written notice by registered mail, return receipt requested, or overnight express mail. If notice is given, this Agreement shall terminate upon the expiration of thirty (30) days and PREPA shall be obligated to pay all fees and expenses incurred up to the day of effective termination, in accordance with the terms of this Agreement.

The rights, duties and responsibilities of the Parties shall continue in full force and effect during the thirty (30) day notice period. King& Spalding shall have no further right to compensation except for what has been accrued for services rendered and expenses incurred under this Agreement until said date of effective termination.

THIRD: As compensation for services rendered under this Agreement, PREPA agrees and King & Spalding accepts that the total amount to be paid under this Agreement shall not



exceed four hundred and fifty thousand dollars \$450,000.00 (the "Agreement Amount"). However, nothing herein shall preclude the parties from agreeing to increase said amount. PREPA will only pay for services that are evidenced by a properly submitted invoice for services rendered. Notwithstanding the foregoing, any increase to the Agreement Amount shall be evidenced in writing and signed by both King & Spalding and PREPA. PREPA will not be required to make advance payments for any service to be rendered by King & Spalding under this Agreement. King & Spalding shall promptly notify PREPA when the billing under the present Agreement amounts to seventy five percent (75%) of the Agreement Amount. Once this notification has been issued, King & Spalding, in coordination with PREPA, will ensure that no services will be rendered in excess of the Agreement Amount, except when a written amendment is agreed upon by both Parties. In addition, King & Spalding shall present a reasonably itemized list of the remaining billable work that is in progress under the Agreement.

Appendix A attached hereto provides a schedule of the attorneys assigned to this matter. Should King & Spalding assign another person not included in Appendix A hereto to attend to PREPA's matters pursuant to this Agreement, King & Spalding shall promptly send PREPA an amended schedule to include such person's name and/or position, and request approval from PREPA for such amended schedule. Such approval from PREPA shall not be unreasonably withheld.

All payments performed under this Agreement will be charged to PREPA's budget account number 01-4019-92320-556-673.



FOURTH: PREPA shall reimburse King & Spalding for out of pocket expenses incurred in providing the Services, subject to the terms of this Agreement. As established in Appendix B, Travel Expenses, King & Spalding's reimbursable expenses shall not exceed eight percent (8%) of the Agreement Amount and will be reimbursed by PREPA through the presentation of acceptable evidence for such expenses. Reimbursement for air travel expenses is restricted to lowest reasonably available economy airfares. PREPA shall not pay for travel time, provided, however, that King & Spalding personnel may work while traveling, and such time is compensable as otherwise provided under this Agreement. Payment for travel time shall be made only if the invoice details the services rendered and the time billed on each matter as required in this Agreement.

Any travel and lodging expense for which a reimbursement is requested shall be reasonable and necessary. Any travel and lodging expense, within the continental United States, for which a reimbursement is requested shall be reasonable and necessary and through the presentation of acceptable evidence for such expenses. Travel and lodging expenses for services undertaken outside the continental United States shall be authorized in writing and in advance by PREPA. PREPA will not reimburse expenses that do not comply with this provision and Appendix B. Under no circumstances will expenses for alcoholic beverages be reimbursed.

Third-Party Vendors and/or Out of Pocket Expenses: PREPA shall reimburse King & Spalding for costs that may be invoiced to King & Spalding by third party vendors for goods or services (related, for example, to tele-communication services, research, print materials, court



reporters, or messengers) necessary to support the Services and provided exclusively for the benefit of PREPA.

FIFTH: King & Spalding shall submit monthly invoices within the first thirty (30) days following the period invoiced that will include a description of the services rendered and the number of hours spent by each person. Each invoice for professional services shall be itemized and must be duly certified by an authorized representative of King & Spalding. King & Spalding shall allocate any invoiced fees between: (i) activities undertaken outside of Puerto Rico; and (ii) those relating to activities undertaken within Puerto Rico.

PREPA will review the invoices within thirty (30) days of receipt, and if they are in compliance with the requirements set forth in this Agreement, it will proceed with payment. Payment is due upon receipt of a valid invoice. If any statement remains unpaid for more than sixty (60) days, PREPA agrees that King and Spalding may cease performing services or terminate the Agreement unless arrangements satisfactory to both parties are made in good faith for payment of outstanding statements. PREPA reserves the right to conduct the audits it deems necessary on reasonably agreed terms, and it will not be subject to finance charges regarding invoice payments subject to a promptly conducted audit.

Invoices must also include a written and signed certification stating that no officer or employee of PREPA, 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 that 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 Electric Power Authority, their respective subsidiaries or

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

King & Spalding’s bank account wiring instructions for payment of invoices by means of electronic transfer are:

Bank Address: SunTrust Bank
1155 Peachtree Street, N.E., Suite 1200
Atlanta, GA 30309

Bank Contact: Andy Crais
Telephone Number: (404) 588-8098

ABA Routing Number: 061 000 104
Swift Code: SNTRUS3A

Reference: Billing Attorney First and Last Name and Client Matter Numbers

Account Name: King & Spalding LLP
Account Number:

Please provide ACH notification via fax to 404.572.5155
or via email to ARBalance@kslaw.com

SIXTH: PREPA will provide such access to its facilities and information, and such other cooperation in working with King & Spalding, as King & Spalding may from time to time reasonably determine to be necessary to render any services requested; provided that such access and cooperation shall not interfere with PREPA's continuing conduct of its operations.



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

EIGHTH: King & Spalding shall not subcontract the services to be provided under this Agreement, or contract firms or other services, without the prior written authorization of the Executive Director of PREPA or any of its authorized representatives. A request to subcontract, or to contract experts or other firms, shall specify the issues or matters that will be referred to said contract experts or other firms. The professional fees earned by these contract experts or other firms will be deducted from the total maximum amount that King & Spalding may receive under the terms of this Agreement.

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

TENTH: King & Spalding will submit any reports reasonably required by PREPA regarding services performed under this Agreement. If required by PREPA, at the completion of the assigned tasks, King & Spalding will submit a final written report describing the work it has performed. This requirement shall not be interpreted as a waiver by PREPA of King & Spalding's ethical obligation and responsibility of keeping PREPA informed of the progress of the assigned matters. This obligation includes King & Spalding's commitment to preparing and

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delivering to PREPA's external auditors, in a timely manner, the legal letters periodically requested in connection with pending or threatened litigation, claims and assessments or loss contingencies, as part of the financial statements audit process for PREPA, its subsidiaries and affiliates, prepared in accordance with King & Spalding's policy. King & Spalding shall not invoice the time spent in preparing a reasonable number of customary letters to auditors, as it is understood that this is an administrative obligation complementary to the services rendered hereunder.

All rights, titles and interest in any reports, documents, analyses, investigations and any other by-product conceived or developed by King & Spalding exclusively for PREPA as a result of performing its obligations under this Agreement shall be the exclusive property of King & Spalding provided, however, PREPA may use in any fashion it wishes any work product provided to PREPA orally and in writing without payment of any further fees and King & Spalding may maintain and use copies of such work product, including reports, documents, analyses, investigations and any other by-product provided by King & Spalding. King & Spalding shall comply with applicable law and ethical rules governing lawyers and the use of confidential information. PREPA shall retain the right to use, refer, share, or provide to any third party, as PREPA may determine, the results of any reports, documents, analyses, investigations or any other by-product of the Services performed by King & Spalding provided to PREPA under this Agreement.

ELEVENTH: PREPA will provide all the documentation necessary for the adequate fulfillment of King & Spalding's obligations under this Agreement.

TWELFTH: King & Spalding acknowledges the proprietary and confidential nature of all internal, non-public, information systems, financial, and business information relating to PREPA 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 King & Spalding or otherwise obtained by King & Spalding in the course of rendering services for PREPA (collectively, “Confidential Information”).

King & Spalding and its employees, affiliates and authorized sub-contractors shall keep in strict confidence all Confidential Information, and: (i) shall not make public or disclose any of said materials without the previous written consent of PREPA, provided that King & Spalding shall be permitted to share financial and other information prepared or provided for purposes of PREPA’s SEC Investigation SEC or other government regulators, as may be required in the course of King & Spalding’s representation of PREPA under this Agreement; (ii) shall use the Confidential Information only to perform King & Spalding’s obligations under this Agreement; and (iii) will reproduce the Confidential Information only as required to perform King & Spalding’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 King & Spalding or becomes generally known through no wrongful act on the part of King & Spalding ;
- (b) is in King & Spalding’s possession at the time of disclosure otherwise than as a result of King & Spalding’s breach of any legal obligation;



- (c) becomes known to King & Spalding through disclosure by sources other than King & Spalding having the legal right to disclose such information; or
- (d) is independently developed by King & Spalding without reference to or reliance upon the confidential information.

In addition, these provisions shall not prohibit King & Spalding from making any disclosure pursuant to any subpoena or order of a court or a Governmental or Administrative tribunal which may assert jurisdiction over King & Spalding; provided that, to the extent legally permissible, King & Spalding shall promptly notify PREPA of any such disclosure obligations and reasonably cooperate with PREPA's efforts to lawfully avoid and/or minimize the extent of such disclosure.

King & Spalding will not disclose any Confidential Information relating to the work that King & Spalding performs under this Agreement except as provided herein or by applicable the Rules of Professional Conduct or law.

King & Spalding 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 King & Spalding shall direct them, and they shall agree, to treat such information as confidential and to return all materials to King & Spalding upon request, but for one copy for record purposes only; and (ii) in each case, such person shall be bound by the terms of this Agreement.

PREPA acknowledges that King & Spalding 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 King & Spalding from developing or disclosing such materials and information provided that the same do not contain or reflect Confidential Information.

King & Spalding shall return all Confidential Information, as well as any other document that may relate to its work under this Agreement, to PREPA 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 PREPA 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; provided, however, King & Spalding may retain its own work product as long as it maintains the confidentiality of PREPA's Confidential Information as otherwise provided in this Agreement and other Confidential Information for regulatory, professional liability, and recordkeeping purposes (provided it continues to maintain its confidentiality in accordance with this Agreement). During this thirty (30) day period, and except to the extent making such documents available would result in the loss of legal privilege for PREPA, these documents shall be available for inspection by the Office of the Comptroller of Puerto Rico. Such inspection, if undertaken, shall not constitute a waiver of the attorney-client privilege or work product doctrine.

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



THIRTEENTH: King & Spalding 's material negligent discharge or the breach of the confidentiality clause hereinabove continuing after receipt of written warning or abandonment of the duties assigned hereunder shall constitute a breach of this Agreement by King & Spalding and PREPA 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 PREPA from any further obligations and liabilities hereunder.

FOURTEENTH: King & Spalding acknowledges that in executing its services pursuant to this Agreement, it has an obligation of complete loyalty towards PREPA including having no adverse relationships. "Adverse relationships" means representing clients who have or may have interests that are contrary to PREPA, but does not include rendering services that are unrelated to the representation covered in this Agreement. This duty includes the continued obligation to disclose to PREPA all circumstances of its relations with clients and third parties that would result in an adverse relationship which would influence King & Spalding when performing its responsibilities under this Agreement. PREPA acknowledges King & Spalding is a large global law firm having multiple financial institutions and investors as clients, and with or without King & Spalding's knowledge, any of such clients may from time to time acquire, hold or trade interests adverse to PREPA or its affiliates. King & Spalding's representations of those clients in unrelated matters shall not be deemed conflicts or influences on King & Spalding within the meaning of this Agreement.

During the time the firm is representing you, some of the firm's present or future clients may have disputes or transactions with you. For example, the firm represents, among others, the following entities in connection with matters unrelated to PREPA's bond offerings that are the subject of the SEC's Investigation. : The Commonwealth of Puerto Rico; Ernst & Young LLP; Morgan Stanley & Co. LLC; Citigroup Global Markets, Inc.; J.P. Morgan Securities LLC; Wells Fargo Securities LLC; Scotiabank; and Nixon Peabody LLP.

Conduct by one of King & Spalding partners, associates, clerks or other employees shall be attributed to King & Spalding for purposes of this prohibition. King & Spalding shall endeavor to avoid even the appearance of the existence of an Adverse Relationship that has not otherwise been waived. PREPA agrees that King & Spalding's representation in this matter above does not give rise to an attorney/client relationship except with PREPA and not with the Commonwealth of Puerto Rico or any government or government owned entities, ministries, departments, divisions, bureaus, agencies, instrumentalities or other parts of the government, or any of PREPA's or any other entities' officials, officers, directors, officials, or employees.

PREPA agrees that King & Spalding may seek and obtain privileged and confidential legal advice about its professional duties, conduct, rights, and liabilities with respect to this Agreement, this engagement, or its work for PREPA from internal firm lawyers with responsibility or expertise in the areas in question or outside counsel without having first to terminate all its engagements for PREPA and that PREPA will not assert any right to learn the content of such privileged or confidential advice.

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King & Spalding acknowledges the power of the Executive Director of PREPA to oversee the enforcement of the prohibitions established herein. If the Executive Director of PREPA determines the existence or the emergence of Adverse Relationship with King & Spalding, he shall inform such findings in writing and his intentions to terminate the Agreement within a fifteen (15) day term. Within such term, King & Spalding can request a meeting with the Executive Director of PREPA to present its arguments regarding the alleged Adverse Relationship. 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.

King & Spalding certifies that at the time of the execution of this Agreement, it does not have nor does it represent anyone who has Adverse Relationship that are in conflict with PREPA. If such Adverse Relationship arises after the execution of this Agreement, King & Spalding shall, to the extent consistent with its obligations to other clients, notify PREPA immediately.

FIFTEENTH: PREPA and King & Spalding agree that King & Spalding's status hereunder, and the status of any agents, employees and subcontractors engaged by King & Spalding, shall be that of an independent subcontractor only, and not that of an employee or agent of (except as attorneys for) PREPA. King & Spalding recognizes that it shall not be entitled to employment benefits provided by PREPA to its employees such as vacations, sick leave, retirement benefits and others because of its condition as an independent contractor.

SIXTEENTH: King & Spalding certifies that, at the time of execution of this Agreement, it has no other contracts with agencies, public corporations, municipalities, or instrumentalities of the Commonwealth of Puerto Rico other than those matters identified on Appendix C

SEVENTEENTH: King & Spalding certifies that, as of the effective date, nor to the knowledge of its General Counsel neither King & Spalding, its Chairman, the Members of its Policy Committee or any person performing equivalent functions for King & Spalding or its subsidiaries or alter egos has pled guilty to, has been convicted of, or is under judicial, legislative, or administrative investigation in Puerto Rico, the United States of America, or any other country for any of the crimes enumerated in Act of December 29, 2000, No. 458, as amended, 3 L.P.R.A. §928-928i, or its equivalent for purposes of this Act 458.

In accordance with Article 6 of Act 458-2000, as amended, King & Spalding acknowledges that its conviction or guilty plea for any of the crimes as enumerated in Article 3 of such Act shall entail, in addition to any other applicable penalty, the automatic rescission of this Agreement. In addition, but only to the extent required by Act 458-2000, PREPA shall have the right to demand the reimbursement of payments made pursuant to this Agreement that directly result from the committed crime.

EIGHTEENTH: King & Spalding agrees to comply with the provisions of Act 84 of June 18, 2002, as amended, which establishes a Code of Ethics for King & Spalding, Suppliers, and Economic Incentive Applicants of the Executive Agencies of the Commonwealth of Puerto Rico.



NINETEENTH: King & Spalding hereby declares that nothing has come to the attention of its signatory to its Agreement that indicates that any 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 have any direct or indirect interest in the present Agreement.

TWENTIETH: King & Spalding certifies that neither it nor any of its shareholders, 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 of the Commonwealth of Puerto Rico.

TWENTY-FIRST: King & Spalding certifies that it maintains sufficient professional liability insurance to adequately provide for any liability that may arise from the services provided under this Agreement, except to the extent that the customary ceilings on and deductibles for such insurance for law firms similar to the Firm limit such coverage. King & Spalding shall provide to PREPA a certificate of insurance for its professional liability insurance with limits of one million dollars (\$1,000,000).per claim and one million dollars (\$1,000,000) aggregate.

TWENTY-SECOND:

The King and Spalding certifies that at the execution of this Contract it does not have, and has not had, to submit income tax returns, or Sales and Use tax returns, in Puerto Rico during the past five (5) years, and that it has no outstanding debts with the Commonwealth of Puerto Rico for income taxes, real or chattel property taxes. The King and Spalding further

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certifies that 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 Puerto Rico Administration for Child Support Enforcement (known by its Spanish acronym as ASUME).-----

Accordingly, in accordance to Circular Letter No. 1300-16-16 of the Puerto Rico Treasury Department, the King and Spalding shall provide a copy of its Articles of Incorporation. Also, it shall provide a sworn statement in which states its tax identification number, certifying that the King and Spalding does not have any tax responsibility in the Commonwealth of Puerto Rico and that the compliance with the terms and conditions of the Contract does not make King and Spalding an entity doing business in Puerto Rico. The King and Spalding recognizes that this sworn statement will be subject to the penalty of perjury as typified in Puerto Rico's Penal Code. Notwithstanding, the King and Spalding shall submit a Certification, issued by the Puerto Rico Administration for Child Support Enforcement, assuring that King and Spalding is in compliance with the withholdings required by law as an employer.

TWENTY-THIRD: For purposes of this Agreement, tax debt shall mean any debt that King & Spalding, or any of its shareholders or other parties which PREPA authorizes King & Spalding 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.

TWENTY-FOURTH: Except as set forth in the next paragraph, no withholding or deductions shall be made from payments to King & Spalding for income tax purposes. King & Spalding 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 King & Spalding shall be paid into a bank account in the United States designated to King & Spalding .

When invoicing PREPA, King & Spalding shall allocate any invoiced 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. PREPA shall deduct and withhold twenty nine percent (29%) 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. Services identified in invoices as being rendered by King & Spalding for its activities outside of Puerto Rico shall not result in such withholding.

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

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within thirty (30) days after paying any amount to the Department of Treasury of Puerto Rico, PREPA shall deliver evidence satisfactory to King & Spalding of such payments.

TWENTY-FIFTH: This Agreement shall be governed by the laws of the Commonwealth of Puerto Rico.

TWENTY-SIXTH: The court and authorities of the Commonwealth of Puerto Rico and the federal courts for the District Puerto Rico 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.

TWENTY-SEVENTH: 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. This Agreement may not be changed orally, but may be amended in writing, by mutual agreement of the parties. The Parties expressly agree that no amendment, which could be made to the Agreement during its term, shall be understood as a contractual novation, unless both parties agree to the contrary, specifically and in writing.

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TWENTY-NINTH: 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 King & Spalding's costs when providing the services, shall be King & Spalding's responsibility.

THIRTIETH: King & Spalding 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 in violation of applicable laws.

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

THIRTY-THIRD: 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.

THIRTY-FOURTH: 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 King & Spalding:

Steven M. Kupka, Esq.
King & Spalding LLP
1700 Pennsylvania Avenue NW
Suite 200
Washington, D.C. 20006-4704

With a copy to

General Counsel
King & Spalding LLP
1180 Peachtree Street NE
Atlanta, GA 30309-3521

(ii) If to PREPA:

Ricardo L. Ramos Rodríguez
Executive Director
Puerto Rico Electric Power Authority
PO Box 364267
San Juan, Puerto Rico 00936-4267

THIRTY-FIFTH: 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.



THIRTY-SIXTH: 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.


THIRTY-SEVEN: Mandatory Clauses Pursuant Act 3-2017 and Circular Letter 141-17 dated January 30, 2017

(1) Both parties acknowledge and agree that the contracted services herein may be provided to another entity of the Executive Branch which enters into an interagency agreement with PREPA or by direct disposition of the Secretariat of Government. These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this Agreement. For the purpose of this clause, the term "entity of the Executive Branch" includes all agencies of the Government of Puerto Rico, as well as public instrumentalities, public corporations and the Office of the Governor.


(2) The Secretariat of the Executive Branch shall have the power to terminate this Agreement at any time.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement this 4 day of August of 2017, in San Juan, Puerto Rico.

**PUERTO RICO ELECTRIC
POWER AUTHORITY**

By: 
Name: Ricardo L. Ramos Rodríguez
Title: Executive Director

KING & SPALDING LLP

By: 
Name: Steven M. Kupka
Title: Partner
King & Spalding



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APPENDIX A
Schedule of Assigned Attorneys

Name	Title	Rate
SEC Investigation		
Alexander Koch	Partner	\$965.00
Steven Kupka	Partner	\$750.00
Eric Hirsch	Counsel	\$880.00
Joel Crespo	Associate	\$740.00
James Bowe	Partner	\$945.00
Dixie Johnson	Partner	\$1150.00
Carmen Lawrence	Partner	\$1175.00
William Johnson	Partner	\$1175.00
Matthew Hanson	Associate	\$685.00
Susie Sacks	Staff Attorney	\$200.00
Kelli Steele	Staff Attorney	\$185.00
Nelson Garcia	Project Attorney	\$160.00
Paula Modano	Project Attorney	\$160.00

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APPENDIX B
Travel Expenses

Travel Expenses – Any travel and lodging expense for which a reimbursement is requested shall be reasonable and necessary .

Travel expense reimbursement applies for the personnel providing the services described in the Agreement; travel expenses for family members or guests are not chargeable to PREPA or reimbursable.

- The cost of air travel will be reimbursed up to an amount that is no more than the advanced purchase of the lowest available economy airfare (including applicable taxes). King & Spalding shall submit a copy of the original airline ticket or paid travel agency invoice. Airfare may only be invoiced following completion of travel. In the event of a scheduled trip has to be cancelled by PREPA's order, PREPA will assume the cost of the penalty fee.
- Baggage fees will be reimbursed. Evidence of incurred costs shall be submitted by King & Spalding . Excess baggage fees will not be reimbursed.
- The maximum per diem rates are as follows, and will be reimbursed pending proof of payment of these expenses:
 - Meals: \$50, per person for each traveling day.
 - Incidental expenses: \$12, per person for each traveling day.
 - Lodging (standard non-smoking room): \$200.00 per person.
- Taxi or bus fares to and from depots, airports, and hotels, and other necessary ground transportation costs will be reimbursed for arrangements travel plans in the San Juan

metropolitan area. Proof of payment of the expenses will be required.

Non-Reimbursable Expenses

Examples of expenses that will not be reimbursed include the following:

- alcoholic beverages, entertainment;
- laundry, dry cleaning and pressing (per diem incidental expenses reimbursement);
- travel insurance;
- parking fines;
- charges incurred because of indirect travel for personal reasons;
- family expenses;
- gratuities and tips paid to porters, waiters, bellboys, and hotel maids inside the lodging facility (per diem incidental expenses reimbursement);
- any charges, fees, or other associated costs related to the making of reservations or other accommodations for travel.

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APPENDIX C

King & Spalding represent the following entities in connection with matters unrelated to PREPA's bond offering that are the subject of the SEC investigation.

1. The Commonwealth of Puerto Rico
2. Ernst & Young LLP
3. Morgan Stanley & Company. LLC
4. Citigroup Global Markets, Inc.
5. J.P. Morgan Securities LLC
6. Wells Fargo Securities LLC
7. Scotiabank
8. Nixon Peabody LLP

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