

O'NEILL & BORGES LLC

AMERICAN INTERNATIONAL PLAZA
250 MUÑOZ RIVERA AVENUE, SUITE 800
SAN JUAN, PUERTO RICO 00918-1813

November 23, 2016

VIA EMAIL

Mr. José B. Carrión III
Chairman
Financial Oversight and
Management Board for Puerto Rico

Re: Engagement of O'Neill & Borges LLC

Dear Mr. Carrión:

On behalf of O'Neill & Borges LLC, I thank you for the opportunity to represent and provide legal advice to the Financial Oversight and Management Board for Puerto Rico (the "Board") on the matters described below.

At the outset of any new matter, we believe it is important to have a mutual understanding of how we will work together. Thus, we take this opportunity to outline our plan for the representation of the Board, and the scope and nature of the services you have asked us to provide (including any limitations in that regard), as well as the terms under which we agree to provide our services.

Client and Scope of Services

In response to the Board's request for proposal for outside counsel dated October 20, 2016 (the "RFP"), we submitted our proposal dated October 27, 2016 to the Board (our "Proposal"), the terms of which are incorporated herein by this reference.

You are engaging O'Neill & Borges LLC to represent you and provide legal counseling as outside counsel for the Board in the practice areas described in the RFP. We understand that we will work together with and provide support to a national firm selected by the Board.

Our acceptance of this engagement does not involve an undertaking to represent your interests in any other matter. We may agree with you to expand the scope of our representation, provided we identify no ethical conflict and that any such change is confirmed in writing. To the extent we do expand the scope of our representation, our services will be subject to the terms and conditions established in this letter. This engagement is limited to our representation of the Board

and not the Board's officers, directors, employees, or agents. Except for the engagement described in our Proposal or as otherwise agreed in writing, we are not being engaged as counsel for the Commonwealth of Puerto Rico or any of its instrumentalities, and this letter should not be interpreted to create an attorney-client relationship with the Commonwealth or any such instrumentality.

Conflicts of Interest

As provided in Section VII of our Proposal, you agree that our ability to work in any particular assignment would be subject to the absence of any conflict of interests relating to such assignment or particular subject matter. In Section VII of our Proposal we disclosed, as required in the RFP, our current representation of certain governmental instrumentalities of the Commonwealth of Puerto Rico and certain private entities that may be relevant in connection to this engagement. Under circumstances in which the Rules of Professional Conduct relating to conflicts dictate that we do not represent the other client, we will not do so. Under circumstances in which the Rules of Professional Conduct permit you, as a client, to waive the conflict, we may solicit a waiver from you and the other affected clients. In any such event we will notify the Board if any such limitations arise prior to accepting a particular assignment.

Fees and Charges

In connection with this engagement, we have agreed to charge for all our legal services on the basis of the time our lawyers and paralegals spend on each matter multiplied by their individual hourly billing rates. Once we have billed an aggregate of \$250,000 in legal fees at our regular hourly rates, we will apply a 10% discount on fees on all subsequent invoices.

Our law firm generally bills legal services on an hourly basis and invoices are sent on a monthly basis. The ranges of our current hourly rates for members, associates and paralegals are set forth in the Proposal. These rates are revised annually at the end of our fiscal year (November 30). To help us serve you better, please address any questions you may have regarding our services, invoices and other matters to Julio Pietrantonì or Hermann Bauer, who will be your primary contacts for this engagement.

Representing the Board in this matter may involve incurring certain charges and expenses on your behalf, which we will forward to you for your direct payment. These include third party reports, courier services, certifications, court costs, fees for court reporters, transcripts, expert witnesses, consultants, title reports and appraisers. We may also incur certain charges and expenses on your behalf, which we will include on our invoices for reimbursement without mark-up.

In addition to the fees for our legal services and reimbursed expenses, our invoices will include any applicable tax.

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Payment

All statements for services rendered are payable upon receipt, unless other written arrangements have been made with the firm in advance.

Retainer

Our usual retainer request for new clients has been *waived*.

Duration of Engagement

Either you or the firm may terminate the engagement at any time for any reason by written notice to the other, subject on our part to applicable Rules of Professional Conduct. In the event that we terminate the engagement, we will take such steps as are reasonably practicable to protect your interests in this matter, and, if you request, we will suggest possible successor counsel and provide you with whatever documents you may have provided to us. If permission for withdrawal is required by a court, we will promptly apply for such permission and assist you as you may desire to engage successor counsel.

In the absence of a written notification of the termination of the attorney-client relationship, this engagement will automatically terminate upon conclusion of the services set forth in this letter or when no legal services are provided to the client for one year. Responding to auditor's letters shall not be treated as legal services, exclusively for this purpose. The retention or storage of client files shall not be considered a continuation of the attorney-client relationship. The termination of our engagement shall not affect any of our rights to collect any amounts due or payable by you to the firm.

File Retention

During the firm's representation, any nonpublic information you supply to us will be kept confidential in accordance with applicable Rules of Professional Conduct, the terms of this engagement letter and any applicable law. At the conclusion of a matter, the firm's policy is to deliver to clients all documents and materials the client has provided to the firm in connection with the representation to which the matter relates. The firm will attempt to notify you at the postal address we have on file for you. If requested, the firm will return the files to you at your own cost and expense. Depending on the volume of material, we may charge you shipping costs for the return of the files. If we cannot locate you in order to notify you, or if we notify you and you so instruct us, we will securely dispose of all materials in the file, when and as permitted by law.

Client Responsibilities

By agreeing to and accepting our representation as described in this engagement letter, you agree to cooperate fully with us and to provide promptly all information known or available to you that is relevant to our representation. You and your representatives agree to be available to attend meetings, conferences, hearings and other proceedings on reasonable notice, and you agree to stay fully informed on all developments relating to all matters for which we have been engaged. You also agree to pay our statements for services rendered and charges in accordance with the terms of this engagement letter. We reserve the right, subject to applicable ethical rules, to withdraw from this matter if you fail to meet your obligations under this engagement letter, including payment of fees when due.

In the course of our representation, we will be asking you for information and instructions from time to time. It is important that we receive your response in a timely manner (i.e., well in advance of any deadlines). We may need to withdraw from representation if untimely responses to our requests persist.

It is important that we maintain a current address for you at all times. Please notify us promptly of any address change or any changes in your representation. Even following the completion of the requested services, there may be a need to contact you to help maintain your rights. In any event, we will use the last address we have on record for you.

By agreeing to and accepting our representation as described in this engagement letter, you authorize the firm to disclose otherwise nonpublic information you supply to us as necessary and appropriate, in order to carry out your representation, including but not limited to disclosure to outside vendors, outside copying services and outside information technology organizations.

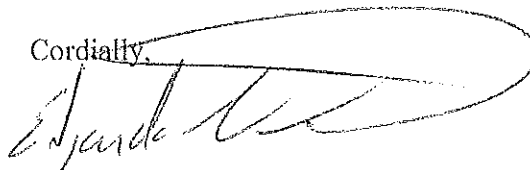
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[REDACTED]

We will commence rendering legal services for you as soon as we receive a copy of this engagement letter duly signed by you.

We look forward to working with you.

Cordially,



Edgardo Nieves
Chairman of the Executive Committee

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AGREED TO AND ACCEPTED:

By: 

Name: Mr. Jose B. Carrion III

Title: Chairman

Date: November 23, 2016

~~November 23, 2016~~
DECEMBER 19, 2016