

**EMPLOYMENT AGREEMENT**

**EMPLOYMENT AGREEMENT** (this "Agreement") dated as of **March 20, 2017**, between **THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO** (the "Board") created by the Puerto Rico Oversight, Management, and Economic Stability Act, 48 U.S.C. chapter 20 ("PROMESA"), and **NATALIE A. JARESCO** (the "Executive").


**WITNESSETH**

**WHEREAS**, the Board desires to employ Executive as the Executive Director of the Board; and


**WHEREAS**, the Board and Executive desire to enter into this Agreement as to the terms and conditions of Executive's employment with the Board.

**NOW, THEREFORE**, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**1. POSITION AND DUTIES.**

 (a) During the Employment Term (as defined in Section 2 hereof), Executive shall serve as the Executive Director of the Board. In her capacity as Executive Director, Executive shall report directly to the Board's Chair (the "Chair") and be responsible for the following:

- (i) Managing and leading the affairs of the Board as its highest-level executive, under the guidance and supervision of the Chair and in compliance with PROMESA and the Board bylaws;
- (ii) Completing the setup of the Board's offices in Puerto Rico and any other locations approved by the Board;
- (iii) Hiring and setting the pay of administrative staff to support the Board's operations, subject to approval of the Chair;
- (iv) Developing recommendations for approval of the Board regarding any change in the payroll and employee benefits for the Board's staff;
- (v) Selecting and managing the Board's vendors and consultants, subject to the approval of the Chair, including coordination of work, Board priorities and milestones, and the prioritization of projects;
- (vi) Revising periodically the Board's operating policies and procedures;
- (vii) Preparing the Board's annual budget;
- (viii) Establishing and organizing the Board's financial and accounting systems and functions;

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- (ix) Serving as a liaison with the Government of Puerto Rico, the U.S. Government, U.S. Congress, and other relevant stakeholders;
  - (x) Serving as a spokesperson for the Board, as required from time to time;
  - (xi) Organizing and participating in the Board's meetings and other meetings associated with the Board's business and operations;
  - (xii) Coordinating the annual discussion, negotiation and certification of the Commonwealth of Puerto Rico's Fiscal Plan and fiscal plans of covered territorial instrumentalities (as designated by the Board), as well as the analysis and certification process of annual budgets of Puerto Rico and the covered territorial instrumentalities (as designated by the Board);
  - (xiii) Coordinating the review, analysis and monitoring of Puerto Rico Government and covered territorial instrumentalities' (as designated by the Board) reporting requirements and make recommendations to the Board of any action to be taken;
  - (xiv) Providing monthly progress reports to the Board;
  - (xv) Assisting and participating, as required, in voluntary negotiations, creditor collective actions, and debt restructuring processes of Puerto Rico and the covered territorial instrumentalities (as designated by the Board), including representing the Board in its role as Administrative Supervisor of creditor collective actions under PROMESA;
  - (xvi) Cooperating with and promoting initiatives that create the necessary foundation for economic growth and restore opportunity to the people of Puerto Rico; and
  - (xvii) Other duties and tasks as reasonably and lawfully assigned by the Board and/or authorized by PROMESA as are consistent with her position as Executive Director.

Notwithstanding the foregoing, Executive may not enter into contracts on behalf of the Board without approval of the Chair pursuant to Section 104(g) of PROMESA, and any such contracts must be consistent with the Board's bylaws and any other Board rules or regulations.

(b) During the Employment Term, Executive shall devote all of her business time, energy and skill and Executive's best efforts to the performance of Executive's duties with the Board, *provided* that the foregoing shall not, so long as they do not interfere or conflict with Executive's duties hereunder or create an actual or potential fiduciary conflict or violate the Board's Code of Ethics, prevent Executive, from: (i) serving on the boards of directors of non-profit organizations, (ii) participating in charitable, civic, educational, professional, community or industry affairs, (iii) managing Executive's passive personal investments, (iv) continuing to serve on the board of the Aspen Institute Kyiv, as a member of the World Economic Forum and its councils, and as an Atlantic Council Nonresident Distinguished Senior Fellow, and

(v) performing other business activities approved in advance by the Chair and no fewer than three other members of the Board.

(c) During the Employment Term, Executive shall be based in Puerto Rico, but shall be required to travel as necessary to fulfill the requirements of the position or as reasonably requested by the Board, including but not limited to travel to New York, New York and Washington, D.C.

*Inc*

**2. EMPLOYMENT TERM.** The Board shall employ Executive pursuant to the terms of this Agreement, and Executive shall be so employed, for a term of four (4) years (the "Initial Term") commencing no later than March 21, 2017 (Executive's actual start date shall be referred to as the "Effective Date"). On each anniversary of the Effective Date following the Initial Term, the term of this Agreement shall be automatically extended for successive one-year periods, *provided, however*, that either party hereto may elect not to extend this Agreement by giving written notice to the other party at least ninety (90) days prior to any such anniversary date. Notwithstanding the foregoing, Executive's employment hereunder may be earlier terminated in accordance with Section 8 hereof. The period of time between the Effective Date and the termination of Executive's employment hereunder shall be referred to herein as the "Employment Term."

**3. BASE SALARY.** The Board shall pay Executive a base salary at a rate of Six Hundred and Twenty-Five Thousand Dollars (\$625,000) per year, payable in accordance with the regular payroll practices of the Board, but not less frequently than monthly. This compensation includes the payment of any bonus or any other fringe benefit available under applicable Puerto Rico law. Except as specifically provided in this Agreement, Executive will not be entitled to any compensation or benefits from the Board with respect to the Executive's employment and/or the services contemplated hereunder.

**4. EXECUTIVE BENEFITS.**

(a) **REIMBURSEMENT OF EXPENSES.** Upon presentation of appropriate documentation, subject to the approval of the Board, Executive shall be reimbursed in accordance with the Board's expense reimbursement policy in effect at the time, for all reasonable and necessary expenses, including travel expenses, incurred in connection with the performance of Executive's duties hereunder. Executive shall also be entitled to reimbursement for reasonable travel expenses incurred for: travel once per month, at the lowest business class fare available at time of booking, between Kiev, Ukraine and Puerto Rico between the Effective Date and the earlier of: (i) the date Executive moves her primary residence to Puerto Rico; and (ii) September 5, 2017. During the Employment Term, the Board shall provide the Executive with the tools and services determined by the Board to be necessary for her to perform her duties (e.g., laptop computer, cell phone).

(b) **SECURITY SERVICES.** While in Puerto Rico, the Board shall provide, at its cost, security protection for Executive, to include a car and driver.

(c) **BENEFIT PLANS.** The Board will establish, with the Executive's assistance, employee benefit plans available to all Board employees, in which Executive will be entitled to

participate subject to satisfying the applicable eligibility requirements and making the required premium payments or contributions as set forth by such plans. Notwithstanding the foregoing, the Board may modify or terminate any employee benefit plan at any time.

(d) **PAID TIME OFF.** Executive shall be entitled to paid time off in accordance with Board's paid time off policy.

(e) **RELOCATION.** Executive shall relocate to Puerto Rico from her current residence in Kiev, Ukraine no later than September 5, 2017. The Executive shall be entitled to the reimbursement of her reasonable relocation expenses incurred as a result of said relocation. All amounts payable under this Section 4(b) shall be subject to the Executive's presentment to the Board of appropriate documentation and the approval of the Chair. In the event Executive voluntarily terminates her employment pursuant to Section 8(b) hereof prior to the eighteen (18) month anniversary of the Effective Date, Executive shall reimburse all relocation expenses paid for or reimbursed to her by the Board pursuant to this Section 4(e).

(f) **ADDITIONAL BENEFITS.** Executive may be provided with additional benefits as approved from time to time by the Board.

**5. CONFLICTS OF INTEREST AND ETHICS.** Executive shall be subject to the conflict of interest requirements described in Section 208 of Title 18, United States Code. No later than thirty (30) days after entering into this Agreement, Executive shall submit a completed financial disclosure form provided by the Board. Executive shall review and comply with the Board's Code of Conduct, as may be amended from time to time.


**6. RESTRICTIVE COVENANTS.**

(a) **CONFIDENTIALITY.** Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of Executive's assigned duties and for the benefit of the Board, either during the period of Executive's employment or at any time thereafter, any business and technical information or trade secrets, nonpublic, proprietary or confidential information, knowledge or data relating to the Board or provided to the Board by third parties, which shall have been obtained by Executive during Executive's employment by the Board. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to Executive; (ii) becomes generally known to the public subsequent to disclosure to Executive through no wrongful act of Executive; or (iii) Executive is required to disclose by applicable law, regulation or legal process (provided that Executive, to the extent permitted by law or the requesting government agency, provides the Board with prior written notice of the contemplated disclosure and cooperates with the Board at the Board's expense in seeking a protective order or other appropriate protection of such information).

(b) **POST-EMPLOYMENT RESTRICTIONS.** During the period of Executive's employment and for the one (1) year period after the date Executive's employment ends for any reason, including but not limited to voluntary termination by Executive or involuntary termination by the Board, Executive will not, as an individual, officer, director, employee,

consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of the Board:

- (i) solicit, induce or attempt to induce any consultant, vendor or independent contractor with whom Executive had direct or indirect contact or whose identity Executive learned as a result of her employment with or service on the Board, to terminate, diminish, or materially alter in a manner harmful to the Board its relationship with the Board; or
- (ii) represent any entity in any matter before the Board or expected to be before the Board; or
- (iii) perform work for another entity on any matter (A) before the Board or expected to be before the Board, or (B) on which Executive acquired confidential or proprietary information while employed by the Board.

 (c) **MUTUAL NONDISPARAGEMENT.** Executive will not disparage the Board, its officers, employees, consultants, decisions, products, or methods and techniques of doing business. The Board's members and its officers will not disparage Executive, her decisions, or methods and techniques of doing business. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

(d) **RETURN OF THE BOARD'S PROPERTY.** When Executive's employment with the Board ends, or at any time at the Board's request, Executive shall deliver to the Board any and all documents, files, property and data of the Board, in paper, electronic or any other form, including without limitation drawings, notes, memoranda, specifications, devices, formulas, and documents, together with all copies and images thereof, and any other material containing or disclosing any confidential or proprietary information of the Board or confidential or proprietary information of third parties obtained by virtue of Executive's employment with the Board, as well as any other Board property, including computers, data that may be stored on computers, cloud-based computing or storage accounts, personal electronic devices, smartphones, or any other device or account that can store electronic data. Executive shall permanently delete all electronic data of the Board from all of her personal computers and electronic communications and storage devices, as well as her electronic accounts, including but not limited to email and cloud-based computing or storage accounts.

(e) **REFORMATION.** If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 6 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state or territory, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state or territory.

(f) **SURVIVAL OF PROVISIONS.** The obligations contained in Sections 6 and 7 hereof shall survive the termination or expiration of Executive's employment with the Board and shall be fully enforceable thereafter.

7. **COOPERATION.** Upon the receipt of reasonable notice from the Board (including outside counsel), while employed by the Board and thereafter, Executive shall respond and provide information with regard to matters of which Executive has knowledge as a result of Executive's employment with the Board, will provide reasonable assistance to the Board and its representatives in defense of any claims that may be made against the Board, and will assist the Board in the prosecution of any claims that may be made by the Board, to the extent that such claims may relate to the period of Executive's employment with the Board. For cooperation provided pursuant to this Section 7 after the termination of Executive's employment by the Board, Executive shall be reimbursed for any reasonable and necessary expenses incurred in the course of providing such cooperation and provided other reasonable compensation as warranted by the circumstances.

8. **TERMINATION.** Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **CAUSE.** Immediately upon written notice by the Board to Executive of a termination for Cause. "Cause" shall mean:

(i) Executive's willful misconduct or gross negligence in the performance of Executive's duties to the Board that has an adverse effect on the Board;

(ii) Executive's willful failure to perform Executive's duties for the Board in accordance with Section 1 or to follow the lawful directives of the Board to the extent consistent with Section 1;

(iii) indictment for, conviction of, or pleading of guilty or *nolo contendere* to, a felony or any crime involving moral turpitude;

(iv) Executive's performance of any act of theft, fraud, malfeasance or dishonesty beyond a *de minimis* threshold in connection with the performance of Executive's duties to the Board; or

(v) a material breach of this Agreement or any other agreement with the Board, or a material violation of any written material policy or bylaw of the Board.

Upon a termination for Cause, the Executive shall be entitled to no additional compensation or consideration, other than accrued but unpaid salary and any other amounts required by law or contract.

(b) **WITHOUT CAUSE/RESIGNATION.** Sixty (60) days following (i) the provision of written notice by the Board to Executive of an involuntary termination without Cause; or (ii) the provision of written notice by Executive to the Board of her voluntary resignation.

Upon a termination without Cause initiated by the Board under Section 8(b)(i), the Executive shall be entitled to severance pay in accordance with the following formula: (1) seven (7) months' base pay as severance in the event that the termination without Cause occurs before March 20, 2018 of the Employment Term, paid out over the course of seven (7) months,

consistent with the Board's payroll practices; and (2) four (4) months' base pay as severance in the event that the termination without Cause occurs on or after March 20, 2018, paid out over the course of four (4) months, consistent with the Board's payroll practices. Any severance payments described in this Section 8(b) shall only be payable if Executive delivers to the Board and does not revoke a general release of all claims in favor of the Board, its members, officers, and employees, in a form satisfactory to the Board.

**(c) EXPIRATION OF EMPLOYMENT TERM; NON-EXTENSION OF AGREEMENT.** Upon the expiration of the Employment Term due to a non-extension of the Agreement by the Board or Executive pursuant to the provisions of Section 2 hereof. Upon a termination under this Section 8(c), the Executive shall be entitled to no additional compensation or consideration, other than accrued but unpaid salary and any other amounts required by law or contract.

**(d) FAILURE TO MEET CONTINGENCIES SET FORTH IN SECTION 15.** Upon determination by the Board that Executive has failed to meet one of the contingencies as set forth in Section 15 hereof. Upon a termination under this Section 8(d), the Executive shall be entitled to no additional compensation or consideration, other than accrued but unpaid salary and any other amounts required by law or contract.


**9. NO ASSIGNMENTS.** This Agreement is personal to each of the parties hereto. No party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto.

**10. SEVERABILITY.** The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

**11. INDEMNIFICATION AND LIABILITY INSURANCE.** The Board will indemnify Executive and hold Executive harmless to the maximum extent permitted under the bylaws of the Board and any applicable law against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney's fees payable to Executive as Executive incurs them), losses, and damages resulting from Executive's good faith performance of Executive's duties and obligations with the Board. This obligation shall survive the termination of Executive's employment with the Board. The Board shall cover Executive under directors' and officers' liability insurance both during and, while potential liability exists, after the term of this Agreement in the same amount and to the same extent as the Board covers its members.

**12. MISCELLANEOUS.** No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and the Chair. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements or understandings between Executive and the Board with respect to

the subject matter hereof. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party that are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Puerto Rico without regard to the choice of law principles thereof. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement and any form, award, plan or policy of the Board, the terms of this Agreement shall govern and control. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

 **13. REPRESENTATIONS.** Executive represents and warrants to the Board that (a) the Executive has the legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms, (b) the Executive is not a party to any agreement or understanding, written or oral, and is not subject to any restriction, which, in either case, could prevent the Executive from entering into this Agreement or performing all of the Employee's duties and obligations hereunder, and (c) the Executive does not own, directly or indirectly, any security or bond issued and/or guaranteed by the Government of Puerto Rico or any covered territorial instrumentalities (as designated by the Board). The Board warrants that it has the authority to enter into this Agreement and that it is binding on the Board in all respects.

**14. TAX WITHHOLDING.** The Board will withhold from any and all amounts payable under this Agreement such federal, territorial, state and local taxes required to be withheld pursuant to any applicable law or regulation. Executive shall be solely responsible for the payment of all federal, territorial, state, municipal, local and foreign taxes that are required by applicable laws or regulations to be paid with respect to the compensation and benefits payable hereunder or otherwise with respect to Executive's employment and/or the services contemplated hereunder.

**15. CONTINGENCIES.** This Agreement is contingent on each of the following conditions being met to the satisfaction of the Board: (a) satisfactory completion of reference and background check; (b) submission of Executive's completed conflict of interest form within 30 days of her execution of this Agreement and resolution of any conflicts of interest identified by the deadline(s) set by the Board's Ethics Advisor; (c) Executive providing proof of her legal right to work in the United States and Puerto Rico; and (d) Executive executing and returning a copy of this Agreement to the Board no later than March 20, 2017. If any of these conditions are not met, the Board shall have the right to terminate this Agreement, without premium or penalty of any kind *provided, however*, that the provisions of this Agreement intended to survive termination (including but not limited to Sections 4, 6 and 7 hereof), shall survive any such termination.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO**

By: 

Name: JOSE B. CARRION III

Title: CHAIRMAN

**EXECUTIVE**

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**NATALIE A. JARESKO**

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first written above.

**THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXECUTIVE**

  
\_\_\_\_\_  
**NATALIE A. JARESKO**