

**CONFIDENTIAL**

VIA E-MAIL: jaime.elkoury@promesa.gov

March 31, 2018

Jaime A. El Koury, Esq.  
General Counsel  
Financial Oversight and Management Board for Puerto Rico

**Subject: Amendment No. 1 to Letter of Engagement for Duff & Phelps, LLC-  
Disputes & Investigations Engagement: Independent Forensic Analysis  
Team for the Financial Oversight and Management Board for Puerto Rico**

Dear Mr. El Koury:

This letter will serve to amend the Letter of Engagement dated January 31, 2018 between Duff & Phelps, LLC (“D&P” or “we”), and the Financial Oversight and Management Board for Puerto Rico (“PROMESA” or “you” or “Client”) as follows:

1. Attachment I to the Letter of Engagement is hereby replaced by Appendix I hereto, provided that Appendix I is subject to the following:

The total amounts therein are reduced to 1,658 hours and \$722,500 in fees, the latter to serve as a cap (“Fee Cap”) for the accomplishment of the Objectives set forth in Appendix I. The Fee Cap does not include fees already incurred of approximately \$100,000.

The Fee Cap is subject to the following general conditions;

(1) AAFAF promptly provides its work product as requested by D&P supporting the bank account reports which AAFAF has published;

(2) AAFAF provides reasonable access to personnel knowledgeable about the bank account report work product as and when requested by D&P;

(3) Other third parties, including Commonwealth Agencies and their public corporations make commercially reasonable efforts to respond to inquiries and/or interview requests made by D&P; and

(4) FOMB agrees to assist D&P to obtain information and cooperation, when requested, relating to items 1 through 3 above as may arise from time to time.

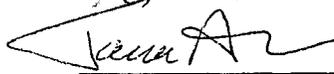
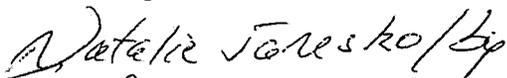
2. D&P’s expenses for accomplishing the Objectives in Appendix I are capped at \$36,125 and are subject to the PROMESA expense reimbursement policy attached hereto; provided, however, that expenses incurred through February 28, 2018 as set forth in the attachment hereto are not subject to such cap, are to be recomputed to comply with the meal expense limitations and no-alcohol

provision in the expense reimbursement policy and are exempted from the pre-approval requirements thereunder.

Yours sincerely,



James Feltman  
Managing Director  
Disputes & Investigations  
Duff & Phelps, LLC

 (James A. El Hary, General Counsel)

Date: March 31, 2018

Signed: Natalie A. Jaresko

Title: Executive Director

On behalf of: Financial and Oversight Management Board for Puerto Rico

**Draft Strategic Work Plan to Accomplish Scope  
as Outlined in January 31, 2018 Engagement Letter**  
*Prepared by Duff & Phelps*

**Critical Nature of Communications**

*In order to efficiently and effectively execute on Objectives 1 and 2, it will be essential for Duff & Phelps to engage with the Client in scheduled updates and receive feedback from the Client regarding the procurement of data and potential unforeseen obstacles. Duff & Phelps commits to providing regularly scheduled status reports to the Client as well as a thorough review of Objectives 1 and 2 as they are completed but before reports are issued.*

**Objective 1**

Validate with a high level of certainty the completeness of the list of bank accounts in the AAFAF report of January 19, 2018 (“AAFAF Liquidity Analysis”) and the values of those bank accounts as of the reported date.

*Procedures to Accomplish Objective 1*

**Draft Report: Given Task 1.A-1.D outlined below, Duff & Phelps expects to prepare a draft report describing the forensic process and findings, including recommendations as per the D&P Engagement Letter scope.**

**REDACTED**

**Objective 2**

For all materially sized accounts, and for a random selection of other accounts identified by the Government as restricted, identify the documented legal restrictions, such as (a) federal, (b) bond-related, (c) local legislature, or (d) local executive.

*Procedures to Accomplish Objective 2*

**Draft Report: Given Task 2.A-2.C outlined below, Duff & Phelps expects to prepare a draft report describing the forensic process and findings.**

**REDACTED**

**Final Estimate to Complete Objectives 1 & 2**

<b>Estimated Total Time to Completion</b>	<b>90 days or 1,951 hours</b>
<b>Estimated Billable Time to Completion</b>	<b>\$850,000 <sup>1</sup></b>

<sup>1</sup> This estimate does not include the amount that has been billed by the IFAT (“Independent Forensic Analysis Team”) through the date of this work plan, which is approximately \$80,000.

## **Financial Oversight and Management Board for Puerto Rico**

*June 30, 2017*

### **Expense Reimbursement Policy**

#### **1. Introduction**

The Board of Members of the Financial Oversight and Management Board for Puerto Rico (“the Board”) recognizes that board members, officers, staff, and contractors\* of the Board may be required to travel or incur in other expenses from time to time to conduct Board business.

The Reimbursed Expenses Policy (the “Policy”) is designed to govern the reimbursement of reasonable, defined expenses incurred on authorized Board activities. Consequently all reimbursed expenses must be consistent with a business objective and carried out in a timely and cost-effective manner.

This Policy applies to board members, officers, staff, and contractors\* who incur authorized and approved travel and other expense items in the context of the Board’s business. While exceptions are not normally permitted, there is clear recognition of certain special business needs. In any such exceptional situations, all board members, officers, staff, and contractors\* are expected to apply a high degree of common sense and good judgment.

#### **2. Purpose of the Policy**

The purpose of this policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) to provide a uniform and consistent approach for the timely reimbursement of authorized expenses incurred by the Board. It is the policy of the Board to reimburse only reasonable and necessary expenses incurred by board members, officers, staff, and contractors.

#### **3. Principles of the Policy**

The Policy aims to provide a flexible framework for travel and other expenses based on the following principles:

- 3.1** This Policy applies to board members, officers, staff, and contractors\* undertaking travel other expenses on Board business and for the purposes of this Policy, the term “staff” shall mean employees of the Board.
- 3.2** It is the responsibility of board members, officers, staff, and contractors\* to ensure the selection of the most direct and economical travel options and that all expenses are attributable to a valid Board business purpose.

\*Expense policy applies only to contractors whose contracts specify they will be able to reimburse listed expenses.

- 3.3** Board members, officers, staff, and contractors\* shall be entitled to reimbursement of expenses on production of supporting vouchers and invoices meeting the requirements of an "Accountable Plan" provided under Regulation No. 8297 dated December 18, 2012 issued by the Puerto Rico Department of Treasury. No expense reimbursement will be allowed for amounts in excess of actual expenditures incurred. No expense reimbursement will be allowed for estimates of expenditures incurred. This includes coach-class airfare or train fare (or business class train fare if rates are comparable); and hotels and transportation (e.g. taxis).
- 3.4** It is the responsibility of the Board members, officers, staff, and contractors\* to obtain travel authorization from the Chairman of the Board, the Executive Director or Authorized Representative prior to organizing or incurring any travel costs [See Appendix A for Authorization Authority]. Expense reimbursement is subject to having received prior authorization. Exceptions shall be made under the consideration of the Chairman, Executive Director or Authorized Representative.
- 3.5** The use of video and telephone conferencing instead of travel should always be considered to reduce travel expenses.

#### **4. Travel Expenses**

##### **4.1 Air Travel**

- 4.1.1** Costs for air travel will be reimbursed on an actual cost incurred basis.
- 4.1.2** For all flights, board members, officers, staff, and contractors\* are required to travel in a cabin class no higher than premium economy class and, when possible, the cheapest fare in this class.
- 4.1.3** Flights should be booked to provide the best value/lowest cost and fit between cost and convenience. Board staff shall book flights through the Board's Executive Assistant. Board members may book flights through the Board's Executive Assistant or independently. Board contractors must book flights independently, though they are allowed to consult the Board's Executive Assistant on fares the board members, officers, and staff are using.
- 4.1.4** The Board will not reimburse costs incurred due to deviations from the most direct routes taken for personal travel reasons. In such cases, if the Board purchased the ticket, the traveler must reimburse the Board for any additional costs over and above the authorized travel.
- 4.1.5** Any alteration to original travel plans must be justified and approved in accordance with the Policy.

\*Expense policy applies only to contractors whose contracts specify they will be able to reimburse listed expenses.

## **4.2 Train Travel**

- 4.2.1** The Board may reimburse travelers for their economy train fares or business class train fares when those fares are comparable to the equivalent, economy class airfare on the same route.
- 4.2.2** Board staff shall book trains through the Board's Executive Assistant. Board Members may book trains through the Board's Executive Assistant or independently. Board contractors must book trains independently, though they are allowed to consult the Board's Executive Assistant on fares the board members, officers, and staff are using.

## **4.3 Hotels and Lodging**

- 4.3.1** Accommodation costs may be reimbursed by the Board. Board members, officers, staff, and contractors should not exceed cost of accommodation per night published in the U.S. Government GSA Per Diem Rates (<https://www.gsa.gov/perdiem>), unless approved by the Chairman or his authorized representative.
- 4.3.2** Board staff shall book hotels through the Board's Executive Assistant. Board members may book hotels through the Board's Executive Assistant or independently. Board contractors must book hotels independently, though they are allowed to consult the Board's Executive Assistant on fares the Board members, officers, and staff are using.

## **4.4 Transportation**

- 4.4.1** Transportation costs during trips associated to Board business will be reimbursed. Board members, officers, and staff\* can expense the following transportation costs: 1) transportation to and from the airport / train station and 2) transportation to and from the meeting location. Transportation costs cover taxi services or equivalent (e.g. Uber, Lyft or any other transportation means).

## **4.5 Business Meals**

- 4.5.1** When travelling to a location other than the Board members, officers, staff, and contractors'\* local city, business meals are reimbursable based on the following limits:
- Breakfast: \$15; Lunch: \$25; Dinner: \$40
  - Snack expenses are reimbursable when they replace a meal.

- 4.5.2** If meals are provided during the meeting, only meals not provided can be expensed.

## **5. Other Expenses**

- 5.1** Other expenses are reimbursable provided they are legitimate, necessary and reasonable expenses directly connected with or pertaining to the Board, such as office supplies, printing and reproduction, telephone calls, and messengers, among other.

\*Expense policy applies only to contractors whose contracts specify they will be able to reimburse listed expenses.

## **6. Reimbursement of Expense**

- 6.1** Travel arrangements are authorized in advance through the completion and approval of a travel authorization email and the validation of a travel plan between the traveler and the designated approver [See Appendix A].
- 6.2** Expenses are reimbursed through the completion, approval, and validation of expense report [See Appendix B] that the members, officers, and staff must submit to the designated approver [See Appendix C].
- 6.3** Expense claims should be submitted immediately following and, where possible, no more than 10 days after the completion of each trip, but at least a monthly.
- 6.4** In rare circumstances, and on an exceptional basis, reimbursement in excess of stated limits may be provided when lodging options are not available below. In such rare circumstances, the need for higher reimbursement shall be indicated on the attached reimbursement form and justified in writing by the members, officers, and staff. Reimbursement will be limited to the following:
- Lodging: average rate for available 3-star hotels listed for the applicable metropolitan area on Expedia;

The Chairman of the Board or his authorized representative will have sole discretion to approve or deny such expenditures.

- 6.5** Receipts are required for all expenditures billed, such as airfare and hotel charges. No expense in excess of \$25.00 will be reimbursed to Board members, officers, staff and contractors unless the individual requesting reimbursement submits with the Expense Report written itemized receipts from each vendor (not a credit card receipt or statement) showing the vendor's name, a description of the services provided (if not otherwise obvious), the date, and the total expenses. If a receipt is not available, a full explanation of the expense and the reason for the missing receipt is required.
- 6.6** Alcoholic beverages will not be reimbursed under any circumstance.

\*Expense policy applies only to contractors whose contracts specify they will be able to reimburse listed expenses.

**APPENDIX A: Authorization Authority**

<b>Expense to be Incurred By:</b>	<b>Authorization From:</b>
Board Member	Chairman or Authorized Representative
Board Staff	Executive Director or Authorized Representative
Board Contractors	Executive Director or Authorized Representative
Executive Director	Chairman or Authorized Representative
Chairman	N/A

\*Expense policy applies only to contractors whose contracts specify they will be able to reimburse listed expenses.



**APPENDIX C: Expense Report Approval Authority**

<b>Expense Incurred By:</b>	<b>Expense Approved By:</b>
Board Member	Chairman or Authorized Representative
Board Personnel	Executive Director or Authorized Representative
Board Advisors	Executive Director or Authorized Representative
Executive Director	Chairman or Authorized Representative
Chairman	Executive Director or Authorized Representative

\*Expense policy applies only to contractors whose contracts specify they will be able to reimburse listed expenses.

# DUFF & PHELPS

## Summary of Individual Expenses for the Period January 31, 2018 through February 28, 2018

Professional	Level	Date	Expense Category	Amount
Cicciura, Caroline	Analyst	2/9/2018	Airfare	\$ 276.40
Feltman, James	Managing Director	2/10/2018	Airfare	\$ 325.80
Cicciura, Caroline	Analyst	2/10/2018	Airfare	\$ 280.90
Gittleman, Ann	Managing Director	2/11/2018	Airfare	\$ 218.40
Hornung, Eric	Senior Associate	2/12/2018	Airfare	\$ 218.40
Cicciura, Caroline	Analyst	2/12/2018	Ground Transportation	\$ 71.16
Hornung, Eric	Senior Associate	2/12/2018	Ground Transportation	\$ 66.85
Hornung, Eric	Senior Associate	2/12/2018	Meals	\$ 35.00
Gittleman, Ann	Managing Director	2/12/2018	Meals	\$ 26.84
Feltman, James	Managing Director	2/12/2018	Ground Transportation	\$ 25.00
Cicciura, Caroline	Analyst	2/12/2018	Ground Transportation	\$ 24.00
Gittleman, Ann	Managing Director	2/12/2018	Meals	\$ 18.00
Gittleman, Ann	Managing Director	2/12/2018	Meals	\$ 14.00
Gittleman, Ann	Managing Director	2/12/2018	Meals	\$ 11.99
Cicciura, Caroline	Analyst	2/12/2018	Meals	\$ 6.80
Hornung, Eric	Senior Associate	2/12/2018	Meals	\$ 5.97
Cicciura, Caroline	Analyst	2/13/2018	Airfare	\$ 276.40
Gittleman, Ann	Managing Director	2/13/2018	Airfare	\$ 262.40
Feltman, James	Managing Director	2/13/2018	Airfare	\$ 188.40
Feltman, James	Managing Director	2/13/2018	Meals	\$ 103.00
Gittleman, Ann	Managing Director	2/13/2018	Meals	\$ 74.75
Feltman, James	Managing Director	2/13/2018	Ground Transportation	\$ 20.00
Gittleman, Ann	Managing Director	2/13/2018	Meals	\$ 11.00
Gittleman, Ann	Managing Director	2/13/2018	Meals	\$ 9.00
Gittleman, Ann	Managing Director	2/13/2018	Ground Transportation	\$ 7.79
Gittleman, Ann	Managing Director	2/13/2018	Meals	\$ 6.00
Gittleman, Ann	Managing Director	2/13/2018	Meals	\$ 4.98
Gittleman, Ann	Managing Director	2/14/2018	Meals	\$ 222.15
Feltman, James	Managing Director	2/14/2018	Meals	\$ 215.00
Hornung, Eric	Senior Associate	2/14/2018	Airfare	\$ 242.40
Gittleman, Ann	Managing Director	2/14/2018	Meals	\$ 59.29
Hornung, Eric	Senior Associate	2/14/2018	Meals	\$ 59.00
Cicciura, Caroline	Analyst	2/14/2018	Ground Transportation	\$ 9.59
Gittleman, Ann	Managing Director	2/14/2018	Meals	\$ 9.53
Cicciura, Caroline	Analyst	2/14/2018	Ground Transportation	\$ 9.26
Gittleman, Ann	Managing Director	2/14/2018	Meals	\$ 2.00
Hornung, Eric	Senior Associate	2/13/2018	Airfare	\$ 218.40
Feltman, James	Managing Director	2/15/2018	Ground Transportation	\$ 51.00
Cicciura, Caroline	Analyst	2/15/2018	Meals	\$ 41.01
Gittleman, Ann	Managing Director	2/15/2018	Ground Transportation	\$ 40.96
Gittleman, Ann	Managing Director	2/15/2018	Meals	\$ 25.27
Cicciura, Caroline	Analyst	2/15/2018	Meals	\$ 24.99
Feltman, James	Managing Director	2/15/2018	Ground Transportation	\$ 20.00
Cicciura, Caroline	Analyst	2/15/2018	Meals	\$ 18.73
Cicciura, Caroline	Analyst	2/15/2018	Ground Transportation	\$ 9.24
Hornung, Eric	Senior Associate	2/15/2018	Ground Transportation	\$ 8.50
Hornung, Eric	Senior Associate	2/15/2018	Airfare	\$ 6.00
Gittleman, Ann	Managing Director	2/15/2018	Ground Transportation	\$ 3.39
Gittleman, Ann	Managing Director	2/16/2018	Lodging	\$ 1,262.46
Hornung, Eric	Senior Associate	2/16/2018	Lodging	\$ 915.21
Cicciura, Caroline	Analyst	2/16/2018	Lodging	\$ 868.32
Feltman, James	Managing Director	2/16/2018	Lodging	\$ 821.48
Feltman, James	Managing Director	2/16/2018	Lodging	\$ 536.63
Cicciura, Caroline	Analyst	2/16/2018	Lodging	\$ 449.37
Hornung, Eric	Senior Associate	2/16/2018	Lodging	\$ 449.37
Cicciura, Caroline	Analyst	2/16/2018	Ground Transportation	\$ 51.13
Cicciura, Caroline	Analyst	2/17/2018	Ground Transportation	\$ 7.66
<b>TOTAL EXPENSES</b>				<b>\$ 9,246.88</b>