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contract obligation between Owner or Affiliate and any Owner Employee that may otherwise restrict any Owner Employees' rights to be employed by Operator.

(k)(l) Employment Offers. Operator shall use commercially reasonable efforts to give priority in hiring to any Owner Employees who meet Operator's stated requirements for employment as set forth in Annex V (*Operator Employment Requirements*) over other equally qualified and equally evaluated applicants for the same job category that are not Owner Employees, it being understood that (i) Operator will not be required to hire all or substantially all of the Owner Employees and (ii) the determination of which Owner Employees to hire shall be made by Operator in Operator's sole discretion, acting in good faith. Each Owner Employee who accepts an offer of employment with Operator pursuant to this [REDACTED] (*Operator Responsibilities – Employment Offers*) shall be referred to as a "Hired Former Employee of Owner." On the Service Commencement Date and during the Term, Operator shall employ such other employees, including any employees of Operator or any of its Affiliates as of the Effective Date hired for the operation of the T&D System ("Other Employees") and, together with the Hired Former Employees of Owner, the "Operator Employees", as are necessary to provide the O&M Services. The following initial terms and conditions of employment shall apply to the Hired Former Employees of Owner, but not to any Other Employees:

(i) Offers of employment shall remain open for a period of ten (10) Business Days. Any such offer which is accepted within such ten (10) Business Day period shall thereafter be irrevocable until the Service Commencement Date.

(ii) Offers of employment shall provide for employment with Operator on terms and conditions that are set at Operator's sole discretion, but shall in all cases provide for (A) a base salary or regular hourly wage rate at least equal to the base salary or wage rate provided by Owner or its Affiliates (as applicable) to the Owner Employee immediately prior to the Service Commencement Date and (B) employee fringe benefits that are no less favorable [REDACTED] than those enjoyed by the Owner Employee immediately prior to the Service Commencement Date, to the extent consistent with, and as restricted, conditioned, modified or annulled by Puerto Rico Act No. 3-2017, Act No. 26-2017 and Act No. 66-2014. [REDACTED]

(h)(m) Periodic Reports.

(i) ManagementCo shall provide Administrator with detailed weekly, monthly and other periodic reports as Administrator may reasonably request from time to time with respect to ManagementCo's performance of the Front-End Transition Services, including the progress against the Handover Checklist and any other completion schedules and milestones included in the Front-End Transition Plan. In connection therewith, ManagementCo shall provide Administrator with any other information that (A) Administrator may reasonably request, including performance reports related to any of Front-End Transition Services, and (B) may be reasonably produced from records maintained by ManagementCo in the normal course of business consistent with the provisions of this Agreement relating to document retention.

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**Section 4.4 Governmental Approvals.** The Parties intend that all Governmental Approvals will continue to name Owner as the permittee or applicant and that Operator will only be a permittee, applicant, co-permittee or co-applicant if and to the extent required by Applicable Law. Promptly following the Effective Date, ManagementCo, Administrator and Owner shall coordinate identifying the Governmental Approvals required for the commencement of the O&M Services on the Service Commencement Date (the "Commencement Date Governmental Approvals"). Once the Parties have identified the Commencement Date Governmental Approvals: (a) (i) ManagementCo shall coordinate with Owner and Administrator to prepare for and support Owner's efforts related to the transfer or assignment, to the extent required by Applicable Law, or the reissuance or assistance with the issuance of the Commencement Date Governmental Approvals, (ii) Owner, with Operator's assistance, shall submit complete applications and take all other steps necessary under Applicable Law to obtain and maintain all required Commencement Date Governmental Approvals, and (iii) Owner shall provide ManagementCo and Administrator with copies of any such Commencement Date Governmental Approvals; and (b) ManagementCo shall cooperate with Owner in good faith in identifying, preparing, applying for, obtaining and maintaining the Commencement Date Governmental Approvals.

**Section 4.5 Conditions Precedent to Service Commencement Date.**

The Service Commencement Date shall not occur, and the obligations of the Parties to proceed with their respective obligations hereunder after the Service Commencement Date shall not commence, until all of the following conditions precedent (the "Service Commencement Date Conditions") are either satisfied as determined, or waived in writing, by (i) Administrator, in the case of Section 4.5(a) (*Conditions Precedent to Service Commencement Date – Operator Responsibilities*), Administrator, (ii) ManagementCo, in the case of Section 4.5(b) (*Conditions Precedent to Service Commencement Date – Owner and Administrator Responsibilities*), or (iii) both Administrator and ManagementCo, in the case of Section 4.5(c) (*Conditions Precedent to Service Commencement Date – Governmental Approvals*), Section 4.5(d) (*Conditions Precedent to Service Commencement Date – Acceptability and Effectiveness of Documents*), Section 4.5(e) (*Conditions Precedent to Service Commencement Date – No Governmental Prohibitions or Injunctions*), Section 4.5(f) (*Conditions Precedent to Service Commencement Date – Existing Environmental Conditions*), Section 4.5(g) (*Conditions Precedent to Service Commencement Date – Rate Order*), Section 4.5(h) (*Conditions Precedent to Service Commencement Date – Minimum Federal Funding*), Section 4.5(i) (*Conditions Precedent to Service Commencement Date – Procurement Manuals*), Section 4.5(j) (*Conditions Precedent to Service Commencement Date – Contract Standards and Other Documents*), Section 4.5(k) (*Conditions Precedent to Service Commencement Date – Servicing Contract*), Section 4.5(l) (*Conditions Precedent to Service Commencement Date – GenCo*)

(a) Operator Responsibilities. ManagementCo shall have fulfilled all of its obligations with respect to the Front-End Transition Period under this Agreement, including Section 4.2 (*ManagementCo Responsibilities*) (the "ManagementCo Service Commencement Date Conditions").

(b) Owner and Administrator Responsibilities. Owner and Administrator shall have fulfilled all of their respective obligations with respect to the Front-End Transition Period

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Federal Funding Procurement Manual satisfactory to the Parties from FEMA and DHS OIG and the Parties will continue, after the Service Commencement Date, to seek to obtain, as promptly as possible, approval of the Federal Funding Procurement Manual from FEMA and DHS OIG.

(j) Contract Standards and Other Documents. The Parties shall have finalized the following mutually agreeable documents: (i) a document setting forth the Contract Standards; (ii) the System Remediation Plan; (iii) the Initial Budgets; (iv) a revised Annex IX (*Performance Metrics*) that accurately reflects the Performance Metrics agreed with PREB; (v) the Emergency Response Plan; (vi) the Physical, Data Security and Vegetation Management Plans; and (vii) the Back-End Transition Plan .

(k) Servicing Contract. Owner shall have received a copy of the Servicing Contract, duly executed by Operator.<sup>25</sup>

GenCo. [Reserved.]<sup>26</sup>

(l)(m)

**Section 4.6 Front-End Transition Period Compensation.**

(a) General. As compensation for the Front-End Transition Services provided by ManagementCo, Owner shall pay ManagementCo the Front-End Transition Service Fee. The Parties acknowledge and agree that Federal Funding shall not be used to pay the Front-End Transition Service Fee. The Front-End Transition Service Fee shall not be subject to any abatement, deduction, counterclaim or set-off of any kind or nature.

(b) Front-End Transition Service Fee. The “Front-End Transition Service Fee” shall be an aggregate amount equal to (i) the hourly fully allocated cost rate for each category of ManagementCo employee, Affiliate personnel or Front-End Subcontractor providing Front-End Transition Services, as set out in Annex VI (*Front-End Transition Hourly Fully Allocated Rates*), multiplied by (ii) the number of hours worked by each ManagementCo employee or Affiliate personnel in such category providing Front-End Transition Services plus (iii) all other reasonable and documented costs and expenses incurred by ManagementCo (without markup for profit, administration or otherwise) that are necessary and reasonable in the course of providing the Front-End Transition Services and satisfying the Service Commencement Date Conditions.

<sup>25</sup> Note to Draft: Operator, as party to the Servicing Contract, will be consulted as to the provisions of the Servicing Contract.

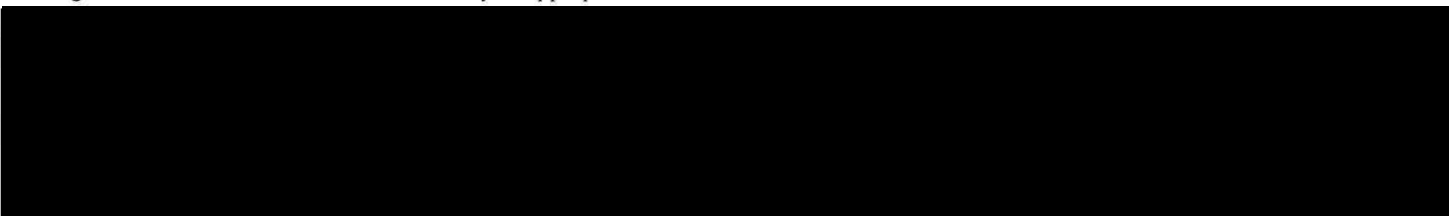
<sup>26</sup> Note to Draft: Condition precedent to reflect agreed-upon plan for separation of Generation and T&D systems.

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potentially relate, to an event that may be or has been declared an Emergency or Major Disaster.<sup>22</sup>

(h) Physical, Data Security and Vegetation Management Plans. ManagementCo shall develop and provide Administrator and PREB with plans of action meeting Contract Standards that outlines the procedures and actions necessary for maintaining (i) the physical security of the T&D System (the "Physical Security Plan"), (ii) data security, cyber security and information security relating to the T&D System (the "Data Security Plan"), and (iii) a comprehensive vegetation management program ("the Vegetation Management Plan").

(i) Back-End Transition Plan. ManagementCo shall prepare and submit to Administrator a detailed back-end transition plan consistent with the back-end transition outline set forth in Annex IV (*Back-End Transition Plan*), which plan shall provide for the transition and handover of the O&M Services and other rights and responsibilities with respect to the T&D System, back to Owner or to a successor operator upon the expiration or early termination of the Term (the "Back-End Transition Plan"). Such Back-End Transition Plan may be updated by ManagementCo on an annual basis as necessary or appropriate.



(j)(k) Employment Evaluation [REDACTED] As soon as reasonably practicable following the Effective Date but not less than one hundred twenty (120) days prior to the Target Service Commencement Date (the "Interview Deadline"), ManagementCo shall be provided access to legally compliant records and information relevant to its stated requirements for employment as set forth in Annex V (*Operator Employment Requirements*) and use commercially reasonable efforts to evaluate as candidates for employment at Operator, effective as of the Service Commencement Date, the regular employees of Owner and its Affiliates who (i) are currently and remain employed by Owner and its Affiliates (other than Owner and/or its Affiliates's generation station employees) as of the Interview Deadline or are hired by Owner or its Affiliates on or after the Effective Date in the ordinary course of business consistent with the past practices of Owner and its Affiliates to replace any existing employee of Owner, and (ii) apply to Operator in a job category Operator wishes to fill (collectively, the "Owner Employees"). For the avoidance of doubt, neither ManagementCo nor Operator shall be liable for severance or other pay or benefits for Owner Employees who are not hired by Operator, including those to whom an offer of employment is made but who do not accept such offer. Owner and its Affiliates will waive any non-competition, confidentiality or other employment

<sup>22</sup> Note to Draft: The definition of Contract Standards includes Prudent Utility Practice. The definition of Prudent Utility Practice takes into account "the facts and the characteristics of the T&D System and System Power Supply known at the time the decision was made", which addresses adjustments that may be required given the emergency situation.