



December 1, 2017

Mr. Julio Rhymer
Executive Director and CEO
Virgin Islands Water and Power Authority
P.O. Box 1450
St. Thomas, Virgin Islands 00804

Dear Mr. Rhymer:

This letter will set forth the terms of the Municipal Advisory Agreement (the "Agreement") pursuant to which Sustainable Capital Advisors, LLC ("SCA") will serve as the Municipal Advisor to the Virgin Islands Water and Power Authority (also referred to herein as "the Authority" or "the Issuer"). This Agreement is made and entered into 1 December 2017, between the Authority and SCA.

Nature of Engagement – Municipal Advisory Services

1. Services

SCA will provide the following applicable services as outlined in this Agreement to the Authority;

- a) SCA will be available to consult with and give advice to the Authority and its staff in the overall development of capital planning, budgeting and potential financing plans.
- b) SCA will review various financing alternatives available to the Authority and make what it believes to be the most suitable recommendation and cost-effective method for the financing based on the facts disclosed.
- c) SCA will consult with and advise the Authority in developing a timetable and schedule for appropriate date of sale for any and all sale of Bonds or Notes, giving particular consideration to the calendar of offerings, in order to minimize the conflict with or competition from offerings of similar securities.
- d) SCA will prepare a financial plan with elements that include, but are not limited to: maturity schedules, call features, interest payment dates, debt service requirements, financing costs, investment of bond proceeds, contingencies, delivery, and other associated costs.
- e) SCA will assist in the preparation of a strategy to assess the benefit of obtaining a long term bond rating or short term note rating from one or more rating agency (e.g., Moody's Investors Service, Standard and Poor's, Fitch Ratings).
- f) SCA will be available to assist, consult with and give advice to the Authority's designated consultants, Bond counsel, other governmental representatives and agencies, and be available to participate, at all public hearings.
- g) SCA will review the appropriateness of obtaining credit enhancement, and if necessary obtain bids for such and negotiate with providers of such on behalf of the Authority.
- h) SCA as necessary will compile an Official Statement of quality in content and appearance that will be in compliance with GFOA disclosure guidelines.

- i) SCA when necessary, will assist with the development of an Official Statement.
- j) SCA in the situation when the Authority proceeds with a competitive bid, will be present when bids are taken and will make a formal recommendation regarding the interest rates and will be prepared to advise on the acceptability of the bids submitted.
- k) SCA will assist in making arrangements for the printing and delivery of the proposed Bonds, and also prepare the final schedules of principal and interest payments computed at the actual interest rate(s).
- l) SCA will advise the Authority on the merits and risk of lending aid via City credit enhancement to development projects and explore alternative incentive financing.

2. Authority Commitments

The Authority will:

- a) Make available to the SCA in connection with its performance of services hereunder, at reasonable times as requested by the SCA any information and material pertaining to the Authority's financing programs as may be appropriate to enable SCA to perform its services hereunder.
- b) Pay costs related to bond counsel, underwriting, printing and distribution costs associated with an official statement, printing of the Bonds, rating agency fees, bond insurance fees, bond registrar/paying agent fees and publication costs for any notices for the Bonds.

3. Compensation

The Authority agrees to pay SCA total annual compensation consisting of two fee components:

- a) Retainer Fee – The Authority agrees to pay SCA a retainer fee of \$15,000 per month. SCA will submit an invoice to the Authority in advance on the first day of each month with payment due on the last day of the same month.
- b) Debt Issuance Fee – Upon delivery of Bond Anticipation Notes (BANs) or Bonds, the Authority will pay SCA a fee of \$75,000 for each issuance of less than \$10,000,000 (par plus premium) and \$100,000 for each issuance more than \$10,000,000 (par plus premium).

In addition, the Authority agrees to reimburse SCA for its reasonable out-of-pocket expenses (including travel, lodging, meals, phone, conference calls, photocopies, printing, postage, courier and overnight mail) incurred in connection with meetings with potential project participants and presentations to the Authority's Management, Board, the Public Services Commission and/or the Government of the U.S. Virgin Islands in connection with the project. SCA will invoice monthly for the out-of-pocket expenses incurred during the billing period.

4. Term

The Authority and SCA agree that the services contemplated under this Agreement shall commence on December 1, 2017 and remain in effect through November 30, 2018. It is contemplated by the parties that this Agreement shall renew itself each year on December 1st. This Agreement may be terminated by the Authority or SCA at any time, with or without cause, upon 60 days written notice to the other party.



Notwithstanding the expiration or earlier termination of this Agreement, excepting termination by SCA, SCA shall be entitled to receive, and Authority shall pay, SCA's full fees and expenses earned as described in Section 3 hereof, except that the retainer fee shall be prorated to the date of termination.

5. Regulatory Disclosures

Sustainable Capital Advisors, LLC is a registered municipal advisor with the Municipal Securities Rulemaking Board (MSRB) and the Securities and Exchange Commission (SEC). SCA is not subject to any legal or disciplinary event that would be material to the Authority's evaluation of SCA'S integrity or management of its personnel or that has been disclosed by SCA in its most recent form MA or form MA-I. Information requirements concerning SCA's registration with the SEC and its forms MA and MA-I can be found at the SEC web site <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either "Sustainable Capital Advisors, LLC" or for our CIK number which is 0001624127.

6. Confidentiality and Use of Information

The Authority acknowledges that all opinions and advice (written or oral) given by SCA to the Authority in connection with SCA's engagement hereunder are intended solely for the benefit and use of the Authority and are confidential. SCA recognizes that its relationship with the Authority is a fiduciary relationship and that the Authority places its utmost confidence and trust in the advice and recommendations provided to it by SCA. The Authority agrees that SCA, in performing the services (and in preparing the information memorandum and any presentations) contemplated by this Agreement (i) will use and rely primarily upon information supplied by the Authority and upon information available from generally recognized public sources without having independently verified the same, (ii) does not assume responsibility for the accuracy or completeness of such information. The Authority also agrees that it shall be solely responsible for the accuracy and completeness of all descriptive material prepared during this engagement concerning the Authority and any proposed financing. SCA acknowledges that it is fully bonded or insured against any loss sustained by the Authority resulting from any acts of misfeasance or nonfeasance by the company or any of its members or employees.

7. Indemnity

Each party shall defend, indemnify and hold harmless the other from and against any and all claims, demands, expenses, cost or causes, arising out of or in connection with any claim, suit, action, or proceeding for personal injury, death or property damage sustained or incurred as a result of any act, failure, or default by the other party's employee while acting within the scope of their duties as determined by this Agreement.

8. Miscellaneous

No fee payable to any other financial advisor or finder by the Authority or any other person or entity in connection with the subject matter hereof shall reduce or otherwise affect any fee payable to SCA hereunder. This Agreement and its validity, interpretation, performance and enforcement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the United States Virgin Islands without giving effect to principles of conflicts of laws. This Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and supersedes and cancels any prior communications, understandings, and agreements between the parties hereto. This Agreement cannot

be modified or changed, nor can any of its provisions be waived, except by written agreement signed by both parties. This Agreement may not be assigned by either party without the consent of the other party.

9. Disclosure of Conflicts of Interest

a) Contingent Compensation

The debt issuance fee to be paid by the Authority to SCA is contingent on the successful closing of transactions. Although this form of compensation may be customary, it presents a conflict because SCA may have an incentive to recommend unnecessary financings to the Authority. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, SCA may have an incentive to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

SCA manages and mitigates this conflict primarily by adherence to the fiduciary duty which it owes to municipal entities which require it to put the interests of the Authority ahead of its own.

b) Other Material Conflicts of Interest

SCA has determined, after exercising reasonable diligence, that it has no other known material conflicts of interest that would impair its ability to provide advice to the Authority in accordance with its fiduciary duty to municipal entity clients. To the extent any such material conflicts of interest arise after the date of this Agreement, SCA will provide information with respect to such conflicts in the form of a written amendment or supplement to this Agreement.

10. Scope of Duties.

The Authority hereby acknowledges and agrees that (i) it is a sophisticated business enterprise that has retained SCA for the limited purposes set forth in this Agreement and that the rights and obligations of the parties hereto are contractual in nature; and (ii) SCA has not made any warranties or guarantees of any nature as to the economic, financial or other results which may be obtained or experienced by the Authority as a result of SCA's engagement hereunder.



I am delighted to have this opportunity to be of service to you in this important matter, and look forward to a successful partnership.

Sincerely,

SUSTAINABLE CAPITAL ADVISORS, LLC

A handwritten signature in black ink, appearing to read "T. Allen", written over a horizontal line.

Trenton Allen
Managing Director and CEO

Agreed to and accepted this 1 December 2017

VIRGIN ISLANDS WATER AND POWER AUTHORITY

A handwritten signature in black ink, appearing to read "J. Rhymer", written over a horizontal line. To the right of the signature is a handwritten date "12/1/17".

Julio Rhymer
Executive Director and CEO