



COMMONWEALTH OF  
PUERTO RICO

Puerto Rico Public-Private  
Partnerships Authority

FOR IMMEDIATE RELEASE

PUERTO RICO'S PUBLIC-PRIVATE PARTNERSHIP AUTHORITY RESPONDS TO  
RATINGS ACTION BY STANDARD & POOR'S

February 5, 2014

San Juan, P.R.—The Puerto Rico Public-Private Partnerships Authority (the “Authority”) today reaffirmed its plans to pursue a program of infrastructure renewal for the Commonwealth of Puerto Rico. Said Grace Santana, Executive Director of the Authority: “We are undaunted by yesterday's rating action by Standard and Poor's and are committed to attracting long-term investment in the essential services, transportation networks, and public buildings of the Commonwealth.”

The Authority has led the U.S. market for public-private partnerships since 2009 when it was established by an act of the Commonwealth's legislature. In the field of infrastructure public-private partnership procurements (or “P3s”), the Authority is widely considered one of the most sophisticated and experienced agencies in the United States.

Said Ms. Santana: “The investment opportunities created by our projects are for the long-term and will benefit from the fiscal reforms being led by Governor García-Padilla to place the Commonwealth on a new foundation for economic growth. While current conditions are always relevant in evaluating any investment opportunity, we believe the market for our procurements can see that the future for Puerto Rico is promising.” As S&P itself stated yesterday:

*"That the rating is not lower is due to the progress the current administration has made in reducing operating deficits, and what we view as recent success with reform of the public employee and teacher pension systems, which had been elusive in recent years. We view the reform as significant and could contribute to a sustainable path to fiscal stability. We view the current administration's recently announced intent to further reduce appropriations in fiscal 2014 by \$170 million and budget for balanced operations in fiscal 2015 as potentially leading to credit improvement in the long run . . . . We also note the sustained commitment through a range of financial and economic cycles to funding debt obligations and providing what we view as strong bond holder security provisions."*

Said Ms. Santana: “We believe that private investment in public assets will help provide safe, reliable and efficient services to our community and will spur economic development and job creation.” The Authority is advancing multiple projects with a combined capital value of more than \$1 billion which will help to create more than 17,000 new jobs within the next four years. Current projects being readied for procurement by the Authority include:

- **Caguas-to-San Juan Commuter Rail Project:** The project involves the construction of a commuter rail system that would connect the Autonomous Municipality of Caguas and surrounding municipalities to San Juan, in order to: (i) establish a safe, efficient and reliable transportation system; (ii) reduce automobile dependency; (iii) alleviate congestion and reduce emissions; (iii) enhance livability through an improved and expanded transit service; and (iv) stimulate economic development. Estimated total cost of the project: \$400 million to \$500 million.
- **Women’s Correctional Facility Project:** The project involves the construction of a new correctional facility dedicated to the female population to replace the only female correctional facility in Puerto Rico originally built in 1954. The Authority is considering establishing a P3 to Design/Build/Finance/Maintain (“DBFM”) the facility. Estimated total cost of the project: \$139 million.
- **Maximum Security Correctional Facility Project:** The project involves the construction of a correctional facility for adult males in maximum custody. Estimated total cost of the project: \$108 million to \$217 million (depending on the size of the facility).
- **Liquid Natural Gas Supply (LNG) and Infrastructure for the PREPA Northern Power Plants:** This project includes the procurement of the long-term supply of Liquid Natural Gas (LNG) for the generation of electricity in two of the Puerto Rico Electric Power Authority’s (PREPA) existing power plants in the northern part of Puerto Rico: the San Juan and the Palo Seco Plants. The project is part of a strategy to reduce energy costs significantly for the Commonwealth’s population and stimulate economic growth. It includes the design, construction, financing, operation and maintenance of the required infrastructure to receive and store LNG and its re-gasification in order to be used in the power plants. Estimated total cost of the project: \$180 million to \$300 million.
- **Phase II of the School Modernization Project:** Known as “Escuelas de Primera,” the project is modernizing public school facilities and improve academic performance. The Authority launched a School Modernization Program in the year 2010 for the construction and/or renovation of schools throughout Puerto Rico. The program was previously known as Schools for the 21st Century and involved construction work in 81 public schools (the program entailed the remodeling/reconstruction of 75 existing schools and the construction of 6 new school buildings). A second phase of the School Modernization Program started in 2013. Estimated total cost of the project (phase II): \$45.6 million.

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