



FOR IMMEDIATE RELEASE

June 30, 2015

**PUBLIC PRIVATE PARTNERSHIPS REAFFIRMED  
AS AN EFFECTIVE VEHICLE OF ECONOMIC DEVELOPMENT FOR PUERTO RICO**

The Puerto Rico Public Private Partnerships Authority (the “Authority”) has been at the forefront of the U.S. public private partnerships (“P3s”) market since its establishment on June 8, 2009, through Act No. 29 (the “P3 Act”). The Authority was created as a public corporation affiliated to the Puerto Rico Government Development Bank, as a centralized agency in charge of handling the government’s priority projects to be developed as P3s. In that regard, the Authority is the sole government entity charged with the responsibility to implement the public policy of the government of Puerto Rico on P3s and responsible for determining the functions, services, or facilities for which such P3s will be established.

Since the enactment of the P3 Act, the government’s policy on P3s has remained the same inasmuch as the government remains supportive on the use of P3 as a tool of economic development.

Parallel to the government’s public policy on P3s, on June 1, 2015, the Puerto Rico Electric Power Authority (“PREPA”) presented its creditors with a plan (the “Plan”) that contemplates, among its various elements, the use of P3s for certain functions currently performed by PREPA, such as power generation. The Plan would allow PREPA to address its fiscal and economic challenges while continuing to provide essential services to the citizens of Puerto Rico. The Authority’s Executive Director, Grace Santana-Balado said: “The Plan, however, constitutes PREPA’s initial proposal to its creditors and its still under negotiation with its creditors. As previously stated, under the current legal scheme, the Authority could assist in procuring any concession that ultimately results from PREPA’s negotiations with its creditors”. The Authority, however, has not yet received any request to commence considering or procuring any such project. “In the event the Authority receives such a request, it will proceed to consider and procure the project in the same manner that it has successfully procured major P3 projects in Puerto Rico in the past” said Ms. Santana-Balado.

Amidst the financial crisis that Puerto Rico is now facing, the Authority continues with its responsibility of promoting the use of P3s as a viable and effective mechanism of economic development. The Authority also continues its analysis of various projects that are expected to advance new infrastructure and/or improve the existing provision of public services.

For instance, the Authority contemplates to soon initiate the procurement process for the PR-22 highway extension, also known as the Northwest Corridor Project. The Authority, with the

technical assistance of the Puerto Rico Infrastructure Financing Authority (“PRIFA”), is working to obtain the Record of Decision for this project by December of 2015. PRIFA and the Authority have been in constant communication with the Federal Highway Administration, the lead agency for this project, who have been extremely cooperative in our efforts to successfully obtain environmental clearance under NEPA by the end of this year.

As for the *Liquid Natural Gas Supply and Infrastructure* project for the conversion of PREPA’s northern power plants to natural gas, the Authority’s consultants are working to complete the technical feasibility study by the upcoming weeks. The technical feasibility draft report will be discussed this week with the pertinent authorities. This draft includes an additional location that was recently identified by PREPA. The draft technical report evaluates the technical and regulatory feasibility of various locations within the northern part of the island where PREPA proposes to develop this project, with the least impact to the environment and to other surrounding industries.

With regard to the *Correctional Facilities* project, though the Authority almost completed its evaluation for the development and construction of new or improved correctional facilities to address the capacity and safety needs of the inmate community of the Department of Corrections; the Department of Corrections is currently considering other viable alternatives besides the P3 approach.

In related matters, the Authority amended its enabling act last December 2014, through which it incorporated a new and expedited mechanism to procure small scale P3 projects. The Authority is currently evaluating two new transportation projects under this new legal framework. Information on these, and other new projects will be soon published in our website.

As Puerto Rico goes through difficult fiscal challenges, the government of Puerto Rico has taken unprecedented measures geared towards achieving a prompt and stable economic recovery. Government officials recently recognized that under the current situation, P3’s are an innovative and viable mechanism to develop and maintain public infrastructure and to improve the provision of public services. “The Authority is confident in its robust and transparent P3 process as an effective vehicle of economic development” Ms. Santana-Balado added on.

###

Contact:

Executive Director, Grace Santana-Balado, [grace.santana@bgfpr.com](mailto:grace.santana@bgfpr.com)

General Counsel Deliris Ortiz- Torres, [deliris.ortiz@bgfpr.com](mailto:deliris.ortiz@bgfpr.com)

<http://www.app.gobierno.pr>

787-497-2525