

Perez, Isis (AAPP)

From: Ralph Kreil Rivera <ralph.kreil@prepa.com>
Sent: Tuesday, April 16, 2019 2:27 PM
To: CEO@aafaf.pr.gov
Cc: Fontanes Gomez, Fermin (AAPP); eavilesdeliz@energia.pr.gov; jorge.l.morales@pridco.pr.gov; José F. Ortiz Vázquez; Femenias Jove, Laura (AAPP); Marrero Diaz, Omar J. (AAPP); Perez, Isis (AAPP)
Subject: Re: <<EXTERNAL EMAIL>>Re: Referendum T&D Transaction - Addendum No. 1 - Structure & Timeline

After reviewing the proponents. In favor of O&M.

Sent from my iPhone

On Apr 16, 2019, at 2:21 PM, "CEO@aafaf.pr.gov" <CEO@aafaf.pr.gov> wrote:

A favor

Sent from my iPhone

On Apr 16, 2019, at 12:04 PM, Fontanes Gomez, Fermin (AAPP) <Fermin.Fontanes@p3.pr.gov> wrote:

Good morning Partnership Committee,

Please remember to vote on the approval of the contract structure, timeline and issuance of Addendum No. 1. We would like to notify the Qualified Proponents no later than tomorrow.

Gracias a todos,

Fermin

Fermin Fontanes

Chief Legal Counsel
Puerto Rico Public Private Partnerships Authority
Autoridad de Asesoría Financiera y Agencia Fiscal
Teléfono: (787) 722-2525 Ext. 15330
Email: Fermin.Fontanes@p3.pr.gov
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From: Fontanes Gomez, Fermin (AAPP)
Sent: Friday, April 12, 2019 11:13 PM
To: CEO@aafaf.pr.gov; Ralph Kreil Rivera <ralph.kreil@prepa.com>;

eavilesdeliz@energia.pr.gov; jorge.l.morales@pridco.pr.gov; José F. Ortiz Vázquez
<jose.ortiz@prepa.com>

Cc: Femenias Jove, Laura (AAPP) <Laura.Femenias@p3.pr.gov>; Marrero Diaz, Omar J. (AAPP) <Omar.Marrero@p3.pr.gov>; Perez, Isis (AAPP) <IPerez@p3.pr.gov>

Subject: Referendum T&D Transaction - Addendum No. 1 - Structure & Timeline

Dear Members of the Partnership Committee,

In accordance with Article 8(b) of Act No. 29-2009, as amended, known as the Public Private Partnerships Act (“Act 29”) and Section 3.4 of *Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Partnership Contracts and Sale Contracts for The Transformation of the Electric System Under Act No. 120-2018, as Amended* (the “Regulation”), we hereby submit for your consideration a request to select the final transaction structure and to modify the key milestones timeline in the Request for Proposal for Puerto Rico Electric Power Transmission and Distribution System RFP 2019-2 (“RFP”) approved by the Partnership Committee (the “PC”) on February 1, 2019.

In particular, the Puerto Rico Public Private Partnerships Authority (the “Authority”) respectfully requests the Members of the PC to, in the exercise of their responsibilities under Act 29 and the Regulation, approve the modification of the transaction structure to a Qualified Management Agreement (“QMA”)-compliant Operation and Maintenance Agreement (“O&M”). Unanimous written consent from all Members of the PC is required to approve the referenced modification.

Should the PC approve the modification of the transaction structure to a QMA-compliant O&M and approve the modify timeline, the Authority will proceed to issue Addendum No. 1 to the RFP (included herein) indicating the revisions to bidders.

During a PC meeting held on March 11, 2019, the PC agreed to present Proponents the option to consider an alternative structure involving a QMA-compliant O&M Agreement based on the fact that one of the Proponents indicated they would not proceed with the concession structure originally contemplated in the term sheet included in the RFP, and successful creditor negotiations depend on tax exempt status of the Puerto Rico Electric Power Authority (“PREPA”) debt.

After consultation with the Proponents about the transaction structure, two of the Proponents decided to provide comments to the O&M Term Sheet only, and the other indicated they are willing to pursue either structure. Attached herein for your convenience is a presentation including the feedback received from the Proponents concerning the transaction structure and an update on creditors negotiations, and an updated key milestones timeline.

In light of the Proponents’ feedback, and to preserve the tax-exempt status of PREPA debt, the Authority’s advisors recommend a QMA-compliant O&M structure for this RFP.

As previously stated, all of the Members of the PC must submit a vote in favor of the proposed modifications in order to become approved.

In light of the foregoing, we hereby respectfully request to the Members of the PC to submit its vote as soon as possible. Please reply to all of the other Members of the PC.

Thanks,

Fermín

Fermin Fontanes

Chief Legal Counsel
Puerto Rico Public Private Partnerships Authority
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