



## GOVERNOR OF PUERTO RICO

### OFFICE OF THE GOVERNOR

PRESS RELEASE

#### **Governor Rosselló Nevares announces restructuring agreement with PREPA bondholders**

**(April 6, 2017 – San Juan)** Puerto Rico’s Governor Ricardo Rosselló announced that the Fiscal Agency and Financial Advisory Authority (AAFAF, for its Spanish acronym,) acting on behalf of the Puerto Rico Electric Power Authority (PREPA,) has reached an agreement in principle regarding an enhancement of the terms of the restructuring support agreement (RSA) with the *Ad Hoc* Group of PREPA bondholders, its fuel line lenders, the monoline insurers and the Government Development Bank for Puerto Rico. The RSA has been extended to April 13, 2017 to allow for documentation of the additional terms. The enhancements to the RSA are being reviewed but have not yet been approved by the PROMESA Oversight Board.

The Administration estimates that the enhancements to the RSA will achieve \$2.2 billion in debt service savings for the period of 2018 through 2022 as compared to the contractual terms of the debt. These savings represent \$1.5 billion additional savings versus the existing terms of the RSA. The changes also are designed to allow PREPA to take the steps necessary to modernize its operations and implement the Administration’s energy policy, including attracting new private investment and P3 programs. The Administration estimates that the enhanced RSA will result in individual ratepayer transition charge savings of 36% for the period 2018 through 2022, representing a reduction of the average household annual electricity bill by approximately \$90 per year over the next five years.

“The enhancements to the RSA were the result of good faith negotiations by my team and PREPA’s major creditors. I believe that the negotiated terms represent fair additional contributions by all parties to the RSA and will set PREPA on a path toward becoming a modern utility that will provide reliable power at sustainable rates to the people of Puerto Rico,” said Governor Rosselló. Upon taking office, Governor Rosselló instructed his team to evaluate the RSA and negotiate enhancements that would meet the needs of PREPA. Those negotiations resulted in the agreement in principle announced today. Elías Sánchez, the Governor’s representative to the PROMESA Oversight Board, said that the Administration was “pleased with the outcome of the negotiations and viewed it as a positive step toward implementation of the PREPA restructuring and Puerto Rico’s fiscal plan.”

“This transaction is the result of good faith negotiations conducted between the government and the creditors, consistent with the Administration’s policy of reaching consensual agreements,” emphasized Elías Sánchez. “On behalf of AAFAF and the Administration, I want to express my appreciation to the team and PREPA’s creditors. I believe the transaction represents the first step in the



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comprehensive restructuring of Puerto Rico's debt," added Gerardo Portela Franco, the AAFAF Executive Director. AAFAF was assisted in the negotiations by Rothschild & Co., as financial advisor, Bank of America Merrill Lynch as investment banker, and Greenberg Traurig LLP as legal advisor.

A few weeks ago, the Governor visited Washington to participate in the audience of the Natural Resources Committee, to establish the need of reviewing the RSA of PREPA, given than the previous agreement substantially increased the energy costs in the island.

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