

Puerto Rico Electric Power Authority Governance and Restructuring Effort Developments

New Governing Board Announced, While Restructuring Support Agreement Fails to Win Financial Oversight and Management Board Approval

The governor of Puerto Rico, Ricardo Rosselló Nevaes, signed into law House Bill No. 475 on June 26, 2017, reorganizing the composition of the Governing Board (Board) of the Puerto Rico Electric Power Authority (PREPA), and days later appointed Edwin Alexis Irizarry Lugo, Ernesto Sgroi and Omar Marrero Díaz as the first three members of the new Board. According to the Act's preamble, this law reflects the agreements between PREPA and its creditors regarding the restructuring of PREPA, and incorporates requirements of the Financial Oversight and Management Board for Puerto Rico (Oversight Board).

The new Board will consist of seven (7) members. Three (3) of the members to be chosen by the Governor with the consent of the Senate, from a list of ten (10) candidates compiled by a talent recruitment agency. The candidates must have educational backgrounds in electrical engineering, business administration, economics, finance, or law, and must have at least ten (10) years of experience in their field. At least five (5) of the candidates in the list should be residents of Puerto Rico. The other three (3) members will be chosen by the Governor at his discretion, one (1) of whom must be an independent member with expertise in energy matters. The remaining Board member will be an elected PREPA customer representative, and must have an educational background in electrical engineering, business administration, economics, or finance; ten (10) years of experience in his or her field; and an expertise in energy matters.

The term for each member will be five (5) years, except for the two non-independent discretionary members who the governor can remove at his/her will. No member shall serve for more than three (3) consecutive terms.



The Oversight Board notified the public on June 28, its decision not to approve PREPA's \$9 Billion Restructuring Support Agreement (RSA). As per its public notice, the Oversight Board understands that under these circumstances the reorganization of PREPA will most likely happen under Title III of the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA). However, in a separate statement the Oversight Board indicated that negotiations with PREPA's creditors are continuing.

You may contact the attorneys at Vidal, Nieves & Bauzá should your company have any questions regarding Energy Law matters, or need support with respect to any requirement to conduct business in Puerto Rico.

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