

PUERTO RICO WATCH



Recent Publication – Puerto Rico’s Public-Private Partnership Initiatives Under PROMESA

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With the bankruptcy filings under Title III of PROMESA for the Commonwealth of Puerto Rico, and various of its public instrumentalities, including the Puerto Rico Highways and Transportation Authority (HTA) and the Puerto Rico Electric Power Authority (PREPA), Puerto Rico’s efforts to address its fiscal and economic crisis are now firmly in the hands of a bankruptcy court. While the initial phases of the Title III proceedings will focus on stabilization and relative creditor rights, any long-term return to fiscal health will necessarily depend on the Puerto Rican economy’s ability to return to the path of economic growth. Without economic growth, Puerto Rico will not be able to repay creditors or offer its residents the promise of a better future.

The certified fiscal plans for the Commonwealth and other public instrumentalities specifically identified the entry into a series of public-private partnership (PPP) transactions, with an estimated value of approximately \$5 billion over the next two years, as the vehicle to both right-size the government and spur private investment in the economy. Normally, many potential PPP lenders or sponsors may be dissuaded by the risks involved in a jurisdiction such as Puerto Rico and the legal uncertainty clouding many of its assets and

revenues. In an effort to demonstrate how PROMESA’s Title III could be used to facilitate PPP transactions, lawyers from Cleary Gottlieb recently published an article in *Law360* that discusses how the Title III restructuring tools, largely based on existing provisions of the Bankruptcy Code, can help remove many of the risks inherent to a PPP under Puerto Rico’s current circumstances and perhaps facilitate the execution of these transactions with key stakeholders, including off-shore creditors and local retail creditors, as well as new investors.

The article and the authors are listed below, and are linked directly in the electronic version of this issue.

Turning Bust To Boom: P3 Initiatives Under PROMESA

July 19, 2017

by Richard J. Cooper, Luke A. Barefoot,
Adam Brenneman and Antonio J. Pietrantonio

