

# Puerto Rico: Business Opportunities

Mortgage Bankers Association of Puerto Rico | Business Opportunities in Puerto Rico

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# Turning crisis into opportunity

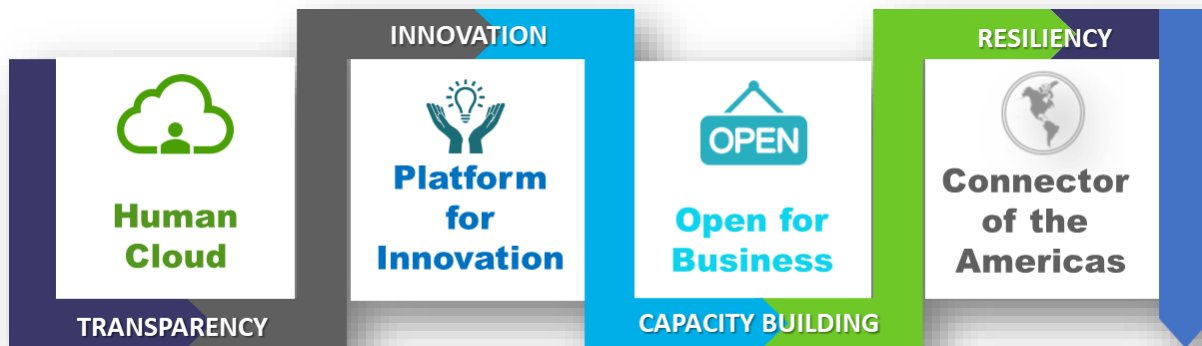
In September 2017 Hurricanes Irma and Maria, brought an unprecedented blow, but:

- Led to a 'reset' for infrastructure
- Enabled maximized Federal support
- Reinforced the need of integrated examination, the resilient capacity of all sectors and their interdependencies

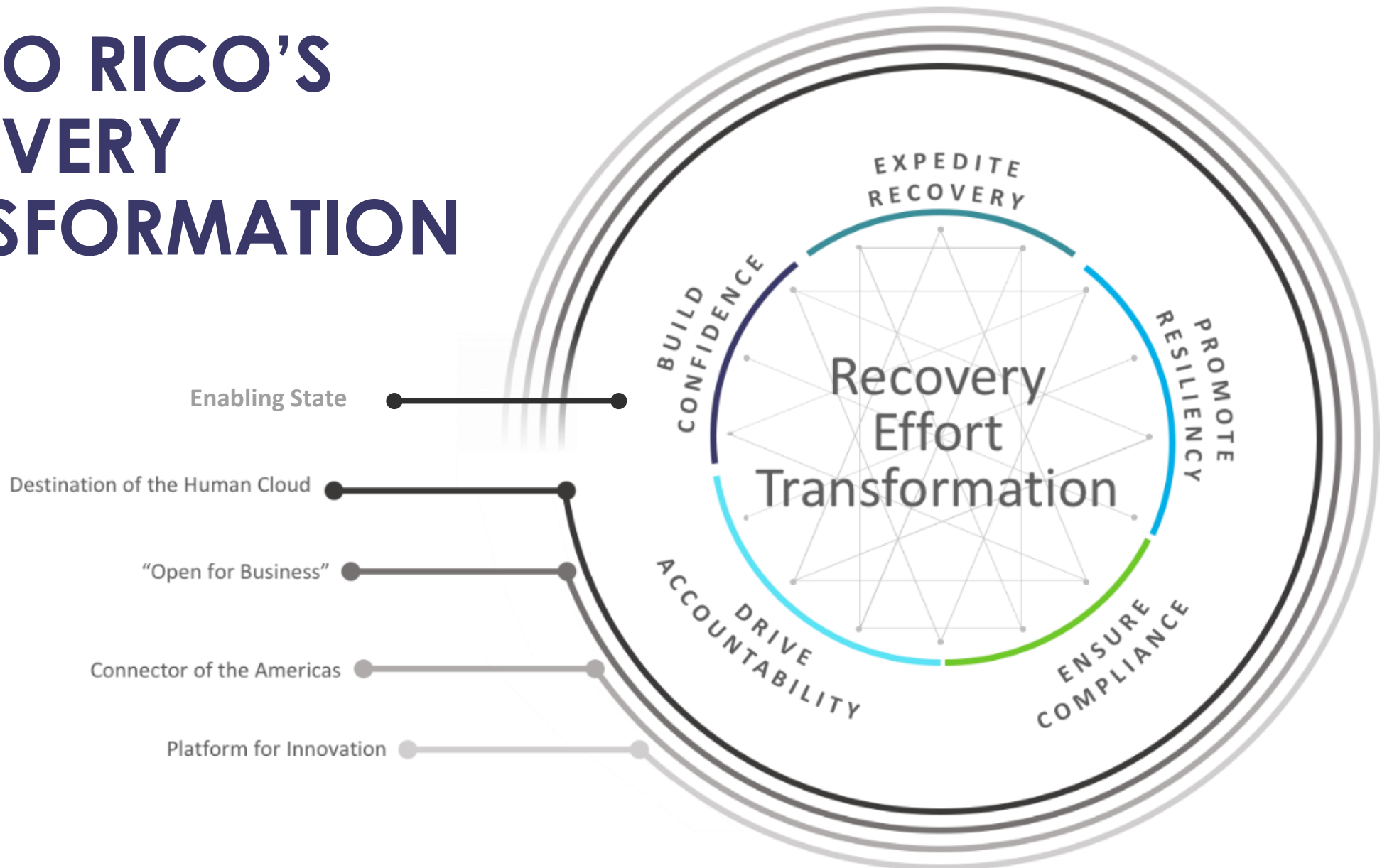


# A TRANSFORMATIONAL VISION FOR PUERTO RICO

The Government of Puerto Rico views the recovery effort as an opportunity to transform the Island by implementing solutions that are resilient, cost-effective and forward-looking, harness innovative thinking and best practices, and revitalize economic growth.



# PUERTO RICO'S RECOVERY TRANSFORMATION





A paved road curves through a lush, green landscape. The road is dark asphalt and is flanked by dense vegetation, including tall grasses and shrubs. The scene is brightly lit, suggesting a sunny day. The road leads towards a bright, hazy horizon.

# **PUERTO RICO MILESTONES AND ACHIEVEMENTS**

# PERMITS REFORM

This Reform reduces bureaucracy , expedites processes, fosters investments and strengthens the business ecosystem.

▲ **41%**  
INCREASE IN  
NEW PERMITS GRANTED  
(FY17 VS FY18)

▲ **66%**  
INCREASE IN TAX INCENTIVE  
DECREES GRANTED  
(FY17 VS FY18)

# GOVERNMENT REFORM

The strategic consolidation of agencies and departments creates a leaner and more efficient government that is focused on service and fostering growth.

 **20%**  
REDUCTION IN GOVERNMENT SPENDING

 **10%**  
REDUCTION IN GOVERNMENT PAYROLL

**25**  
CONSOLIDATED GOVERNMENT AGENCIES



# LABOR REFORM

Updated labor laws better address the needs of a new generation of workers and professionals, while also creating a more attractive labor environment to incentivize job hiring and attract private sector investment for economic growth.

LOWEST UNEMPLOYMENT RATE

IN HISTORY

THE AVERAGE TOTAL OF EMPLOYED PEOPLE FOR  
THE 2018 NATURAL YEAR WAS **986,000**,

THE HIGHEST NUMBER IN 5 YEARS.



# TAX REFORM

An ambitious tax reform is stimulating economic growth by lowering the income tax burden on individuals and corporations

▼ **35%**

REDUCTION ON SALES TAX  
FOR PREPARED FOODS,  
AMONG OTHER MEASURES

ELIMINATION  
OF CUMBERSOME

**B2B** TAXES

DESIGNED TO BENEFIT LOCAL TAXPAYERS, THE REFORM  
WILL PROVIDE NEARLY **\$2.0 BILLION**

IN TAX RELIEF

# ENERGY REFORM

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Focus on transforming a decades-old and government-run energy system into a more robust, diverse, and resilient one. How? By tapping into the private sector to achieve better service, lower energy cost, and more renewables.

## 4 WORLD-CLASS ENERGY CONGLOMERATES

ARE CURRENTLY IN THE RFP PROCESS FOR ENERGY DISTRIBUTION PROCUREMENT

AN INTEGRATED RESOURCES PLAN FOR  
THE NEXT 20 YEARS

WAS FILED EARLY IN 2019 AND IS CURRENTLY UNDER EVALUATION BY THE REGULATORY ENTITY

PLANT CONVERSION TO LNG WAS STARTED LAST MONTH.

THE CHEAPEST AND CLEANEST FUEL TO THE SAN JUAN METRO AREA .



# EDUCATION REFORM

Empower our children with more academic options and resources, including improved schools, better paid teachers, charter schools, voucher programs and more.

INVESTMENTS TO IMPROVE FACILITIES, CLASSROOM CONDITIONS, AND ACQUIRE UPDATED ACADEMIC RESOURCES SUCH AS TECHNOLOGY,

**1.2 MILLION NEW BOOKS,**  
AND OTHER MATERIALS

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SALARY INCREASES FOR OUR TEACHERS AND SCHOOL DIRECTORS  
**FOR THE FIRST TIME IN 10 YEARS**

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**FIRST CHARTER SCHOOL**

ALREADY IN OPERATION WITH MANY TO FOLLOW IN THE 2019-2020 ACADEMIC YEAR, AND A **VOUCHER PROGRAM** IN DEVELOPMENT. THIS WILL ALLOW FOR A REAL OPTION AND SELECT SCHOOLS THAT RESPOND TO THE CHILDREN'S UNIQUE NEEDS

# RECOVERY

- ✓ While the president says that Puerto Rico has received \$91Bn, the truth is that to date only \$5.3Bn has been disbursed

## PUBLIC-PRIVATE PARTNERSHIPS WITH PURPOSE

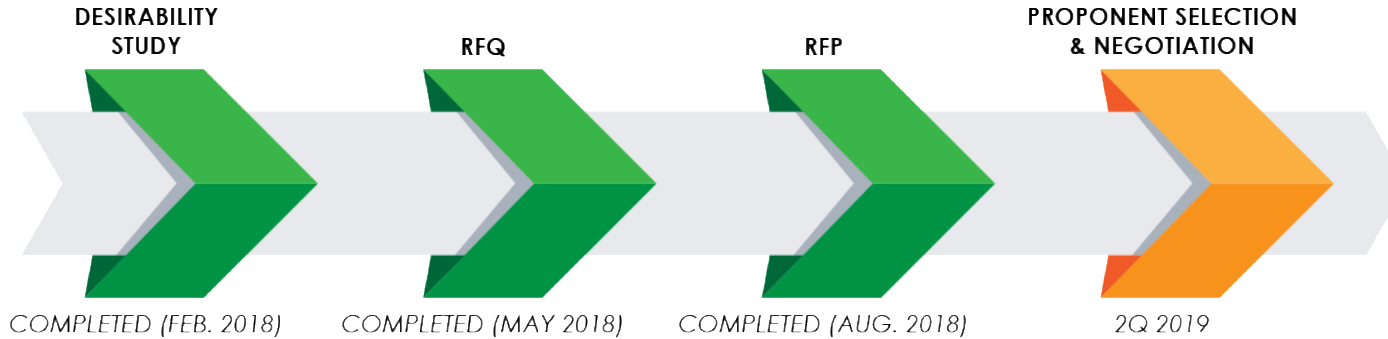
- ✓ **PUERTO RICO'S PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY (P3)** is the most robust of its kind, with at least eight (8) ongoing procurements, the most of any U.S. jurisdiction
- ✓ Partnerships are being undertaken in the areas of *ports, public safety, and others.*





# 1<sup>ST</sup> HIGHER EDUCATION P3 PROJECT

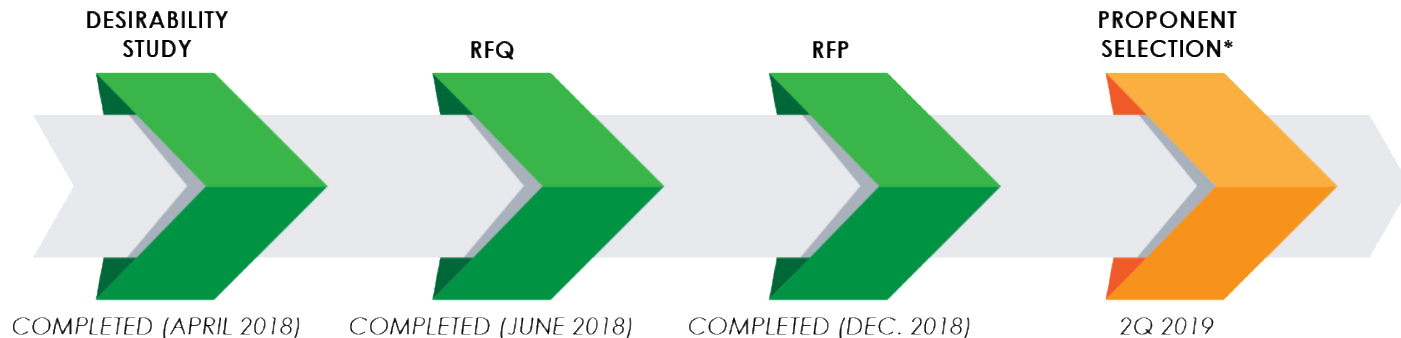
Preliminary Timeline as Proposed by P3 Authority



- DBFOM for on-campus student housing, parking and additional improvements.
  - Expand academic performance and student life experience.
- Shortlisted proponents:
- SI Mayagüez LLC (composed by Servitas and Interlink), The HILL (Higher Integrated Learning & Lifestyle) Team (composed by Property Services, HOK International, and Venegas Construction)

# TRANSFORMATION OF FERRIES SYSTEM

Preliminary Timeline as Proposed by P3 Authority

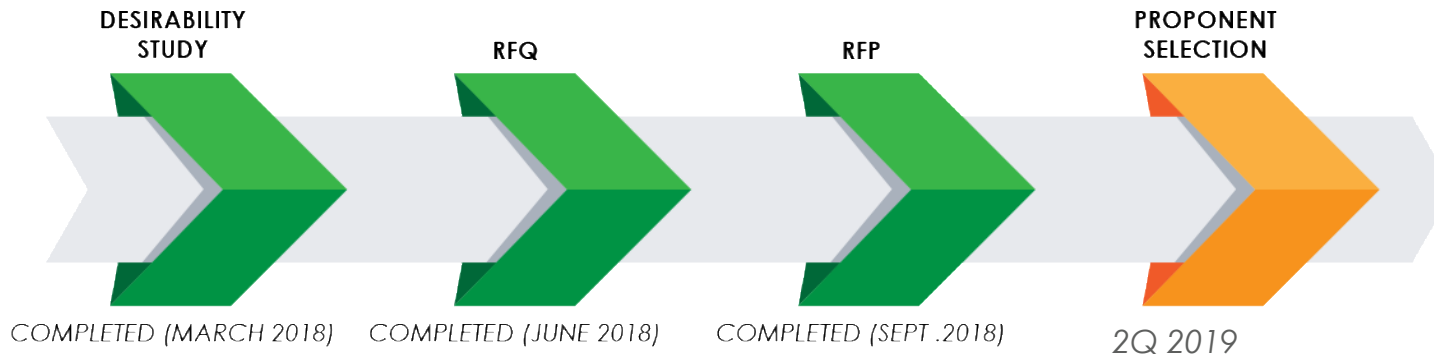


- OM of the Metro Service (Cataño) and the Island Service from Ceiba to the Vieques and Culebra municipalities.
  - Modernize and provide reliable and efficient service, while reducing central government subsidies.
- Shortlisted proponents:
- Balearia Caribbean Inc.
  - HMS Ferries, Inc.
  - Priority Roro Services, Inc.
  - Puerto Rico Fast Ferries, LLC
  - Seastreak, LLC



# OPTIMIZATION OF WATER METERING SYSTEM

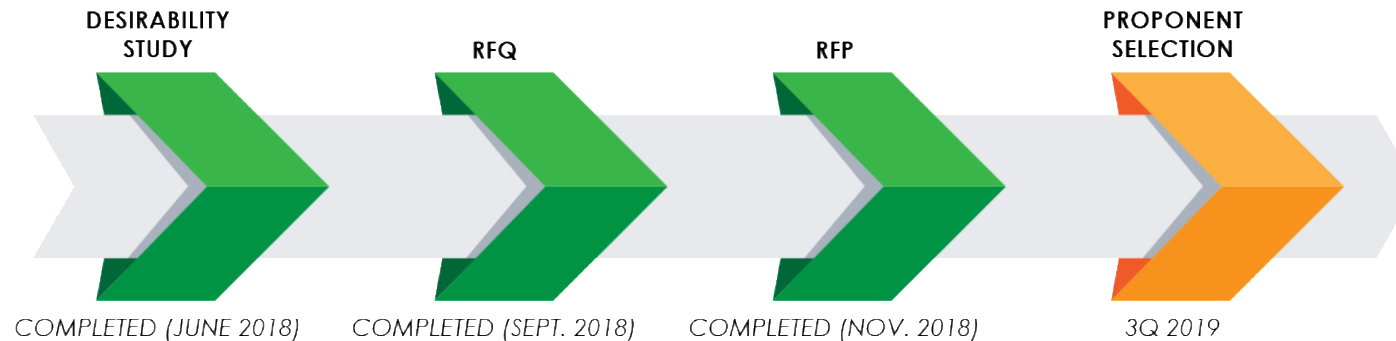
Preliminary Timeline as Proposed by P3 Authority



- DBFOM for the replacement of meters and optimization of water customer services.
  - Reduce non-revenue water and improve customer service and reliability.
- Shortlisted proponents:
- BLU WATER Consortium
  - IBT Group Team
  - SUEZ Group
  - Puerto Rico Advanced Intelligent Metering Services

# MODERNIZATION OF CRUISE SHIP PIERS

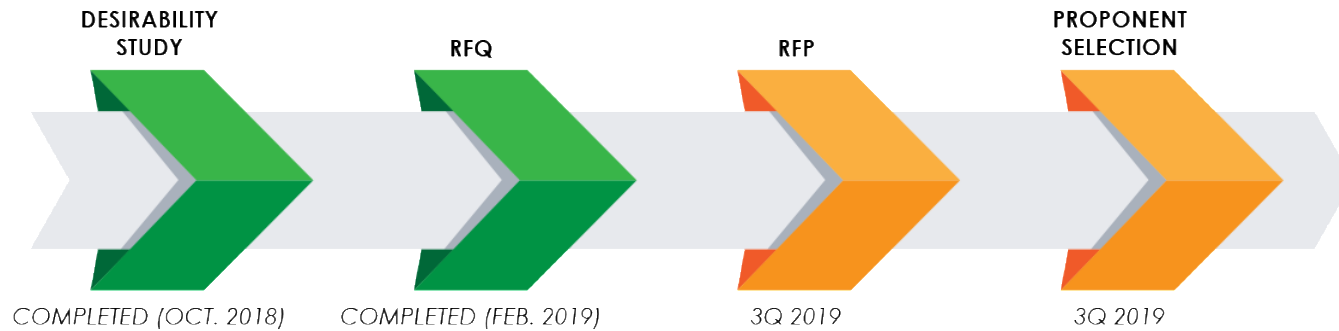
Preliminary Timeline as Proposed by P3 Authority



- DBFOM for the improvement and world class operation of Port of San Juan passenger piers.
  - Increase cruise ship passengers and strengthen Puerto Rico as a tourist destination.
  - Repairs due to natural disasters and long term maintenance programs.
- Shortlisted proponents:
- Puerto Rico Cruise Terminals Partners
  - Global Ports Holding
  - San Juan Cruise Terminals Partners

# CONSOLIDATED PUBLIC SAFETY TRAINING CENTER

Preliminary Timeline as Proposed by P3 Authority



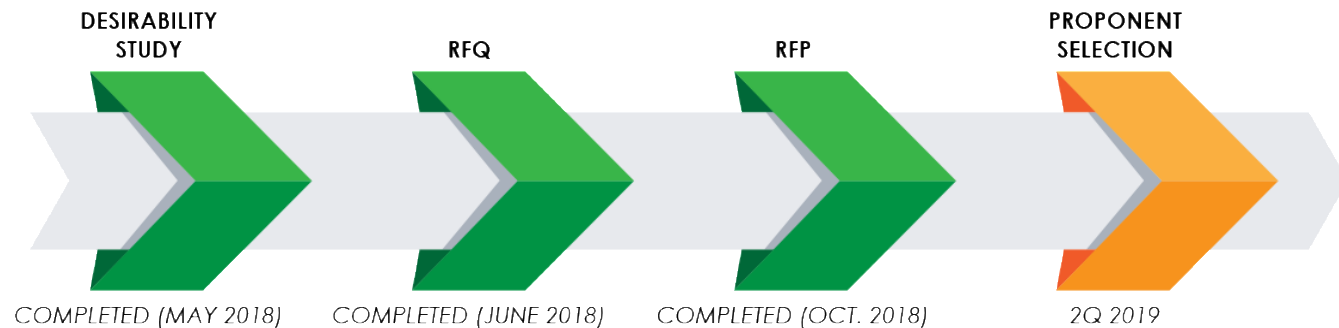
- DBFOM for a consolidated public safety training center for officers from the Dept. of Public Safety and the Corrections Dept.
- Strengthen the professionalization of safety officers, while complying with the requirements of the Police Reform Agreement.

Shortlisted proponents:

- Universidad de Puerto Rico
- Universidad Ana G. Méndez
- National College of Business & Technology
- Company, Inc.

# 1<sup>ST</sup> ENERGY STORAGE PROJECT

Preliminary Timeline as Proposed by P3 Authority



- DBFOM for a utility scale energy storage project. Provides for two options, (i) "turnkey" pricing and/or (ii) Capacity contract.
- Increase resiliency in the energy system, stabilize response to peak demand.

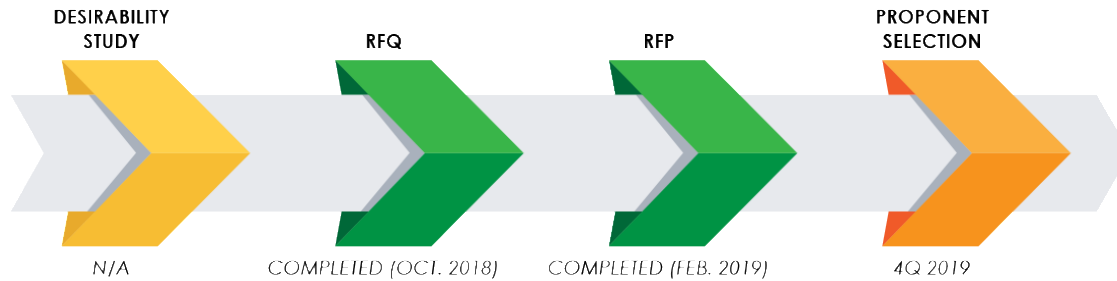
Shortlisted proponents:

- AES Puerto Rico, L.P. and Fluence Energy, LLC.
- Tesla, Inc.
- PowerSecure, Inc.
- Exelon Corporation



## ELECTRIC POWER TRANSMISSION & DISTRIBUTION SYSTEM

Preliminary Timeline as Proposed by P3 Authority



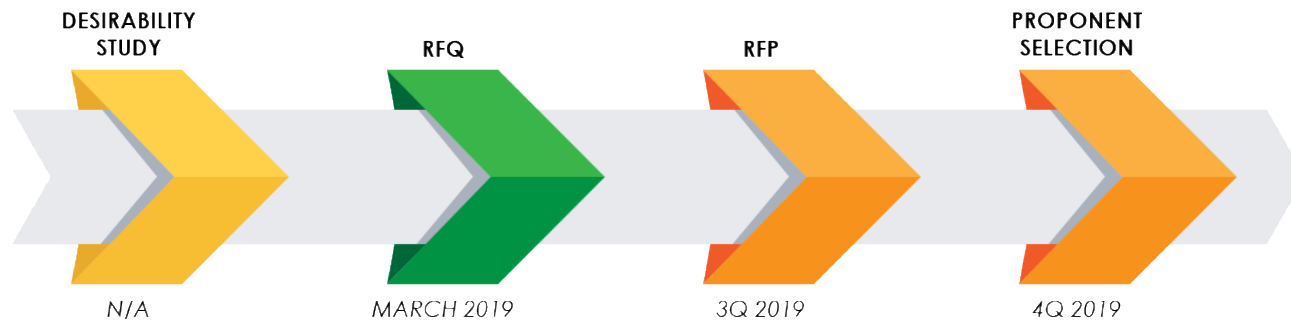
- Management and Operation of Puerto Rico's electric power transmission and distribution system (T&D) pursuant to a long-term contract.
- Increase T&D resiliency and reliability, deployment of new technologies, and deliver low-cost electricity to ratepayers in Puerto Rico.
- Includes the administration of certain federal disaster recovery funding applicable to the energy sector.

### Shortlisted Proposers:

- |                                   |                           |
|-----------------------------------|---------------------------|
| Duke Energy Corporation           | PSEG Services Corporation |
| ATCO Ltd, TEM and Quanta Services | Exelon Corporation        |

## PEAKING UNITS

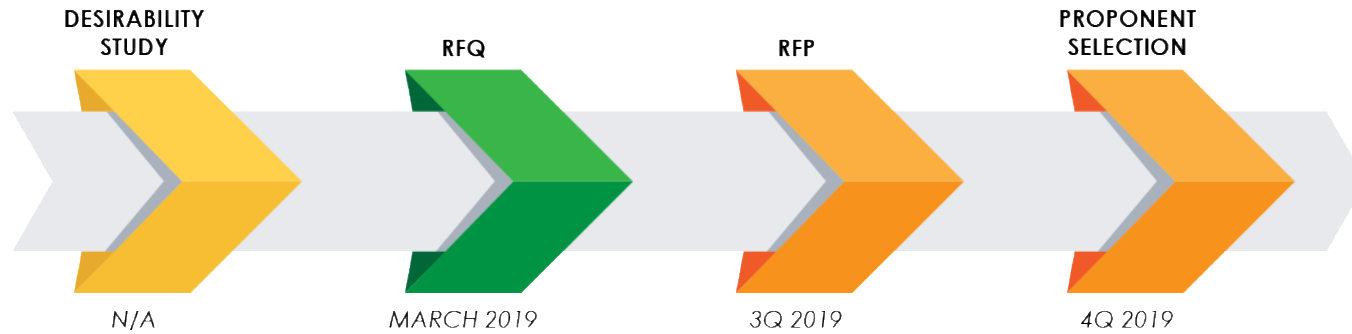
Preliminary Timeline as Proposed by P3 Authority



- Deploy 400MW peaking capacity at existing sites to improve PREPA system reliability, with ultimate goal to relocate certain units throughout Puerto Rico to support eight mini-grids identified in IRP.

# HYDROELECTRIC POWER

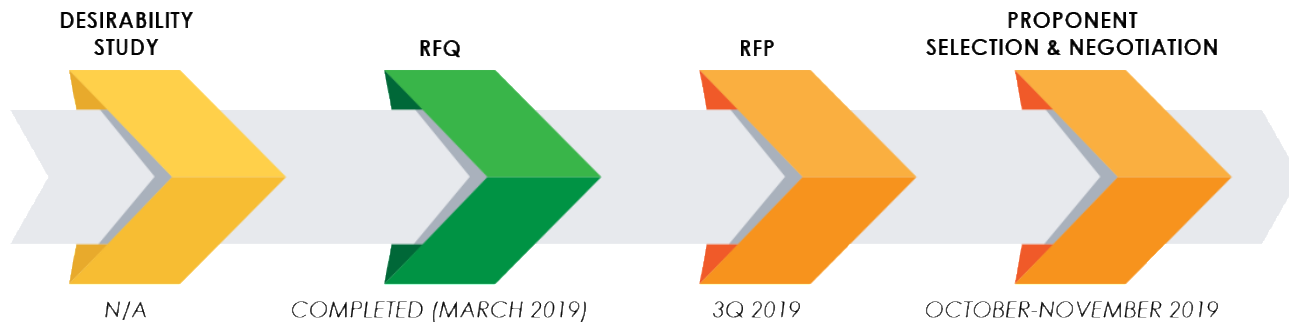
Preliminary Timeline as Proposed by P3 Authority



- Increase reliability and resiliency of hydropower system and increase capacity to at least 70MW.
- Many units are not operational or are underutilized due to deferred maintenance and hurricane damage.

# EXTERNALIZATION OF REGIONAL AIRPORT NETWORK

Preliminary Timeline as Proposed by the PRPA Authority



- Short-term O&M contract for the operation and maintenance of PRPA's Regional Airports.
- Provide routine maintenance and repair services of regional airport facilities and equipment.
- Increase operational and maintenance efficiencies at regional airports while reducing costs.
- Optimize Regional Airport Network and improve commercial performance.

**CONSTRUIMOS**





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