



## GOVERNMENT OF PUERTO RICO

Puerto Rico Electric Power Authority  
Governing Board

### RESOLUTION 4693 FIRST AMENDMENT TO PUMA'S FUEL SUPPLY CONTRACT

- WHEREAS:** The Puerto Rico Electric Power Authority (PREPA) is a public corporation and an instrumentality of the Government of Puerto Rico created by Act No. 83 of May 2, 1941, as amended (Act No. 83). PREPA was created to provide electrical energy in a reliable way contributing to the general welfare and sustainable future of the people of Puerto Rico, maximizing benefits and minimizing social, environmental and economic impacts. In addition, it provides a service based on affordable, fair, reasonable and non-discriminatory cost that is consonant with environmental protection, non-profit, focused on citizen participation and its clients.
- WHEREAS:** Act No. 83 authorizes PREPA, in the management of its purposes, to grant contracts and formalize all the instruments that are necessary or convenient in the exercise of any of its powers.
- WHEREAS:** On July 21, 2017 PREPA entered into contract No. 902-01-17 with Puma Energy Caribe, LLC (Puma), for the sale and delivery of light distillate No. 2 fuel oil for the San Juan, Palo Seco, Aguirre, Mayagüez, Cambalache and gas turbine generating stations.
- WHEREAS:** Puma's contract expires on July 20, 2019.
- WHEREAS:** On March 1, 2019, Puma submitted an unsolicited proposal to PREPA requesting a two-year term extension of its current contract.
- WHEREAS:** In order to gauge the fuel markets' interest in supplying light distillate No. 2 to PREPA, management engaged in conversations with potential light distillate No. 2 fuel suppliers.
- WHEREAS:** The result of the conversations showed lack of interest from fuel suppliers to conduct business with PREPA.
- WHEREAS:** If an RFP process for the supply of light distillate No. 2 were to be pursued at this time, it could place PREPA in a worse financial position than if the corporation were to accept the extension offer of the existing Puma contract.



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WHEREAS: In order to determine the feasibility of the requested extension, both from a legal and practical standpoint, PREPA's management requested a legal opinion from PREPA's General Counsel, as well as an opinion from Sargent & Lundy, a PREPA contractor assisting in the revitalization and transformation efforts.

WHEREAS: On March 19, 2019, PREPA's General Counsel issued a legal opinion concluding that, based on Act No. 83 and a thorough analysis of case law by the Supreme Court of Puerto Rico, there was no legal impediment for PREPA to proceed and enter into an agreement with Puma, to extend the existing contract for a period of two years.

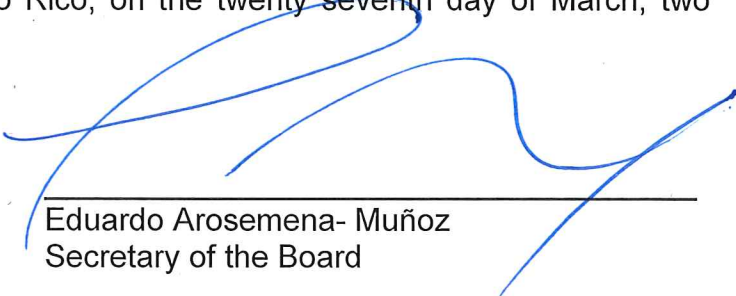
WHEREAS: On February 26, 2019, Sargent & Lundy issued a recommendation to extend Puma's existing contract for a period of two years.

WHEREAS: In its recommendation, Sargent & Lundy concluded that extending the contract would go hand in hand with Puerto Rico's public policy regarding PREPA's revitalization and transformation process, and would allow PREPA to secure fuel supply during the privatization and transformation process, as well as guarantee fuel supply to assure the reliability of PREPA's generating system and allow a window of opportunity for a prospective purchaser to establish its own fuel supply strategy.

THEREFORE: In accordance with Act 83, PREPA's Governing Board resolves to:

Authorize PREPA to enter into an agreement with Puma to extend the existing light distillate No.2 fuel supply contract for a term of two years, beginning from the original expiration date of the contract.

Approved in San Juan, Puerto Rico, on the twenty seventh day of March, two thousand nineteen.



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Eduardo Arosemena- Muñoz  
Secretary of the Board