

DAILY BUSINESS REVIEW

DEALMAKER

Shutts & Bowen team negotiates \$45M deal to expand power to Peru

Dealmakers: Harold E. "Ed" Patricoff Jr., Alfred G. Smith, Frank Rodriguez

The Deal: The Shutts & Bowen attorneys represented APR Energy, a Jacksonville-based global developer of emergency and temporary power systems, in a \$45.5 million deal to expand its Latin American operations by adding 60 megawatts to Peru's power grid through a fast-track power substation.

Details: The contract signed between APR Energy's Peru branch and Electroperu S.A., the Peruvian electrical authority, is to establish additional electrical capacity in Trujillo, in northwestern Peru, for 18½ months from June 15 through Dec. 31, 2010. The transaction closed Feb. 6. This deal follows a \$40-million contract signed in Costa Rica late last year to supply power to Barranca, about 60 miles from San Jose on the northwest coast.

APR Energy signed this 24-month contract extension for 90 megawatts with the Instituto Costarricense De Electricidad.

The three attorneys assisted APR Energy in both deals by supporting the bid submission process, drafting and negotiating the power supply contract and closing on the financing.

The firm worked with APR Energy's current lender to modify its existing financing secured by APR Energy assets located in Latin America, Asia and Africa, coupled with a partnership with Levant Capital Limited to bring \$30 million in investment capital to the company.

Patricoff said negotiating with the Peruvian government proved to be the most difficult challenge.

"Whenever you're dealing with a governmental entity, it's hard to get someone to step up to the plate and make a decision," he said. "As we negotiated, we found many different agencies getting involved; and once you thought you had a deal, someone else would come along, and say 'no, no this other department needs to review and approve.'"

Patricoff said that required a lot of patience and perseverance.

"The Peruvians were very professional, very competent; it's just a long process dealing with any government including our own," he said.

Patricoff and Smith assisted with corporate matters, and partner Rodriguez aided with corporate and tax matters.

"Energy needs in Third World countries are outstripping the available capacity," said Patricoff, who chairs Shutts & Bowen's international practice group. "APR Energy is uniquely situated to service this niche market." Patricoff said the client also is looking



A.M. HOLT

Shutts & Bowen attorneys Alfred G. Smith, Frank Rodriguez and Harold E. "Ed" Patricoff represented APR Energy in a \$45.5 million deal to expand its Latin American operations.

at possible expansion projects in Argentina, as well as in Asia and Africa.

Delays in Peru's national project to construct a natural gas pipeline to supply a number of thermal plants in its northern region, coupled with drought conditions affecting energy production from the county's hydro power systems, made this new APR Energy power project of the utmost importance.

APR Energy said it was awarded the contract based on cost competitiveness, its proven fast-track program and its comprehensive approach to delivering the power rental project in accordance with Electroperu's requirements and timetable.

"There is opportunity out there as the Third World countries grow and develop," Patricoff said. "I would encourage other vendors to look south."

Background: Patricoff, Smith and Rodriguez are partners with the firm's Miami office. Patricoff is chairman of the firm's international practice group and former chair of its business litigation practice group. Smith is in the corporate and securities department, and Rodriguez focuses his practice on federal and Florida tax issues, as well as on general business transactions.

— Wayne Tompkins