REQUEST FOR QUALIFICATIONS

seeking

Firms that can develop an insurance plan to meet FEMA’s
Obtain & Maintain Insurance Requirements

for

The Commonwealth of Puerto Rico

RFQ Submission Deadline: Friday, September 3rd, 2021

www.aafaf.pr.gov

RFQ Issuance Date: Friday, August 20th, 2021
REQUEST FOR QUALIFICATIONS

The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), the Puerto Rico Treasury Department ("Treasury"), and the Puerto Rico Office of the Insurance Commissioner ("OCS"; together with AAFAF and Treasury, collectively referred to as the “Government Parties”) are seeking to qualify likely prospects that might provide the services associated with the Purpose and Scope of this request for qualifications ("RFQ"), as further defined in Section 2.1 below, for the Government of the Commonwealth of Puerto Rico ("Commonwealth").

This RFQ does not commit nor obligate the Government Parties nor the Commonwealth to award any contract nor to pay any costs incurred by any entity in answering to this RFQ. The Government Parties reserve the right to qualify one or more Respondents, to accept or reject any or all qualifications received under this RFQ, or to modify or cancel this RFQ in part or in its entirety. See Section 4.1 of this RFQ for details regarding disclaimers and reservation of rights by the Government Parties.

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RFQ Due Date: Friday, September 3rd, 2021, at 5:00 pm (Eastern Standard Time)

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Please submit one (1) electronic copy to the following email:

rfq@aaaf.pr.gov

Only electronic copies via email will be accepted by the Government Parties

No telephone queries

Please refrain from submitting general marketing materials that do not explicitly respond to the content and questions contained in this RFQ.
INTRODUCTION

1.1 Puerto Rico Fiscal Agency and Financial Advisory Authority

AAFAF is an independent public corporation and governmental instrumentality with separate legal existence, fiscal and administrative autonomy, and independence from the Commonwealth. Pursuant to Act No. 2 -2017 (“Act No. 2”), AAFAF was created for the purpose of acting as fiscal agent, financial advisor and informative agent of the Commonwealth, its agencies, instrumentalities, subdivisions, public corporations and/or municipalities, including Covered Entities as defined under the Puerto Rico Oversight, Management and Economic Stability Act of 2016, Public Law No. 114-187 (“PROMESA”), and to assist said entities in confronting the grave fiscal and economic emergency that Puerto Rico is currently experiencing. AAFAF assumed some of the fiscal agency, financial advisory and informative agent responsibilities previously performed by the Government Development Bank for Puerto Rico.

In light of Act No. 2, AAFAF is responsible to coordinate the Commonwealth’s sustainable use of resources, while presenting a global and coordinated view of the Commonwealth’s capital needs. As such, AAFAF has authority to monitor compliance with the budget(s) certifications approved under PROMESA and to review certain matters such as, but not limited to, contracts, transactions and regulations of agencies and instrumentalities of the Commonwealth.

1.2 Puerto Rico Office of the Insurance Commissioner

Pursuant to Act No. 77-1957, as amended (“Insurance Code”), the OCS is the Commonwealth’s office in charge of insurance regulations within the jurisdiction of the Commonwealth of Puerto Rico, while the Puerto Rico Insurance Commissioner if the Commonwealth’s officer empowered to enact and execute insurance regulations thereunder.

1.3 Puerto Rico Treasury Department

Article IV, Section 6 of the Commonwealth’s Constitution established several Executive Departments of the Commonwealth’s Executive Branch, including the Treasury; Act No. 230-1974, as amended, lays out the Commonwealth’s public policy regarding controls and accounting of public funds and properties; while Article 12.020(3) of the Insurance Code, vests the Treasury with the task of managing and contracting the Commonwealth’s insurance policies, unless mandated otherwise by specific legislation, a duty that is currently performed by the Treasury’s Public Insurance Area.

1.4 Federal Emergency Management Agency and the Stafford Act

The Federal Emergency Management Agency (‘FEMA’) is an agency of the United States Department of Homeland Security. FEMA’s primary purpose is to coordinate the
response to a disaster that has occurred in the United States and its Territories, and that overwhelms the resources of local and state authorities.

The Robert T. Stafford Relief and Emergency Assistance Act, 42 USC 5121, et seq. (‘Stafford Act’) is a federal law that is designated to bring an orderly and systematic means of federal natural disaster assistance for state and local governments in carrying out their responsibilities to aid its citizens. Under the Stafford Act, FEMA requires that as a condition to receiving public assistance funding, recipients must first obtain and maintain insurance for coverage that must at least equal the amount of the eligible damage to the facility receiving assistance, a provision known as FEMA’s Obtain and Maintain Insurance Requirement (‘Insurance Requirement’).

1.5 Commonwealth’s Certified Fiscal Plan and Certified Budget

PROMESA was enacted, among other things, to provide a mechanism to manage the Commonwealth’s - and certain other public corporations and instrumentalities considered as Covered Entities thereunder - revenues and expenditures, and to restructure their respective obligations. For these purposes, PROMESA established the Financial Oversight and Management Board for Puerto Rico (‘FOMB’), as further defined therein.

PROMESA established a procedure for the Commonwealth and/or Covered Entities to develop and submit to the FOMB a fiscal plan and budget for certain fiscal year(s), for the FOMB’s review, comments, approval, and subsequent certification; thereafter the FOMB may proceed within the purviews of PROMESA, for fiscal plan and budgetary purposes. Once a fiscal plan and budget are certified, PROMESA also provides procedures to monitor compliance accordingly. On April 23, 2021, the FOMB certified the Commonwealth’s fiscal plan (‘Certified Plan’) for Fiscal Year 2021-2022 (‘FY22’); subsequently, on June 30, 2021, the corresponding budget (‘Certified Budget’) for FY22 was certified.

1.6 Commonwealth’s Other Operating and Capital Expenditures

As part of the Commonwealth’s other Operating and Capital Expenditures, Section 5.2.7 of the Certified Plan includes an annual investment of ~$35 million to cover the Commonwealth’s portion of the annual cost needed to adhere to the Insurance Requirement. These monies are supplemental to the existing budgeted premiums for renewing current traditional insurance policies.

The Certified Plan establishes the following conditions applicable to the Commonwealth entities that are sheltered under the Insurance Requirement:

- Development of a sophisticated insurance plan with a comprehensive program that considers the available markets, costs, meeting the Insurance Requirement, and levels of coverage. This would include: (i) conducting a risk assessment;
analyzing expected Insurance Requirement costs on a building-by-building basis; (ii) identifying the types of insurance needed to protect against risk; (iii) identifying insurance gaps, (iv) selecting the authority needed to develop, implement and enforce the plan; and (v) crafting the financial arrangement structure for funding the plan and paying for losses.

• Strategic consideration and prioritization of options to supplement the existing insurance coverage, including, but not limited to:
  o identifying how the Commonwealth could meet flood insurance requirements,
  o considering expanded limits on existing policies,
  o separate excess insurance policy above current limit(s),
  o a non-traditional property liability insurance solution that does not indemnify the pure loss, but rather provides for an ex ante agreement to make a payment upon the occurrence of certain catastrophic triggering events (i.e. parametric insurance policy).
  o parametric cat bond into the insurance-linked securities market and/or Catastrophe Bond (i.e. “CAT Bond”),
  o a combination of the above options.

• Engagement of the OCS, and/or other relevant Commonwealth agencies, on certification criteria established by FEMA and/or under the Stafford Act

These conditions are collectively referred hereafter as the “Comprehensive Program”.

2.0 PURPOSE AND SCOPE OF RFQ

2.1 Purpose and Scope of RFQ

The Government Parties are seeking qualifications from dully competent Respondents, with proven capabilities, that can assist the Commonwealth to meet the Insurance Requirement and the Comprehensive Program, along relevant incidental support.

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3.0 RFQ SUBMISSION AND EVALUATION CRITERIA

3.1 Submission Requirements

Respondents must meet the requirements stated in this RFQ. Interested Respondents shall answer this RFQ no later than **Friday, September 3rd, 2021, at 5:00 pm, Eastern Standard Time** (“Due Date”). Responses may be delivered at any time, provided that said is delivered no later than the **Due Date**. The time of delivery shall be the time set forth in the electronic communication received by the Government Parties.

Any response to this RFQ that is delivered after the **Due Date** shall be considered late, rejected and returned unopened to the **Respondent**. The **Government Parties** assume no responsibility for deliveries made or attempted outside of the times specified above, late deliveries or the method of delivery chosen by the **Respondents**.

Responses shall be prepared in English. The **Government Parties** shall not accept any response nor did modification of a response delivered by telephonic, electronic or facsimile means, except as defined herein.

Responses shall be submitted electronically via e-mail to the addresses set forth on the first page of this RFQ.

3.1.1 Responses to this RFQ shall be organized in the following order:

- **Cover Letter**: The Cover Letter must be no more than one page and must be signed by the authorized **Respondent** representative. The Cover Letter must reference this RFQ and confirm that all elements of the RFQ have been read and understood and that the **Respondent** takes no exception to the materials provided.

- **Firm Description**: **Respondents** must provide a brief overview and description of its firm, and detail its primary areas of business, including **Respondent’s legal ownership, organizational structure and physical presence in the Commonwealth of Puerto Rico and/or the United States of America**.

- **Experience, Qualifications and Expertise**: **Respondents** must provide a summary of the firm’s experience in the relevant areas for the **Insurance Requirement** and the **Comprehensive Program**. **Respondents** should also identify any other practice area and experience the firm has that may be helpful for the **Commonwealth** to meet the **Insurance Requirement** and the **Comprehensive Program**.

- **Listing of Individuals Assigned to the Task**: **Respondents** must include a description of their relevant experience and any history of working within the jurisdiction of the Commonwealth Puerto Rico, to the extent applicable. **Respondents** must also provide an organization chart of the team that might
be engaged with the **Purpose and Scope of this RFQ**, including: (i) the designation of primary leadership and day-to-day professionals, and (ii) details, experience and credentials of the firms’ team that could be staffed for any potential subsequent engagement related to the **Purpose and Scope of this RFQ**, including brief resumes – with emphasis on the firm’s public-sector team.

- **Respondents’ Prior Work, Related Activities and Investments for the Commonwealth and/or its Component Units.** Responses to the RFQ must also contain a description of any prior work done for the Commonwealth and/or its Component Units for the previous five (5) fiscal years preceding this RFQ. **Respondents** must also provide information related to involvement in litigation and/or investigations related to the Commonwealth and/or its Component Units, if any.

- **Related Activities and Investments.** In order to allow the **Government Parties** to conduct an initial assessment of potential conflicts of interest, please provide a brief description of any work your firm has performed for any creditors or guarantors of the Commonwealth’s, its public corporations, agencies, instrumentalities or component units. Public Debt. Indicate whether this activity is ongoing, and if not, when the prior assignment was concluded.

- **References.** Provide contact information for references for at least two (2) separate past assignments that are directly relevant to those anticipated by the **Government Parties** under this RFQ.

- **Proposed or Suggested Plan.** Respondents must describe in detail a proposed or suggested plan to assist the Commonwealth to meet the **Insurance Requirement** and the **Comprehensive Program**, along any relevant incidental support.

### 3.2 Evaluation Criteria

Subject to the **General Disclosures, Rights, Options and Disclaimers** described in **Section 4.1** of this RFQ, responses submitted hereunder ought to be evaluated by the **Government Parties** considering the following factors:

- Proposed or suggested plan to assist the Commonwealth to meet the **Insurance Requirement** and the **Comprehensive Program**, along any relevant incidental support;

- Total reinsurance limit volume placed by **Respondent** into the reinsurance/insurance market(s) as a broke or intermediary for each of the previous five (5) fiscal years preceding this **RFQ**, to the extent applicable.

- Total issuance volume across all types of cedents for each of the previous five
(5) fiscal years preceding this RFQ, to the extent applicable.

- Previous experience with similar engagements as those described under Section 2.1, Purpose and Scope of RFQ.

- Previous experience in assisting governments and/or governmental entities with FEMA and/or the O&M Requirement, or the corresponding applicable jurisdictional regulations.

- Respondents’ description of at least two (2) case studies of engagements or placements, similar as those described under the Comprehensive Insurance Criteria, done for public or quasi-public entities.

- Conflict of interest review.

- Completeness and quality of responses throughout the selection process.

At this stage in the RFQ evaluation process, the Government Parties are not requesting fee proposals. However, total annual costs associated to any proposed or suggested plan to assist the Commonwealth to meet the Insurance Requirement and the Comprehensive Program, along any relevant incidental support, must fall within the -$35 million threshold described in Section 1.5 and Section 1.6 of this RFQ.

### 3.3 Qualifications and Experience

Respondents are required to demonstrate that they possess all technical and technological capabilities that allow the proper and successful execution of the assistance needed by the Commonwealth to meet the Insurance Requirement and the Comprehensive Program. Respondents must show effective and substantive experience in the provision of similar services under consideration under this RFQ.

### 3.4 Interviews

Oral interviews may not be conducted by the Government Parties with Respondents since strict adherence to Section 3.7 of this RFQ shall be followed. Consequently, no oral nor telephone queries may be conducted by Respondents with the Government Parties.

### 3.5 Evaluation Committee

The Government Parties shall appoint an evaluation committee (“Evaluation Committee”) to review and evaluate all the responses submitted in accordance with the RFQ. The Evaluation Committee shall first review and determine if each proposal completed all requirements as to format and content. The Government Parties will only consider proposals from Respondents that are either duly registered or qualified to
conduct business in the Commonwealth of Puerto Rico. Proposals that are not disqualified will be evaluated as to the substantive material, provided however that, in addition to the rights reserved in Section 4.1 below, the Government Parties reserve the right to waive any defect or technicality in any proposals received, and modify or postpone or terminate the RFQ process in its entirety or with respect to any Respondent, at any time, for any reason or no reason.

The Government Parties, by means of the Evaluation Committee, may request in writing a Respondent to clarify a qualification submission in the event that ambiguities or uncertainties are presented in the proposal or to obtain more information necessary for the Evaluation Committee to make a comprehensive evaluation. The Evaluation Committee shall report its findings and make its recommendations to the Government Parties. The Government Parties, however, may accept the recommendations of the Evaluation Committee, or exercise any of the rights reserved by the Government Parties. The Government Parties’ acceptance of a particular proposal does not imply that every element of that submission has been accepted.

3.6 Schedule

A summary schedule of the major activities associated with the procurement process is presented below, through the completion of this RFQ process. The schedule may vary from the schedule indicated below. In such case, Respondent’s shall be notified to their email of record.

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 3rd, 2021</td>
<td>Last date for submission of RFQ’s</td>
</tr>
<tr>
<td>September 3rd, 2021</td>
<td>Proposals due to the Government Parties</td>
</tr>
<tr>
<td>September 17th, 2021</td>
<td>Evaluation of Respondents and notices to qualified Respondents, if any and if applicable</td>
</tr>
</tbody>
</table>

*** This date might be subject to change.

3.7 Communications Protocol

All communications shall be conducted in accordance with this RFQ.

No interpretation or clarification of the meaning of any part of the RFQ will be made orally by the Evaluation Committee nor the Government Parties to any of the Respondents. All questions and communications concerning this procurement process must be directed in writing to the Government Parties via email (contact person and email address shown below), no later than the date specified in the RFQ schedule.
All questions concerning this RFQ should be directed **IN WRITING** to:

**Puerto Rico Fiscal Agency and Financial Advisory Authority**

**Attention:** Manuel J. González del Toro, Esq.  
Fiscal Agency Director  
manuel.gonzalez@aafaf.pr.gov

with carbon copy (Cc) to:

**Attention:** Héctor Martínez Valldejuli, Esq.  
Fiscal Agency Deputy Director  
hector.martinez@aafaf.pr.gov

and

**Attention:** Enrique Guzmán Matos, Esq.  
Fiscal Agency Senior Legal Advisor  
enrique.guzman@aafaf.pr.gov

Where appropriate, responses to formal questions will be distributed by email to all Respondents on record as having received a copy of this RFQ. In each case, the Government Parties will determine whether a response is appropriate or necessary.

### 4.0 DISCLOSURES

#### 4.1 General Disclosures, Rights, Options and Disclaimers

The issuance of this RFQ, submission of a response by any firm/team, and the acceptance of such response by the Government Parties does not obligate the Government Parties. Legal obligations will only arise upon the execution of a formal agreement between the Government Parties and the selected Respondent(s).

By responding to this RFQ, Respondents acknowledge and consent to the following conditions relative to the procurement process. The Government Parties are not bound to accept any submission if Respondents do not meet the Government Parties’ requirements. Without limitation and in addition to other rights reserved by the
Government Parties in this RFQ, the Government Parties reserve and hold, at their sole discretion, the following rights and options:

- To accept or reject any and all submittals, in whole or in part.
- To cancel this RFQ in whole or in part, at any time, with or without substitution of another RFQ if such cancellation is determined to be in the best interest of the Government Parties.
- To supplement, amend, or otherwise modify this RFQ prior to the date of submission of the responses.
- To receive written questions concerning this RFQ from Respondents and to provide such questions, and Government Parties responses, to all Respondents that received a copy of the RFQ.
- To require additional information from one or more Respondents to supplement or clarify the information submitted.
- To conduct further investigations with respect to the qualifications and experience of each Respondent.
- To contact Respondents past clients in any of the projects or engagements referenced in the proposals to obtain direct information regarding Respondents performance in such engagements.
- To waive any defect or technicality in any submission received.
- To eliminate any Respondent that submits a nonconforming, non-responsive, incomplete, inadequate or conditional submission.
- To investigate the technical and financial qualifications of Respondents using sources in addition to what was included in the submission.

All costs and expenses incurred by Respondents in the preparation and delivery of a submission will be the sole responsibility of Respondents. The Government Parties will not be liable for any amounts to any Respondent in any manner, under any circumstances, including without limitation, as a result of a cancelation of the RFQ process. Respondents cannot make any claims whatsoever for reimbursement from the Government Parties for the costs and expenses associated with this RFQ process.

Respondents should send their best submission initially, since negotiations may not take place.

The laws of Puerto Rico shall govern this RFQ process. Any disputes relating to this RFQ must be resolved accordingly. Exclusive venue for a judicial challenge is the Appeals Court of Puerto Rico as provided for by the laws of the Commonwealth of Puerto Rico.

4.2 Accuracy of RFQ and Related Documents

The Government Parties assume no responsibility for the completeness or the accuracy of specified technical and background information presented in this RFQ, or otherwise distributed or made available during this RFQ process. Without limiting the generality of the foregoing, the Government Parties will not be bound by or be responsible for any
explanation or interpretation of the RFQ documents other than those given by it in writing. In no event may a Respondent to this RFQ rely on any oral statement by the Government Parties’ agents, advisors, or consultants.

4.3 Confidential or Proprietary Information

One copy of each proposal will be retained for the Government Parties’ files and will not be returned. If a Respondent considers that its proposal contains material that is confidential and/or proprietary, the Respondent must clearly note or mark each section of material as confidential and/or proprietary. The Government Parties will determine whether such material meets the requirements for an exemption from disclosure. If so, that information will not be disclosed pursuant to a request for public documents. If the Government Parties do not consider such material to meet the requirements for exemption from disclosure, the material will be made available to the public, regardless of the notation or markings. It is the responsibility of Respondents to be thoroughly informed and familiar with the requirements of disclosure of public documents.

Furthermore, by responding to this RFQ, Respondents acknowledge and agree that the Government Parties will not be responsible or liable in any way for any losses that the Respondent may suffer from the disclosure of information or materials to third parties. It is the responsibility of the Respondent, as the real party in interest, to object any disclosure and defend any action that may be necessary to protect its confidential information.

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