



REQUEST FOR QUALIFICATIONS

Investment Banker

For

PUERTO RICO FISCAL AGENCY & FINANCIAL ADVISORY AUTHORITY

Issue Date: Thursday, March 25, 2021

RFQ Number: 2021-02

Submission Location:

Responses to be mailed to:

RFQ@aafaf.pr.gov

Documents will only be received electronically.
Hand delivery and postal mailed documents will not be accepted.

Submission Time:

Responses to be received at the above Submission email address on or prior to:
11:59pm (AST), April 8, 2021

Contact Person:

Mr. Alfredo Guerra Estevanell
Director
Office of Financial Advisory
Puerto Rico Fiscal Agency & Financial Advisory Authority

No telephone queries



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Introduction

The Puerto Rico Fiscal Agency and Financial Advisory Authority (hereinafter, the “Authority”) was created by Act No. 2-2017 enacted on January 18, 2017 (hereinafter, “Act 2” or “Enabling Act”), with the purpose of acting as fiscal agent, financial advisor, and reporting agent for all the entities comprising the Government of Puerto Rico (hereinafter, the “Government”), and to assist them in facing the serious fiscal and economic crisis that Puerto Rico is currently undergoing. Pursuant to its enabling act, the Authority is a public corporation and governmental instrumentality with separate legal existence, fiscal and administrative autonomy, and independence from the Government.

Furthermore, the Authority was empowered to collaborate in conjunction with the Governor of Puerto Rico and his representatives in the creation, execution, supervision, and oversight of any Fiscal Plan and Budget, as such terms are defined in the Puerto Rico Oversight, Management, and Economic Stability Act, Public Law No. 114–187, enacted on June 30, 2016 (known and hereinafter referred to as “PROMESA”). Also, AAFAF’s, among others, has the sole responsibility to renegotiate, restructure and/or reach an agreement with creditors on all or part of the public debt or any other debt issued by any Government entity. Notwithstanding the foregoing, the activities and responsibilities of the Authority are separate and distinct from those of the Financial Oversight and Management Board for Puerto Rico established in accordance to PROMESA (hereinafter, the “Oversight Board”).

Moreover, Act 2 also empowered the Authority to negotiate and execute any type of contract, including all those instruments and agreements necessary or convenient to exercise the powers and functions conferred to the Authority by its enabling act. The Authority is also responsible for assisting Government entities that may need to retain the services of financial and legal professionals to assist them in the evaluation and execution of financial transactions. As such, the Authority is seeking submissions from investment banking firms to be retained by the Authority, the Government, and/or other agencies, instrumentalities, public corporations and municipalities of Puerto Rico (hereinafter, the “Government Entities”).

The Authority intends to utilize this Request for Qualifications (hereinafter, “RFQ”) process to select and prequalify one or more investment bankers that may serve on various assignments for the Authority, the Government and/or the Government Entities. The investment banking firm will not be required to serve in the capacity as an Independent Registered Municipal Advisor (or “IRMA”, as such term is used in the Dodd-Frank Wall Street Reform and Consumer Protection Act) to the Government Entities listed in Appendix A of this RFQ (as such list may be amended or modified from time to time), among others.



Qualifications and Scope of Work

Activities and assignments for the Authority, the Government and/or other Government Entities may include, but are not limited to, the following: (1) underwriting and placement of capital markets transactions, (2) executing tender offers and debt exchanges, (3) participating in processes to comply with the Authority's responsibilities under PROMESA, (4) performing financial analysis to determine financial viability, (5) participating in the development of Fiscal Plans as defined and required under PROMESA, (6) preparing debt and debt affordability analyses, (7) participating in creditor communication strategy and negotiations, (8) assisting in the preparation and delivery of rating agency materials, (9) preparing public presentations on financial restructurings, (10) preparing and participating in investor presentations for debt sales or exchanges, (11) assisting in preparing and presenting materials that may be required for governmental approval processes, including those to be presented to the Oversight Board, and (12) working with restructuring advisors and legal counsel to perform these assignments.

The Authority will consider submissions from investment banking firms. Set forth below are certain areas of expertise that the Authority believes relevant in its evaluation, qualification and selection of potential investment banking firms:

- Municipal Finance
- Public and Private Capital Markets Debt
- Exchanges and Tender Offers
- General Corporate Restructuring (both voluntary and court-conducted processes)
- Governmental and Sovereign Debt Restructuring
- Financial/Fiscal Planning Creditor
- Negotiations Municipal Bond
- Insurance Rating Agencies
- Public Sector Accounting
- Sector Actuarial Analysis
- Infrastructure and Utility Finance
- Securitization Financings
- Asset Valuations, Sales and Privatizations

The inability to satisfy all the recommended areas of expertise will not disqualify any submission.

Contents of the Response to the RFQ (hereinafter, "Statement of Qualifications")

1) **Description of the Firm.**

Provide a brief overview of your firm and its primary areas of business. Include in this section if the respondent is authorized and engaged in trade and business in Puerto Rico.

2) **Experience and Qualifications Related to the Scope of Work and Required Expertise.**

Provide a summary of the firm's experience in the required areas of expertise listed above. Interested firms should also identify any other practice area and experience they have that may be helpful as the



investment banker for the Authority, the Government and/or other Government Entities. Provide brief case studies of relevant situations in which your firm was instrumental in successful debt restructurings for governmental entities, or in cases where the creditors were similar in type to the creditors and guarantors of the Government. Also provide examples of cases where your firm served as underwriter for transactions for entities that were emerging from bankruptcy or severe financial distress.

3) List of Individuals Assigned to the Activities of the Authority, the Government and/or other Government Entities.

Include a description of their relevant experience and any history of working in the Government. Provide an organization chart for your team with the designation of primary leadership and day-to-day professionals.

4) The Firm's Prior Work for Government Entities.

The Statement of Qualifications should also contain a description of any prior work done for any of the Government Entities during the past five (5) years. Please provide information regarding involvement in litigation and/or investigations related to the Government, if any.

5) Related Activities and Investments.

In order to allow the Authority to conduct an initial assessment of potential conflicts of interest, please provide a brief description of any work you have performed for any creditors or guarantors of debt issued by the Government and/or the Government Entities in relation to their positions in Puerto Rico debt obligations. Indicate whether this activity is ongoing, and if not, when the prior assignment was concluded. Also, list any holdings of debt issued by the Government and/or the Government Entities, or holdings of securities issued by municipal bond insurance companies. Puerto Rico debt obligations and securities issued by municipal bond insurance companies shall henceforth be referred to as "Related Investments". Provide a list of Related Investments that are held directly by your firm, by affiliated companies to your firm, or that your firm or affiliates may manage for others. In addition, the Authority may request in the future a list of direct or indirect connections the firm or any of its professionals have with officers of the Authority, members of the Authority's Board of Directors, and/or management of the Government Entities.

6) References.

Provide contact information for references for three (3) separate past assignments that are directly relevant to those anticipated by the Authority.

Selection Criteria

In order to identify qualified respondents, the Authority will evaluate investment banking candidates that submitted a Statement of Qualifications based on the following factors and criteria:

- Qualifications on the recommended areas of expertise listed above.
- Experience with governmental entities, turn-around efforts, municipal finance, distressed governmental credits, and large capital markets transactions.
- Experience with the various types of creditors and guarantors that currently hold or guarantee debt issued by the Government Entities.
- Similar engagement experience based on examples of the respondent having worked on governmental debt restructurings or with other governments experiencing financial distress.



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- Experience, credentials, and understanding of the team staffed for this engagement.
- Conflicts of interest review. It should be noted that, prior representation of Puerto Rico creditors shall not automatically disqualify a respondent, but will need to be disclosed in your Statement of Qualifications.
- Completeness, presentation and quality of the Statement of Qualifications throughout the selection process.
- Presence or current plans to establish physical presence in Puerto Rico as evidence of the entity's contribution to Puerto Rico's economic development.

The Authority is not requesting fee proposals at this stage of the evaluation process. However, the competitiveness and affordability of fees will be an important consideration in the final selection of any firm that may be chosen to assist the Authority, the Government and/or the Government Entities on specific transactions.

Statement of Qualifications

The Statement of Qualifications is due no later than 11:59pm (AST) on April 8, 2021 and must be jointly addressed and sent via email to the Authority at RFQ@aafaf.pr.gov to the attention of Mr. Alfredo Guerra Estevanell.

Please respond in a thorough and timely fashion, but as concisely as possible. The Authority will not consider Statement of Qualifications or revisions presented after the response due date.

The Authority prefers that firms submit individual responses and not submit joint proposals. However, if you feel your firm, or group of firms, would only be able to fully respond to the RFQ by joining with other firms, then submit a joint response, including an explanation of why your firm, or group of firms, would not be able to assist the Authority through a sole response to the RFQ.

The Authority will evaluate all duly submitted Statements of Qualifications and make the ultimate selection of qualified respondents.

The Authority reserves the right to conduct discussions with a short list of firms, as so determined by the Authority's management. However, the Authority could proceed directly to select a qualified respondent based solely on the Statement of Qualifications.

In no way shall this RFQ limit AAFAF's authority to engage any firm of its choice, even though it has not submitted a Statement of Qualifications or has not been selected as a qualified respondent to this RFQ.

Any initial questions concerning the RFQ or the Statement of Qualifications should be referred to the Authority to the email address abovementioned. Any questions or comments, and related responses, may be made public for the benefit of all potential respondents to the RFQ. Under no circumstances should any representative of your firm make any contact concerning the RFQ with any representatives not authorized by the Authority, unless instructed to do so by the Authority.



Appendix A

Current listing of the Government Entities:

1. Commonwealth of Puerto Rico
2. Children's Trust
3. Employees Retirement System of the Government of the Commonwealth of Puerto Rico and its Instrumentalities
4. Puerto Rico Aqueduct and Sewer Authority (PRASA)
5. Puerto Rico Convention Center District Authority (PRCCDA)
6. Puerto Rico Electric Power Authority (PREPA)
7. Puerto Rico Highways & Transportation Authority (PRHTA)
8. Puerto Rico Housing Finance Authority (PRHFA)
9. Puerto Rico Industrial Development Company (PRIDCO)
10. Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority (AFICA)
11. Puerto Rico Infrastructure Financing Authority (PRIFA)
12. Puerto Rico Municipal Finance Agency (MFA)
13. Puerto Rico Municipal Finance Corporation (COFIM)
14. Puerto Rico Public Buildings Authority (PBA)
15. Puerto Rico Public Finance Corporation (PFC)
16. University of Puerto Rico (UPR)
17. Puerto Rico Health Insurance Administration (PRHIA)
18. Puerto Rico Electric Power Authority Revitalization Corporation (PREPARC)
19. Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation (PRASARC)