



GOVERNMENT OF PUERTO RICO
PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY

REQUEST FOR PROPOSAL

For Services as Trustee, Paying Agent and Registrar in Connection with (i) the Puerto Rico Highways and Transportation Authority (“HTA”) Bonds to be Issued in Accordance With the Title III Plan of Adjustment of HTA (the “HTA Title III Bonds”) or (ii) the Alternative HTA Bonds (the “Alternative HTA Bonds”) to be Issued in Lieu of the HTA Title III Bonds

Issue Date: July 14, 2022

**Documents will only be received electronically. Refer to Section 6 herein for instructions.
Hand delivery and postal mailed documents will not be accepted.**

Submission Time:

Responses to be received at the submission email addresses included in Section 6 herein on or prior to:
11:59 pm (EST), July 26, 2022

No Telephone Queries Will Be Accepted

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REQUEST FOR PROPOSAL FOR TRUSTEE, PAYING AGENT AND REGISTRAR OF HTA TITLE III BONDS OR ALTERNATIVE HTA BONDS

Introduction

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“**AAFAF**” or the “**Authority**”) is an independent public corporation and governmental instrumentality with separate legal existence, fiscal and administrative autonomy, and independence from the Government of Puerto Rico. AAFAF was created for the purpose of acting as fiscal agent, financial advisor and reporting agent of the Government of Puerto Rico, its agencies, instrumentalities, subdivisions, public corporations and/or municipalities (hereinafter collectively referred to as the “**Government**”), and to assist such entities in confronting the grave fiscal and economic emergency that Puerto Rico is currently experiencing. AAFAF has assumed most of the fiscal agency and financial advisory responsibilities that were previously held by the Government Development Bank for Puerto Rico.

AAFAF’s powers include, among other things, sole responsibility to renegotiate, to restructure and/or to reach an agreement with creditors on all or part of the public debt or any other debt issued by any government entity. AAFAF also has authority to monitor compliance with the fiscal plans and budgets certified by the Financial Oversight and Management Board for Puerto Rico (“**FOMB**” or the “**Oversight Board**”) created pursuant to the Puerto Rico Oversight, Management and Economic Stability Act of 2016 (“**PROMESA**” or the “**Act**”) and to review matters such as, but not limited to, contracts, transactions and regulations of agencies and instrumentalities of the Government. In addition, Act 2 empowers AAFAF 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 AAFAF by its enabling act.

The activities and responsibilities of AAFAF are separate and distinct from those of the Oversight Board.

1. Purpose of the Request for Proposals (“**RFP**”)

AAFAF is seeking proposals on behalf of the Puerto Rico Highways and Transportation Authority (“**HTA**” or the “**Issuer**”) from entities interested in serving as trustee, paying agent, and registrar under a trust agreement in connection with (i) the Title III HTA Bonds to be issued in accordance with the PROMESA Third Amended Title III Plan of Adjustment for HTA (the “**HTA POA**”) or (ii) the Alternative HTA Bonds (as defined herein) (in such capacities, the “**Trustee**”). Respondents must be a trust company or bank with powers of a trust company, having a capital and surplus of not less than \$50,000,000 and an investment grade rating from

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S&P, Moody's or Fitch¹. Before responding to this RFP, you should carefully read and understand the Disclosure Statement and the HTA POA².

Except as provided in this RFP, all capitalized terms used herein shall have the same meaning given to such terms in the HTA POA.

a. Title III HTA Bonds

The HTA POA was filed by the Oversight Board with the US District Court for the District of Puerto Rico on May 2, 2022 and provides the framework to restructure the debts of HTA. Pursuant to the HTA POA, HTA bondholders will receive \$1.245 billion in Title III HTA Bonds, excluding restriction fees and consummation costs. The Title III HTA Bonds would accrue interest at an average rate of 5% beginning on July 1, 2022.

b. Alternative HTA Bonds and Additional Bonds

Pursuant to the terms of the HTA POA, the Commonwealth of Puerto Rico (the "**Commonwealth**") and HTA retain the ability to substitute cash in lieu of the issuance of the Title III HTA Bonds at the HTA POA effective date (the "**Title III Cash Option**"). AAFAF and HTA will consider alternative financing proposals for the issuance to the public of new toll road revenue bonds that generate sufficient funds to satisfy the Title III Cash Option (the "**Alternative HTA Bonds**" and, together with the Title III HTA Bonds, the "**HTA Bonds**").

The Commonwealth and HTA will also enter into a subordinate loan agreement that provides for the issuance by HTA of a loan that is secured by the same revenues as those securing the HTA Bonds, but subordinate thereto, under the terms and conditions set forth in the Trust Agreement.

The Trust Agreement also provides for the issuance, from time to time, of additional and refunding bonds under the terms and conditions provided therein.

¹ AAFAF, in its sole discretion, may waive the investment grade rating requirement under certain circumstances.

² Please refer to documentation related to the HTA POA for complete descriptions of all securities being restructured as part of the HTA POA. Relevant documentation is available at Prime Clerk's website (<https://cases.primeclerk.com/puertorico/Home-Index>).

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c. General Information

The HTA Bonds will be issued in accordance with the existing HTA statute. No new legislation will be adopted in connection with any such issuance. Issuance of the HTA Bonds will be approved by the Court overseeing HTA's Title III case in connection with confirmation of a plan of adjustment for HTA.

The HTA Bonds will be issued on the Effective Date of the HTA POA. The HTA Bonds will be payable from receipts from the Toll Facilities, which include tolls, special fees or permit fees, or other charges by HTA to the owners, lessors, lessees or operators of motor vehicles for the operation of or the right to operate those vehicles on the Toll Facilities, and fines and penalties and interest thereon collected as a result of a failure to pay any such amount. The "**Toll Facilities**" consist of PR-20, PR-52, PR-53 and PR-66.

The longest maturity of the HTA Bonds will be 40 years. The HTA Bonds will include current interest bonds, capital appreciation bonds ("**CABs**"), and convertible CABs. The current interest bonds and CABs would be callable in 10 years at par, whereas the convertible CABs will have a conversion date of 10 years or less and are callable at par beginning on the earlier of seven years after the conversion date and 10.5 years after issuance. The HTA Bonds will also be subject to extraordinary mandatory redemption, at the election or direction of HTA, in whole or in part, upon the execution and delivery of a concession agreement for all or any portion of the Toll Facilities.

All debt service on the HTA Bonds which is not paid when due, whether at or prior to final scheduled maturity, shall remain due and outstanding until paid in full. Interest shall accrue on such overdue debt service at the regular coupon rate (accretion rate for CABs), compounding semiannually, until the applicable HTA Bonds are paid or satisfied in full in accordance with their terms. Interest on the HTA Bonds shall be calculated on a 30/360 basis.

The maturities, interest rates and amortization schedules for the Title III HTA Bonds are annexed as Exhibit "D" of the HTA POA. For purposes of your response, you should assume that maturities and amortization schedules for the Alternative HTA Bonds would be similar to the Title III HTA Bonds.

2. Scope of RFP

AAFAF will only consider proposals that are responsive to the scope included herein and any deviation from the requested scope may result in disqualification. If there are items not applicable to your proposal, then please respond as such. Responses must address the following:

- a. **Trustee Experience and Proposed Services.** Provide a summary of your experience with governmental entities and in acting as trustee, paying agent, and/or registrar. Such description should cover your experience (i) with revenue bonds and (ii) in managing bond structures as required under the applicable bond documents, including trust agreement providing for senior and subordinate lien structures.

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- b. **Fees and Expenses.** Provide a detailed description of your proposed compensation, broken down by type of service.
- c. **Description of Your Company.** Provide an overview of your company and its financial condition. For instance, please describe or provide, as applicable:
 - i. Confirm that you are (i) a trust company or a bank having the powers of a trust company, (ii) have a capital and surplus of not less than \$50,000,000 and (ii) able to perform under a trust agreement governed primarily by New York law.
 - ii. Name, title, location and contact information of the person that will directly oversee the services that you propose to provide and who should be contacted about your proposal.
 - iii. Provide your credit rating from S&P, Moody's and Fitch, to the extent applicable.
 - iv. A description of any material judgments, arbitration proceedings or other suits, pending or outstanding, against your company or any officer, relating to the conduct of your trust business, including, in particular, any failure to perform trust duties in accordance with the provisions of the applicable trust documents.
 - v. A description of any default on a material contract occurring in the past ten years relating to your trust business.
- d. **Conflicts of Interest.** In order to allow AAFAF to conduct an assessment of potential conflicts of interest, please identify any existing or potential conflict of interest, or any relationships that might be considered a conflict of interest, that may affect or involve transaction(s) for the Oversight Board, AAFAF, the Commonwealth, or HTA, including but not limited to conflicts with financial advisors or law firms providing services to the Oversight Board, AAFAF, the Commonwealth, or HTA. Please include description of any work you have performed for HTA, the Government, any of its entities or instrumentalities, or any creditors thereof or any guarantors of indebtedness in relation to their activities in the Commonwealth or HTA. Indicate whether this activity is ongoing, and if not, when the prior assignment was concluded.
- e. **References.** Please provide names and complete contact information (phone, email, address, etc.) for at least two business references that are directly relevant to the activities anticipated by this RFP and a brief description of the services you provided to each reference.
- f. **Other Matters.** Provide any other information that you believe would be helpful for AAFAF to know in evaluating proposals submitted pursuant to this RFP process.
- g. **Ability to Timely Complete.** The confirmation hearing for the HTA POA is currently scheduled for August 17, 2022, with the effective date expected on or about September 1, 2022 (all dates subject to change). Please confirm your willingness and ability to complete all internal approvals and document review within this expected timeframe.

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3. Preparation of Proposals

Proposals shall be clear and concise, avoiding the use of promotional materials and focused on completeness and responsiveness. For ease of review, the proposals must be limited to 5 pages or less (inclusive of appendices, and exclusive of disclaimers, conflicts of interest and cover pages) with a minimum font size of 11 pts. Excess pages and extraneous materials or appendices will detract from the overall evaluation of the proposal.

4. Key Dates

1. RFP Due Date: July 26, 2022 @ 11:59 p.m. EST
2. RFP Award Date: At the discretion of the Authority

5. Submission of Proposals

Proposals must be emailed to AAFAF at rfp@aafaf.pr.gov.

6. Inquiries/Questions

Any inquiries or requests for clarification shall be submitted by email to the addresses indicated in Section 5 above. No telephone queries will be accepted.

7. Anticipated Evaluation Criteria

AAFAF intends to evaluate proposals using a combination of criteria, including, but not limited to, those described below. AAFAF reserves the right to make the selection in its sole discretion, subject to the consents set forth in the HTA POA, and may place more or less emphasis on any identified selection criteria.

- a. Depth of experience working with governmental entities while acting as Trustee
- b. Management strength and depth of personnel resources
- c. Financial stability
- d. Strength of references
- e. Proposed compensation arrangement

8. Confidential or Proprietary Information

All proposals, evaluations and the content of any discussions shall be kept strictly confidential throughout the evaluation and award process. Only the Authority's personnel shall have access to the proposals and the evaluation results. The Authority and/or the Government may request and use, at their discretion, assistance from outside consultants during the evaluation process of the proposals. A copy of each proposal will be retained for the Authority's files. If a proponent considers that its proposal contains material that is confidential and/or proprietary, the proponent must clearly note or mark each section of material as confidential and/or proprietary. The Authority 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 Authority does not consider such material to meet the

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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 proponents to be thoroughly informed and familiar with the requirements of disclosure of public documents.

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

9. Other matters and additional disclosures

- a. This RFP is intended to provide all prospective Trustees with sufficient information to enable them to prepare and submit offers for consideration by AAFAF. This RFP does not obligate any prospective Trustee to procure or contract for services or supplies, and it shall not be construed as authorization to proceed with or be reimbursed for any of the costs of the work specified herein. Each prospective Trustee is responsible for all of its costs and expenses for preparation and submission of the proposal and all related activities.
- b. The issuance of this RFP, submission of a proposal, and the acceptance of such proposal by the Authority does not obligate the Authority. Legal obligations will only arise upon the execution of a formal contract with the selected proponent. This RFP does not constitute a promise or guarantee of engagement by AAFAF, the Commonwealth, and/or HTA, and in no way limits AAFAF, the Commonwealth, and/or HTA's authority to engage any other organization or firm, as needed. Subject to the obligations set forth in the HTA POA, AAFAF will negotiate a contract with the prospective Trustee whose proposal, in the joint and absolute discretion of the Authority and/or HTA, is the best, i.e., most advantageous to HTA.
- c. The Authority reserves the right to amend, modify or cancel this RFP in whole or in part, at any time, with or without substitution of another RFP if such cancellation is determined to be in the best interest of the Authority, the Commonwealth, and/or HTA. All costs and expenses incurred by the proponents in the preparation and delivery of a proposal will be the sole responsibility of the proponents. The Authority, the Commonwealth and/or HTA will not be liable for any amounts to any proponent in any manner, under any circumstances, including without limitation, as a result of a cancellation of the RFP process. The proponents cannot make any claims whatsoever for reimbursement from the Authority or from any other Government entity for the costs and expenses associated with the process.
- d. To be eligible for award, the proponent shall comply with the requirements stated under this RFP. Also, to be eligible for award the proponent shall submit a proposal that conforms to the requirements of format and content as stated under sections ***Scope of Services*** and ***Preparation of Proposals*** of this RFP. Failure to comply with such requirements may result in disqualification

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and removal from further consideration. The Authority is not bound to accept any proposals if proponents do not meet the requirements set forth in this RFP. Specifically, to be responsive, the proposal shall include all information identified, organized and in the form specified under the abovementioned sections. A nonresponsive proposal may be disqualified and removed from further consideration.

- e. Any prospective Trustee who submits or attempts to submit a proposal is solely responsible for the method of submission and assumes the risk that the proposal may be delayed or not received by AAFAF, whether by reason of equipment malfunction, human error or any other cause whatsoever.
- f. Upon receipt of responses to this RFP, AAFAF, together with HTA and/or any other corresponding Government entity, shall discuss the merits of such responses. Acceptance of proposals shall give rise to no liability or obligation on the part of HTA, AAFAF, and/or the Government, as well as the Oversight Board, any other party to the HTA POA or their respective advisors, and no prospective Trustee will have any cause of action against such arising out of a failure to award a contract to that prospective Trustee, or failure to consider any proposal or any expenses incurred by a prospective Trustee in the course of the preparation of the proposal. AAFAF, on behalf of HTA, reserves the right, in its sole discretion (but subject to its obligations under the HTA POA), to request other proposals in the future. AAFAF, HTA, and/or any other corresponding Government entity, hereby reserve the right to consider any and all factors relating to a determination of the ability and suitability of the prospective Trustees, their respective agents or representatives.
- g. The prospective Trustee will secure the prior written approval of AAFAF before any information relating to this RFP is released to anyone other than such prospective Trustee's directors, officers, employees, accountants or attorneys.

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