



REQUEST FOR QUALIFICATIONS

for

INVESTMENT BANKERS

January 30, 2017

Introduction

The Puerto Rico Fiscal Agency and Financial Advisory Authority (the "Authority") was established pursuant to Chapter 6 of the Puerto Rico Emergency Moratorium and Financial Rehabilitation Act, Act 21-2016, as an independent public corporation and governmental instrumentality with separate legal existence, fiscal and administrative autonomy, and independence from the Commonwealth.

The Authority 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 the Commonwealth is currently experiencing. The Authority has assumed the majority of the fiscal agency and financial advisory responsibilities that were previously held by the Government Development Bank for Puerto Rico.

On January 18th, the Governor of Puerto Rico signed Act 2-2017. The new law amends and replaces sections of the prior law that established AAFAF. The new law expands AAFAF's powers to 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.

The activities and responsibilities of the Authority are separate and distinct from those of the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") which was established by the Puerto Rico Oversight, Management, and Economic Stability Act 48 U.S.C. Chapter 20 ("PROMESA" or "Act").

The Authority is authorized to hire professionals to carry out certain of its duties under Act 21-2016 and Act 2 -2017. 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 entities interested in serving on the Investment Banking Team to be retained by the Authority and/or other government instrumentalities. The Authority intends to utilize this RFQ process as the initial step in a process to select and prequalify one or more investment bankers that may serve on various assignments for the Government. The investment bankers will not be required to serve in the capacity as an Independent Registered Municipal Advisor (or "IRMA" as the term IRMA is used in the Dodd-Frank Wall Street Reform and Consumer Protection Act) to the entities listed in Appendix A.



Qualifications and Scope of Work

Activities and assignments for the Authority and various Public Corporations may include, but not be limited to: (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 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 for the PROMESA Oversight Board, and (12) working with restructuring advisors and legal counsel to perform these assignments.

Set forth below are certain areas of expertise that the Authority believes relevant in its evaluation and selection of potential investment bankers:

- 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
- Public Sector Actuarial Analysis
- Infrastructure and Utility Finance
- Securitization Financings
- Asset Valuations, Sales and Privatizations

The Authority will consider submissions from investment banking firms. The inability to satisfy all the recommended areas of expertise will not disqualify any submission.



Contents of the Response to the Request for Qualifications

1 - Description of the Firm.

Provide a brief overview of your firm and its primary areas of business.

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 your firm has that may be helpful as the Authority’s investment banker. Provide brief case studies of relevant situations in which your firm was instrumental in successful debt reductions or restructurings for governmental entities, or in cases where the creditors were similar in type to the creditors and guarantors for the Commonwealth. 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 – Listing of Individuals Assigned to the Authority and Public Corporations’ Activities.

Include a description of their relevant experience and any history of working in the Commonwealth of Puerto Rico. 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 Puerto Rico Public Corporations.

Responses to the RFQ should also contain a description of any prior work done for the Commonwealth and the Public Corporations in the past five years. Please provide information related to involvement in litigation and/or investigations related to the Government in Puerto Rico, 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 Public Corporation debt 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 Puerto Rico Public Corporation debt, or holdings of securities issued by municipal bond insurance companies. Puerto Rico debt obligations and securities issued by municipal bond insurance companies shall be referred to as Related Investments. Provide a list of these 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 in the future request a list of direct or indirect connections the firm or its professionals have to members of the Authority or to Board Members or Managers of the Public Corporations.

6 – References.

Provide contact information for references for three separate past assignments that are directly relevant to those anticipated by the Authority and the Public Corporations.



Selection Criteria

Investment banking candidates responding to the RFQ will be evaluated based on the following factors:

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 various Public Corporations

Similar engagement experience based on examples of the respondent having worked on governmental debt restructurings or worked with governments experiencing financial distress

Experience and credentials of the team staffed for this engagement

Understanding of the engagement

Conflicts of interest review (prior representation of Puerto Rico creditors shall not automatically disqualify a respondent, but will need to be disclosed in your response to the RFQ)

Completeness and quality of the response to RFQ

Presentation and quality of responses throughout the selection process

Presence or current plans to establish physical presence in Puerto Rico as evidence of the entity's contribution of Puerto Rico's economic development

At this stage in the investment banker evaluation process, the Authority is not requesting fee proposals. 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 and the Public Corporations.

RFQ Responses

The response to the RFQ is due no later than 5:00 p.m. Puerto Rico time on February 8, 2017. Please respond in a thorough and timely fashion, but as concisely as possible. Proposals submitted beyond the deadline may not be accepted. The Authority reserves the right not to consider responses to the RFQ or revisions 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 respond fully 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.



All proposals received shall remain in effect for thirty (30) days from the date of receipt of the proposal. The Authority will make evaluation of the responses and ultimate selection.

The Authority expects to review the RFQ responses and conduct further discussions with a short list of firms. However, it is possible that the Authority could proceed directly to scope and fee negotiations with selected firms based on the RFQ responses.

Responses to this RFQ are to be jointly addressed to the Authority at RFQ@aafaf.pr.gov, and to Michael Mace (macem@pfm.com) of Public Financial Management, and sent via e-mail. Respondents are encouraged to confirm receipt of responses by either return e-mail or telephone.

Any initial questions concerning the RFQ or responses should be addressed to the email addresses listed above. 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, agencies, instrumentalities and public corporations:

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