



GOVERNMENT OF PUERTO RICO
Puerto Rico Public-Private Partnerships Authority

REQUEST FOR QUALIFICATIONS

Omnibus Infrastructure Public-Private Partnership ("P3") Advisor

for

PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

and

PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY

Issue Date: Tuesday, March 21, 2017

RFQ Number: 001-2017

Submission Location:

Responses to be mailed to:

apppr@bgfpr.com

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:
5:00 pm (Puerto Rico time), March 28, 2017

Contact Person:

Omar Marrero Díaz
Executive Director of the Puerto Rico Public-Private Partnership Authority

No telephone queries

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I. INTRODUCTION

A. THE PUERTO RICO PUBLIC-PRIVATE PARTNERSHIP AUTHORITY (“PPPA”)

The Puerto Rico Public-Private Partnerships Authority (“PPPA”), created by the Public-Private Partnerships Act, Act No. 29 of June 8, 2009, as amended (“Act”), for the purpose of implementing the public policy of the Government of Puerto Rico of favoring the establishment of public-private partnerships (“PPPs”) in Puerto Rico. The Act sets forth the public policy framework to establish PPPs for the completion of Priority Projects in alliance with the Puerto Rico Fiscal Agency and Financial Advisory Authority (“FAFAA”). The aim of the newly amended Act is to enhance the development and maintenance of infrastructure facilities, to allocate risks between the Government and potential proponents, to improve Government services and functions, to foster job creation, and to promote the social and economic development and competitiveness of Puerto Rico.

B. BACKGROUND

1. PUERTO RICO’S CURRENT FISCAL SITUATION

Puerto Rico’s fiscal and economic challenges are the result of an extended period of fiscal irresponsibility, ineffective leadership, lack of long-term economic planning and frequent changes that:

- a. closed Puerto Rico’s access to the capital markets,
- b. degraded our credit into junk category for the first time in our history
- c. exhausted our liquidity,
- d. provided zero visibility on public finances v. increased the cost of government,
- e. left billions in payments owed to private sector businesses,
- f. caused a downward economic spiral, alienating private investment, and
- g. afforded no transparency to our citizens and the investment community about its management of taxpayer funds

The new administration took office on January 2, 2017 and the Oversight Board, as established by the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), asked that we prepare a ten (10) year fiscal plan to address a \$67 billion budget gap over the next 10 years, pension reform and achieve the fiscal plan goals necessary to improve the quality of life of our citizens.

On March 13, 2017, the Oversight Board ominously approved Puerto Rico fiscal plan. The Fiscal Plan complies with the 14 statutory requirements established by PROMESA and the five principles established by the Oversight Board (Refer to “Legal Compliance with PROMESA” section). It looks into revenue enhancement and government right-sizing measures to reduce the 10-year financial gap by \$30.7 billion dollars. This includes redesigning the way the Government operates by integrating and transferring services from the public sector to private entities with proven track records. In addition, the

Government via the Executive Order 003-2017 declares a state of emergency regarding the infrastructure of Puerto Rico and orders the use of an expedited permitting process under Act. No. 76-2000 seeking to promote the development of new infrastructure that makes use of renewable energy, hence providing for the identification of measures to increase market competitiveness by investing in infrastructure, knowledge services, and other strategically important sectors.

With Act 1 – 2017, which amends Act 29-2009, the Puerto Rico Public-Private Partnership Act, the Government established the Public-Private Partnership model as means to achieve infrastructure and government right-sizing. Amongst many changes, Law improves the ability to evaluate, analyze and develop projects submitted through Unsolicited Proposals and Pre-Development Agreements.

Under the Fiscal Plan, the PPPA is looking into dividing the priority project list as approved by the Oversight Board into three (3) groups to be launched in 2017, 2018 and 2019, leaving 2020 focused on managing and finalizing any pending projects, as shown in Appendix A. Project sequencing is designed to effectively progress the advancement of projects and avoid major obstacles in the shortest timeline possible. Thus, progression goes from easily executable/advanced permitting to more difficult/less advanced projects. The projects approved by the Oversight Board cover many industries, as shown in Appendix B.

II. QUALIFICATIONS AND SCOPE OF WORK

A. PURPOSE

The purpose of this Request for Qualifications (“RFQ”) is to obtain omnibus Infrastructure Public-Private Partnership (“P3”) advisory (“P3 Advisor”) services for the Puerto Rico PPPA.

B. TYPE OF CONTRACT

The contract that will result of this RFQ will be a Work Order Driven, Deliverable Based Contract with Maximum Established Rates.

C. ACTIVITIES AND ASSIGNMENTS

Activities and assignments may include, but not be limited to:

(1) Overall P3 project management, including assessing all P3 options for all major infrastructure assets and developing an implementation and execution plan for each selected P3

(2) assisting in developing a comprehensive planning process to comply with the PPPA’s responsibilities and in line with the requirements of Title V of PROMESA;

(3) preparing a feasibility report for the overall viability, implementation and execution of the P3 program across all major infrastructure assets

- (4) providing financial analysis of proposed P3 projects for determining financial viability;
- (5) performing financial and revenue modeling of procurement Agreements;
- (6) leading the execution of certain identified P3 transactions
- (7) project management of P3 implementation, including per project supervision of the advisory and work performed by other advisors under contract with the PPPA – for example, oversight of the execution phase for selected P3s for which the P3 Advisor is not leading the execution/transaction
- (8) analyzing debt affordability in the context of a Public-Private Partnership agreement;
- (9) preparing and delivering public presentations on financial restructurings related to public-private partnerships projects
- (10) working with restructuring advisors, investment bankers and legal counsel to perform these assignments and integrate the P3 program into the overall restructuring and fiscal plan, as necessary

Set forth below are certain areas of expertise that the PPPA believes relevant in its evaluation and selection of a potential P3 Advisors:

- Municipal Finance
- Public-Private Partnership Procurement Design, Agreements and Contract Management
 - o Greenfield projects
 - o Brownfield projects
 - o Monetization projects
 - o Operations and management projects
 - o Pre-development Agreements
- Asset Valuations, Sales, and Privatizations
- Infrastructure and Utility Finance (with the following sector specific expertise):
 - o Energy/Renewable Energy
 - o Waste Management
 - o Transportation
 - Surface
 - Maritime
 - Aviation
 - o Infrastructure
 - o Technology / Communications
 - o Healthcare Industry
 - o Education
 - o Water and Sewer
 - o Gaming
 - o Correctional Facilities
- Mergers and Acquisitions
- Equity Capital Markets (IPOs)

- Project supervision of the advisory and work performed by advisors under agreement with the PPPA
- Risk Allocation in Public-Private Partnerships Agreements
- Identification of capital sources in highly indebted/distressed markets with limited availability of assets and poor or no capacity to offer payment guarantees to private sector parties
- General Corporate Restructuring
- Governmental and Sovereign Debt Restructuring
- Financial and Fiscal Planning
- Recapitalization of public pension plans

The above-mentioned set of activities and assignments are expected to be performed by the selected P3 Advisor provided they are not in conflict with the legal and/or delegated authority of other Government Agencies and advisors.

D. CONDITIONS OF ELIGIBILITY

The PPPA will consider submissions from financial advisory, business or enterprise consultants, restructuring firms and investment banking firms. The inability to satisfy all recommended areas of expertise will not disqualify any submission.

III. PREPARATION AND SUBMISSION OF RESPONSE

A. CALENDAR

Task	Responsibility	Date
RFQ issued by the Puerto Rico PPPA	PPPA	Tuesday March 21, 2017
Deadline to submit request for clarifications to the PPPA	Potential Offerors	Wednesday, March 22, 2017 – 5:00 p.m. (Puerto Rico time)
Answers to request for clarifications posted by the PPPA	PPPA	Friday, March 24, 2017
RFQ response due date – must be received via email by the PPPA	Offerors	Tuesday, March 28, 2017, 5:00 p.m. (Puerto Rico time)
Letter of Award (“LOA”)	PPPA	
Signing of Agreement	PPPA/Offeror	

B. REQUEST FOR CLARIFICATIONS

The PPPA will accept a request for clarifications until 5:00 p.m. (Puerto Rico time) on Wednesday, March 22, 2017. Request for clarifications need be to be submitted to apppr@bgfpr.com and addressed to Omar Marrero Diaz, Executive Director of the PPPA. The PPPA will publish in its webpage all clarifications provided to interested offerors.

The PPPA reserves the right of providing clarifications for the RFQ after the prescribed due date, publishing said clarifications online or amending the RFQ as a result of the request for clarifications process.

C. LANGUAGE

The response to the RFQ and all accompanying documents shall be in English.

D. FORMAT OF RESPONSE

The PPPA does not expect the submitted RFQ responses to follow any pre-determined format. Nonetheless, the PPPA expects all responses to cover in the matter possible, all topics provided in the scope of the assignment and content of the RQF response criteria as prescribed in both sections of this RFQ.

Please respond in a thorough and timely fashion, but as concisely as possible.

E. SUBMISSION DETAILS

The response to the RFQ is due via email no later than 5:00 p.m. (Puerto Rico time) on Tuesday, March 28, 2017. The email address where all responses need to be submitted to apppr@bgfpr.com and addressed to Omar Marrero Diaz, Executive Director of the PPPA.

Responses to the RFQ submitted beyond the prescribed deadline may not be accepted. The PPPA reserves the right not to consider responses to the RFQ or revisions after the response due date.

F. VALIDITY OF THE RESPONSE

The response shall be valid for a period of not less than 30 days from the prescribed RFQ due date.

G. CONTENT 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 experience your firm has that may be helpful as the PPPA's P3 Advisor in the

context of the current fiscal crisis and the government Public-Private Partnerships procurement schedule as provided in Appendix A and B.

Provide brief case studies of relevant situations/Public-Private Partnership projects in which your firm or key members of your team as identified in Question 3 below, were instrumental in conducting successful advisory.

3. LISTING OF INDIVIDUALS TO BE ASSIGNED TO THE APPPA AND PUBLIC CORPORATIONS' ACTIVITIES

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

Responses to the RFQ should also contain a description of any prior work done for Government of Puerto Rico or any of its 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.

4. CONFLICT OF INTEREST

To allow the PPPA to conduct an initial assessment of potential conflicts of interest, please provide a list of any other current or former advisory contracts your firms has/had with any public entity in Puerto Rico. Further, please provide a description of any infrastructure investments or infrastructure funds that your firm or a subsidiary/affiliate of your firm may currently hold. Additionally, please provide a description of any recent historical or ongoing legal proceedings, interviews or investigations being conducted by any U.S. law enforcement agencies involving your firm that are related to transactions executed in or on behalf of the Commonwealth and/or its Public Corporations. In addition, please provide a brief description of any work you have performed for any creditors or guarantors of Public Corporation debt about their positions in Puerto Rico debt obligations. Indicate whether this activity is ongoing, and if not, when the prior assignment concluded

At some point in the selection process, the PPPA may request information on the individual conflict of interests that professionals that are expected to work with the PPPA, or by principles at the firm may have. Also, the PPPA may in the future request a list of direct or indirect connections the firm or its professionals have to members of the PPPA or Board Members or Managers of the Public Corporations.

5. REFERENCES

Provide contact information for references for three (3) separate past advisory assignments that are directly related to the establishment of PPPs as the ones anticipated by the PPPA and provided in Appendix A and B.

IV. EVALUATION AND SELECTION CRITERIA

A. EVALUATION CRITERIA

P3 Advisor offerors 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
- Experience in the establishment of successful PPPs
- Similar engagement experience based on examples of the respondent having worked with governments experiencing financial distress
- Experience and credentials of the team staffed for this engagement
- Completeness and quality of the response to RFQ
- Conflicts of interest review
- 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 P3 Advisor evaluation process, the PPPA 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 PPPA.

B. SELECTION PROCESS

The P3 Advisor selection process will be conducted by a committee composed by the following members:

- Executive Director of FAFAA
- Executive Director of PPPA
- President of the Puerto Rico Government Development Bank
- Secretary of the Department of Economic Development and Commerce of Puerto Rico
- Chief Infrastructure Advisor to the Governor of Puerto Rico

The selection committee expects to review the RFQ responses and conduct further discussions with a short list of firms. Nonetheless, the selection committee reserves the right to proceed directly to scope fee negotiations with selected firms based on the RFQ responses.

The LOA will be issued not after 30 days of the prescribed due date of the RFQ responses.

C. REJECTION OF RESPONSES

The selection committee reserves the right, in its sole complete discretion, to reject any response received as a result of this RFQ.

D. **INCURRING COSTS**

The PPPA is not liable for any costs the Potential P3 Advisor offeror incurs in preparation and submission of its response, in participating in the RFQ process or in anticipation of award of the contract.

E. **NO COLLUSION**

Each potential P3 Advisor is held responsible to ensure that its participation in this RFQ process is conducted without collusion or fraud.

V. APPENDIX – A

INFRASTRUCTURE / P3 REFORM – P3 Program

The initial stage of the P3 program includes launching of ~\$5B of projects during the 2017-2019 calendar years that have been identified and are in project preparation

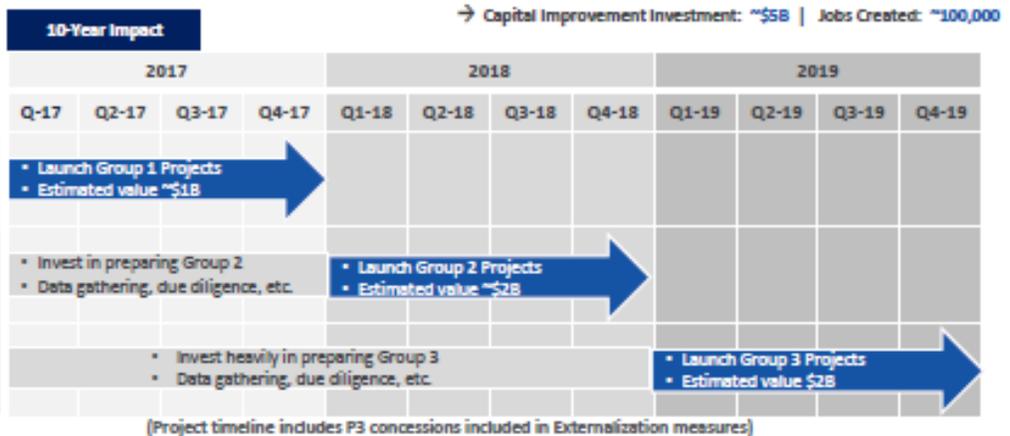
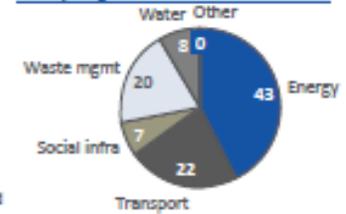
P3 Project Identification

- Identified initial list of priority projects with P3 potential
- Assessing project business cases and impact on the economy
- Split into 3 groups based on projected sequencing¹, designed to launch in 2017, 2018 and 2019

Key Considerations in the Overall P3 Implementation

- Project sequencing is designed to effectively progress the advancement of projects and avoid major obstacles in the shortest timeline possible. Thus, progression goes from easily executable/advanced permitting to more difficult/less advanced projects
- Need to promote and improve funding models to use private funds, where relevant, as leverage to maximize the unused federal funds current available
- Need to further expand P3 pipeline by requesting identification of new projects with P3 potential from government heads, monetizing non-essential services with market interest and precedent², additional infrastructure concessions³, and pursuit of strategic P3 categories⁴

P3 Key Target Areas %



¹ Based on existing level of detail, known roadblocks, project complexity ² May include parking, National Parks, government-owned hotel properties, Puerto Rico lottery, state insurance fund, parking ³ May include regional airports, passenger ports ⁴ E.g. express lanes with dynamic tolling on existing congested roadways, broadband, infrastructure P3s including real estate funded infrastructure development



VI. APPENDIX – B

STRUCTURAL REFORM MEASURES

P3s and infrastructure projects 10-year impact highlights

