



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

REQUEST FOR PROPOSAL

For Services as Investment Bank and/or Settlement Agent in Connection with Bonds that may be Issued in Accordance with a Title III Plan of Adjustment of the Puerto Rico Electric Power Authority ("PREPA")

Issue Date: May 31, 2022

Documents will only be received electronically. Refer to Section 5 herein for instructions.

Hand delivery and postal mailed documents will not be accepted.

Submission Time:

**Responses must be submitted on or prior to:
June 10, 2022, 11:59 pm (AST)**

Responses must be mailed to:

rfp@aafaf.pr.gov

No Telephone Queries Will Be Accepted

THE AUTHORITY RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS, TO FURTHER NEGOTIATE ANY PROPOSAL AND TO WAIVE ANY IRREGULARITIES OR NON-COMPLIANCE WITH THE INSTRUCTIONS SET FORTH HEREIN, AT ITS SOLE DISCRETION. ALL PROPOSALS BECOME PROPERTY OF AAFAP UPON SUBMISSION.



REQUEST FOR PROPOSAL FOR INVESTMENT BANKING SERVICES

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 their fiscal and economic challenges 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 2-2017, as amended, 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 Proposal (“RFP”)

AAFAF is seeking proposals on behalf of the Puerto Rico Electric Power Authority (“PREPA” or the “Issuer”) for investment banking services in connection with bonds (the “Title III PREPA Bonds”) that may be issued in accordance with or in connection with a future PROMESA Title III Plan of Adjustment for PREPA (the “PREPA POA”) that would be filed by the Oversight Board with the US District Court for the District of Puerto Rico.

The Title III PREPA Bonds are likely to be issued in accordance with the existing PREPA statute without any new legislation adopted in connection with any such issuance. Issuance of any Title III PREPA Bonds would have to be approved by the Court overseeing PREPA’s Title III case in connection with confirmation of a plan of adjustment for PREPA. Terms of any PREPA Title III Bonds have yet to be determined.



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In addition, AAFAF is seeking information from candidates regarding investor outreach strategies and capabilities, secondary market support for Title III PREPA Bonds and proposed fees and expenses. Furthermore, as market insights and valuations on differing bond structures may become key elements of settlement negotiations, candidates who respond to this RFP, including their desk traders who would need to be over the wall, should expect to be called on to assist in ongoing dialogue.

Based on a review of the proposals received, AAFAF may select one or more firms to serve as lead/senior manager or co-senior managers in the negotiation and/or implementation of a PREPA POA. The Authority reserves the right to amend, modify or cancel this RFP. This RFP does not constitute a promise or guarantee of engagement by AAFAF and in no way limits AAFAF's authority to engage any other organization and/or to waive any non-compliance with any of the terms of this RFP, as needed.

2. Scope of RFP

AAFAF will only consider proposals that are responsive to the scope included below and any deviation from the requested scope may result in disqualification at AAFAF's sole discretion. Responses must address the following:

- a. **Settlement Services:** In accordance with the Depository Trust Company's ("DTC") procedures, the selected firm(s) will prepare and submit to DTC the applicable DTC eligibility documentation, including all necessary work in connection with obtaining and qualifying under DTC CUSIP numbers for all securities being issued under a PREPA POA, and any other documents requested by DTC for the securities to be eligible, transferred and maintained in book-entry form with DTC. Please provide a description of your firm's experience executing transactions as described herein.
- b. **Balance Sheet Support:** Responses must address willingness and ability to provide balance sheet support if necessary.
- c. **Flow of Funds and Initial Issue Price Certificate(s) :** Prepare a closing memorandum setting forth the flow of funds on the Settlement Date. Assist in the preparation of and approve disbursement directions delivered on the Settlement Date. Execute and deliver issue price certificate(s) and provide additional assistance to bond counsel (Squire Patton Boggs (US) LLP) as needed to determine issue price, weighted average maturity and remaining weighted average maturity.
- d. **Investor Outreach:** Provide your recommendations for investor outreach efforts which should be undertaken to generate maximum investor understanding of a PREPA POA, optimal implementation of a PREPA POA, as filed, and best execution in the issuance of the Title III PREPA Bonds.

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- e. **Secondary Market Trading Capabilities / Historical/Prospective Support to PREPA and Commonwealth Obligations:** Provide a detailed description and statistical backup of your firm's secondary market capabilities and historical and prospective support for PREPA as well as other Commonwealth credits since 2017.
- f. **Credit Ratings:** Please provide a description of your recommended rating agency strategy and approach, as applicable.
- g. **Fees and Expenses:** Provide a detailed explanation of your proposed fees and expenses for any Title III PREPA Bonds and other services referred to herein, including the identity of your proposed counsel and its proposed fees and expenses.
- h. **Liability Management Experience:** Provide a description of your firm's experience and capabilities in executing liability management transactions, including transactions involving exchanges of bonds as a result of municipal bankruptcy proceedings.
- i. **Other Services:** In addition to items a through h, respondents to the RFP should assume that the services to be provided include the following, if, as and when requested by AAFAF:
 - a. participating in negotiations or mediation sessions with creditors (and related discussions with AAFAF, the Oversight Board, and their respective advisors;
 - b. assisting in the negotiation of a term sheet and a plan support agreement; and
 - c. reviewing and commenting on drafts of a potential PREPA POA and related documentation and participating in related discussions;

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 15 pages or less (inclusive of appendices, and exclusive of cover letter, dividers, disclaimers and conflicts of interest) with a minimum font size of 12 pts. Excess pages and extraneous materials or appendices will detract from the overall evaluation of the proposal.

4. Key Dates

- RFP Due Date: June 10, 2022 @ 11:59 pm AST
- RFP Award Date: At the discretion of the Authority

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5. Submission of Proposals

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

6. Conflicts of Interest

To allow AAFAF to assess 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 or with the Oversight Board, AAFAF, PREPA or the Commonwealth, including, but not limited to, conflicts with financial advisors or law firms providing services to the Oversight Board, AAFAF, PREPA or the Commonwealth. Please include description of any work you have performed for the Government, any of its entities or instrumentalities or any creditors thereof or any guarantors of indebtedness in relation to their activities with PREPA or the Commonwealth. Indicate whether this activity is ongoing, and if not, when the prior assignment was concluded.

7. Inquiries/Questions

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

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. The Authority's management 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 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, including Act No. 141-2019. 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 mark any confidential information, object to any disclosure and defend any action that may be necessary to protect its confidential information.



9. Other matters and additional disclosures

- a. This RFP process is intended to provide all proponents with sufficient information to enable them to prepare and submit offers for consideration by AAFAF. This RFP process does not obligate any proponent 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 proponent 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 any Government entity. 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, PREPA and/or the Commonwealth, and in no way limits AAFAF, PREPA and/or the Commonwealth's authority to engage any other organization or firm, as needed.
- 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, PREPA and/or the Commonwealth. 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, PREPA and/or the Commonwealth 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 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. Failure to comply with such requirements may result in disqualification 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 RFP. A nonresponsive proposal may be disqualified and removed from further consideration.
- e. Any proponent 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



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- 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 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 the Commonwealth, AAFAF, PREPA and/or the Government, as well as the Oversight Board, and no proponent will have any cause of action against such arising out of a failure to award a contract to that proponent, or failure to consider any proposal or any expenses incurred by a proponent in the course of the preparation of the proposal. AAFAF, on behalf of the Commonwealth, reserves the right, in its sole discretion, to request other proposals in the future. AAFAF and/or any other corresponding Government entity, hereby reserve the right to proponent.
- g. The proponent will secure the prior written approval of AAFAF before any specifications, records, drawings, data and other information relating to this RFP are released to anyone other than such proponent's agents or representatives.