



GOVERNMENT OF PUERTO RICO

**Puerto Rico Fiscal Agency and Financial
Advisory Authority**

REQUEST FOR QUALIFICATIONS

Asset Manager

For

Industrial and Commercial Properties Currently Owned and Managed by the Puerto Rico
Industrial Development Company

Issue Date: August 9, 2019

Submissions due date: August 26, 2019

RFQ Number: 2019-05

Submission Location:

Responses to be mailed to: rfqam@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:

5:00 pm (Puerto Rico time), August 26, 2019

Contact Person:

María Galindo

No telephone queries

Minillas Government Center
De Diego Avenue, Stop 22 Santurce
San Juan, Puerto Rico 00907

P.O. Box 42001
San Juan, Puerto Rico 00940-2001





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ASSET MANAGER

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Introduction

The Puerto Rico Industrial Development Company (“PRIDCO”, or “the Company”) is a government-owned corporation established in 1942 through Act No. 188 of May 11, 1942, as amended (the Act) with the mission to promote Puerto Rico as an investment destination for companies and industries worldwide. As part of Operation Bootstrap, the name given to a series of projects that transformed Puerto Rico into an industrial economy, PRIDCO was created primarily to develop industrial parks and buildings to attract manufacturing operations from U.S. companies.

Until 1997, PRIDCO’s efforts in fostering Puerto Rico’s economic development were complemented by the activities of the Economic Development Administration (EDA), an investment promotion agency of the Commonwealth in charge of attracting new businesses within the manufacturing and services sectors. These efforts transformed the Puerto Rican economy from an agricultural to a manufacturing model. On January 1, 1998, in accordance with Act No. 203 of December 29, 1997, EDA was merged with and into PRIDCO and the latter became responsible for all the operations and activities that were previously conducted by the two separate entities. After the merger, PRIDCO remained a public corporation under the umbrella of the Department of Economic Development and Commerce (DDEC) in accordance with the Executive Reorganization Act of 1993 Art. 1 Reorganization Plan Num. 4, June 22, 1994.

DDEC was established to implement and monitor the execution of public policy regarding economic development in the industrial, commercial, services and tourism sectors. PRIDCO falls under the umbrella of the DDEC along with the Tourism Company, Trade and Export Company, and other agencies that contribute to the economic development of Puerto Rico. As part of a Management Services Agreement, DDEC supports PRIDCO in the following areas: strategic planning, inter-agency coordination, project management, promotional assistance, incentives administration, legal counsel, public relations coordination, and administrative and travel expense evaluations.

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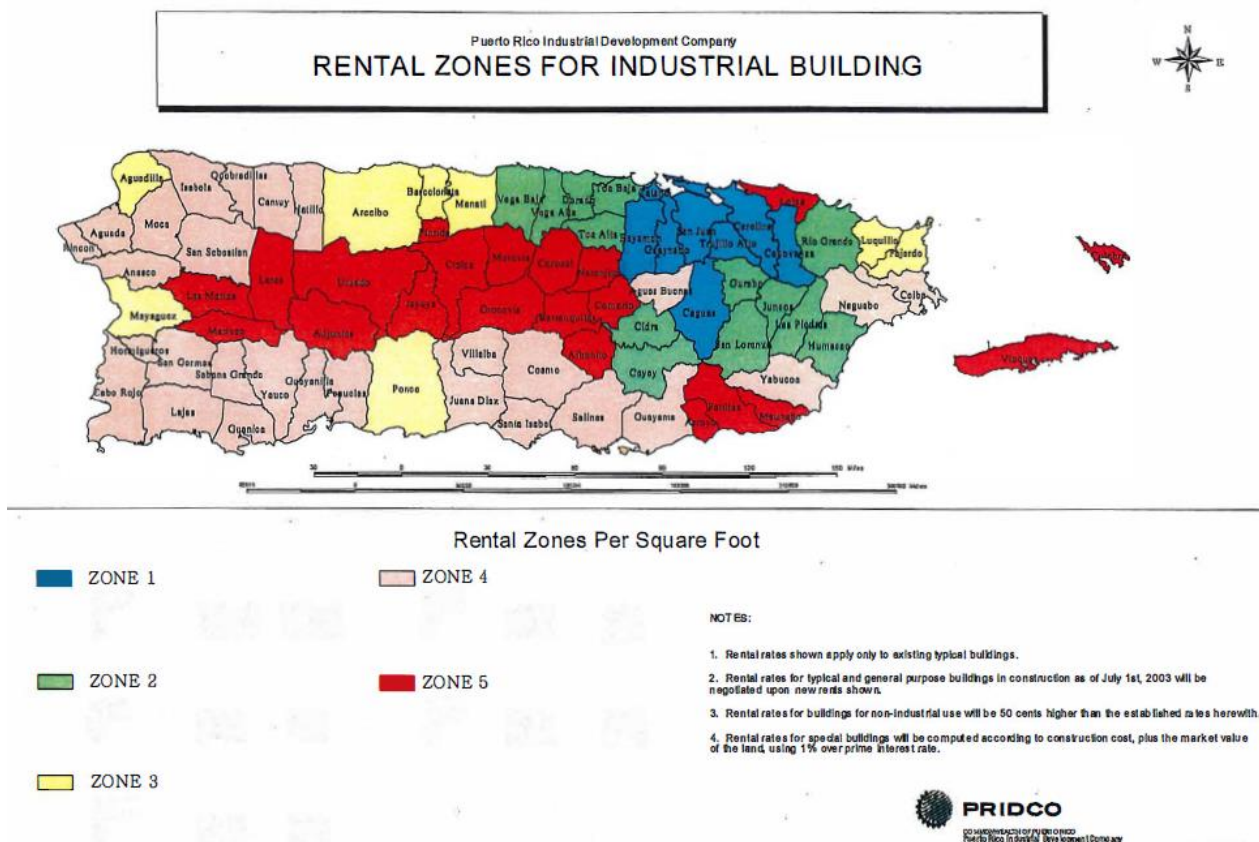


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PRIDCO's Real Estate Portfolio

PRIDCO owns the largest inventory of industrial properties in Puerto Rico, with over 1,560 rentable projects located throughout the island. The PRIDCO portfolio comprises industrial buildings, lots and raw land that companies may rent or, in some strategic instances, purchase. The current real estate portfolio includes 24.0 million square feet of space in industrial buildings, of which 15.3 million is occupied and the remaining 8.1 million is vacant. Of the 15.3 million occupied square feet, the average rent per square foot is \$3.75 (or \$2.48 of 24.0 million total square feet). Rental rate within PRIDCO's portfolio is determined by the industrial zone in which a property's respective municipality lies. There are 5 zones in total, the highest quality of which is Zone 1. See below:



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The following table provides a breakdown of the properties:

Property Type	Total Count	Total Project Count	Sq. Meters (Land)	Sq. Ft (Buildings)
Raw Land	865	n/a	18,927,722	-
Lots	796	n/a	7,277,698	-
Total Raw Land and Lots	1,661	-	26,205,421	-
Single Tenant Building	699	1,221	-	22,390,759
Multi Tenant Building	73	339	-	1,591,616
Total Buildings	772	1,560	-	23,982,375

Source: PRIDCO Preliminary Property List, subject to change

1. Raw land – A property to be considered for future development with no vertical improvements.
2. Lots – A property with vertical improvements.
3. Single Tenant Occupied Buildings – A building designed to be used by one occupant at a time.
4. Multi-Tenant Occupied Buildings – A building intended to accommodate more than one occupant concurrently, whether or not there are multiple tenants in occupancy.

The Restructuring Support Agreement

PRIDCO, the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF” and, together with PRIDCO, the “Government Parties”), and a substantial portion of PRIDCO’s bondholders have entered into a Restructuring Support Agreement dated as of June 13, 2019 (the “RSA”) establishing a framework for the restructuring of PRIDCO’s bonds. As part of such restructuring, PRIDCO would establish a new special purpose vehicle that will be a direct subsidiary of PRIDCO (“NewCo”) and transfer all legal and equitable right, title and interest in and to a portion of its properties (the “Trusted Properties”) to NewCo. The Trusted Properties represent the substantial majority of PRIDCO’s industrial buildings, lots and raw land.

Pursuant to the RSA, the Trusted Properties will be managed by a designated real estate manager or servicer (the “Asset Manager”) to be retained by NewCo. It has been determined that Non-

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Trusted Properties may also be managed by the chosen Asset Manager under separate agreement with PRIDCO.

The Government Parties, on behalf of NewCo, are issuing this Request for Qualifications (the "RFQ") as the initial step in a process to preselect and prequalify one or more Asset Managers for the Trusted Properties and possibly Non-Trusted Properties. The objective is to identify several qualified candidates, share additional details with qualified proponents in order to receive detailed work proposals with economic terms and long term business projections. With this information, and pursuant to the terms of the RSA, one or more Asset Managers will be engaged. Only respondents to the RFQ who are pre-qualified will be asked to submit detailed work proposals and be allowed to participate in the proposal process.

Scope of Work:

The responsibilities of the Asset Manager would be established in an asset management agreement between NewCo and the Asset Manager and may include the following:

- assist NewCo in developing a business and operating plan and budget with respect to the Trusted Properties;
- represent NewCo's interest in matters involving the tenants of the Trusted and Non-Trusted Properties;
- execute, administer and enforce the terms of rental agreements, in compliance with federal, state and local laws, including by commencing eviction actions;
- collect rents, fees and late charges and collect and disburse security and other deposits;
- advertise and lease Trusted Properties;
- manage and resolve conflicts among tenants;
- document and maintain records of communications with tenants;
- terminate tenancies and serve notices as appropriate;
- monitor properties on a regular basis for repairs and preventive maintenance, contracting with subcontractors to provide repair, maintenance, janitorial, landscaping and pest control services, as needed;
- manage and oversee improvements of Trusted and/or Non-Trusted Properties;
- ensure independent contractors have necessary licensing and insurance coverage;
- assist in the sale of properties, including with appraisal, marketing, collection of proposals, and preparation of other documents incidental to public property sales;
- obtain, review and evaluate tenant's insurance to determine tenants' compliance with the insurance requirements in the lease agreement;

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- maintain records of insurance certificates and follow-up with the tenant at the time of insurance renewal to ensure that the information is up-to-date;
- provide maintenance of the industrial parks' common areas and certain special facilities which support various properties, including but not limited to electrical substations and sewage facilities, that are essential to the operation of some of the properties; and
- other services within industry standard best practices for a full-service, property management company.

Qualifications:

Set forth below are certain areas of expertise that the Government Parties believe relevant in their evaluation and selection of a potential Asset Manager:

- property management;
- asset valuation;
- property disposition; and
- property accounting, financial processes and reporting.

The inability to satisfy one or more of the recommended areas of expertise will not necessarily disqualify a submission. The proponent will be required to comply with the requirements of the Puerto Rico General Services Administration.

Contents of the Response to the RFQ:

1. Firm Description.

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 areas of expertise listed above. Interested firms should also identify any other practice area or experience deemed relevant. Provide brief examples of other properties managed by your firm that are comparable to the Truusted Properties.

3. Key Individuals Responsible for Management of Truusted Properties.

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Provide an organization chart for your team with the designation of primary leadership and day-to-day professionals to be responsible for the management of the Trusteed Properties and a description of their relevant experience.

4. The Firm's Prior Work for Puerto Rico Government Entities

Responses to the RFQ should also include a description of any prior work done for the Government of Puerto Rico and/or its component units during the past five (5) years. Please provide information related to involvement in any litigation and/or investigations related to the Government in Puerto Rico and/or its component units, if any.

5. Related Activities and Investments.

In order to allow the Government Parties 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 the Government of Puerto Rico and/or its public corporations (including PRIDCO) 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 debt, or holdings of securities issued by municipal bond insurance companies that are involved in debt restructuring proceedings of any Puerto Rico issuer. 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, AAFAF may in the future request a list of any direct or indirect relationships the firm or its professionals may have with the members of the board of directors of NewCo or other Puerto Rico government entities.

6. References.

Provide contact information for references for three separate past assignments that are directly relevant to the management of the Trusteed Properties.

Selection Criteria:

Asset Manager Candidates responding to the RFQ will be evaluated based on the following factors:

- qualifications on the above listed suggested areas;
- previous experience with governmental entities;

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- similar engagement experience based on examples of the respondent having worked on governmental asset management;
- experience and credentials of the team staffed for the proposed engagement;
- understanding of the extent and scope of the proposed engagement;
- actual or potential conflicts of interest review;
- completeness and quality of the response to RFQ;
- presentation and quality of responses throughout the selection process; and
- 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 evaluation process, the Government Parties are not requesting fee proposals. However, the competitiveness and affordability of fees will be an important consideration in the final selection of the Asset Manager.

RFQ Responses:

The response to the RFQ is due no later than 5:00 p.m. Puerto Rico time on August 26, 2019. Please respond in a thorough and timely fashion, but as concisely as possible. Proposals submitted beyond the deadline may not be accepted. The Government Parties reserve the right not to consider responses to the RFQ or revisions received after the response due date.

The Government Parties prefer 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 serve as Asset Manager individually.

The Government Parties expect to review the RFQ responses and conduct further discussions with a short list of firms. However, it is possible that the Government Parties could proceed directly to scope and fee negotiations with one or more firms based on the RFQ responses.

Responses to this RFQ shall be sent via email and jointly addressed to the Government Parties at rfqam@aafaf.pr.gov, and maria.galindo@aafaf.pr.gov. 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

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representative of your firm make any contact concerning the RFQ with any representatives not authorized by the Government Parties.

The Government Parties reserve the right to reject any submissions in their sole and absolute discretion. The Government Parties also reserve the right to postpone the date on which the responses to the RFQ are required to be submitted or take any other actions that they may deem to be in the best interests of the Government Parties. This RFQ does not commit either the Government Parties or NewCo to enter into a contract or proceed with the procurement of an Asset Manager as described herein. The Government Parties assume no obligations, responsibilities or liabilities, fiscal or otherwise, to reimburse all or part of the costs incurred or alleged to have been incurred by parties considering a response to and/or responding to this RFQ, or in considering or making any submission. All of such costs will be borne solely by each respondent.

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