



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



GOVERNMENT OF PUERTO RICO
PUERTO RICO HOUSING FINANCE AUTHORITY

REQUEST FOR PROPOSALS

Trustee for the Puerto Rico Housing Financing Authority Single Family Mortgage Revenue Bonds

Issue Date: December 17, 2024

**Responses will only be received electronically.
Hand delivery and postal mailed documents will not be accepted.**

Response Deadline:

Responses to be received at the email addresses provided herein at or prior to 5:00p.m. (Atlantic Standard Time) on January 15, 2025

No telephone queries will be accepted.

I. INTRODUCTION

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF” for its Spanish acronym) 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”).

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, including, without limitation, PRHFA. AAFAF also has authority to monitor compliance with the budget certification and tax plans approved under the U.S. Puerto Rico Oversight, Management and Economic Stability Act of 2016 (“**PROMESA**”) and to review matters such as, but not limited to, contracts, transactions and regulations of agencies and instrumentalities of the Government. AAFAF is authorized to hire professionals to carry out certain of its duties.

The activities and responsibilities of AAFAF are separate and distinct from those of the Financial Oversight and Management Board for Puerto Rico (the “**Oversight Board**”), which was established by PROMESA.

The municipal advisor and cash flow services provider for the Issuer is CSG Advisors (Adam Cray, David Jones, and Gene Slater). The Independent Registered Municipal Advisor (“IRMA”) for AAFAF and the Government of Puerto Rico is Ankura Consulting Group, LLC (“Ankura”).

II. BACKGROUND | ISSUER | BONDS

AAFAF, on behalf of the Puerto Rico Housing Finance Authority (“PRHFA” or the “Issuer”) is seeking proposals for trustee services for a new single family mortgage revenue bond program (the “Program”). Neither AAFAF nor PRHFA (the “Government Parties”) are responsible for the preparer’s costs of preparing and submitting proposals. There can be no guarantee that the Program will proceed.

The Issuer: Puerto Rico Housing Finance Authority (“**PRHFA**”).

Purpose: Issuance of PRHFA’s single family mortgage revenue bonds (the “**Bonds**”) over the next five years (2025-2029) to provide competitive home mortgage loans plus down payment assistance (“**DPA**”) to eligible low and moderate income first-time homebuyer families throughout the Commonwealth of Puerto Rico.

The Bonds:

THE ISSUER AND AAFAF RESERVE 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, IN THEIR SOLE DISCRETION. ALL PROPOSALS BECOME PROPERTY OF THE ISSUER AND AAFAF UPON SUBMISSION.

Size: Expected par-amount approx. \$100+ million* annually over next five years

Rating: Expected Aaa from Moody's*

Timing: Begin issuance spring 2025*

Series: Multiple series per year of PRHFA's Bonds beginning with Series 2025A under a planned open General Indenture of Trust (the "**General Indenture**") to be entered into and finalized.

Primary Security: The Trust Estate pledged under the General Indenture, which is expected to include GNMA, Fannie Mae and/or Freddie Mac Mortgage-Backed Securities ("**MBS**"), all revenues, proceeds, mortgages, funds, accounts, rights, interest, collections and other property pledged to the payment of the Bonds pursuant to the General Indenture. While MBS will be the primary security, the Bond program contemplates 0% deferred payment DPA 2nd mortgages as well.*

Payment: Semi-annual interest and principal.

III. PROPOSALS

AAFAF and PRHFA are seeking submissions from entities interested in serving as trustee, paying agent, dissemination agent, custodian and registrar for PRHFA's Bonds (in such capacities, the "**Trustee**").

Respondents must be a trust company or bank having the powers of a trust company, having a capital and surplus of not less than \$50,000,000 and an investment grade rating from S&P or Moody's.

Anticipated Schedule & Key Dates

<u>Date</u>		<u>Activity</u>
December 17, 2024	.....	RFP issued.
January 7, 2025	.....	Deadline for submitting questions.
January 10, 2025	.....	AAFAF responds to submitted questions.
January 15, 2025	.....	Deadline for RFP submissions.
January 22, 2024	.....	Government Parties' selection recommendations.
February 18, 2025	.....	Government Parties' Board of Directors approval

All dates set forth in this RFP are subject to modification in the Government parties' joint and absolute discretion.

* estimated

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Proposal and any and all inquiries and questions regarding this RFP must only be directed to:
rfp-hfa@aafaf.pr.gov.

AAFAP and the Issuer will ensure all questions are answered based on input, review and approval by AAFAP. Inquiries on all matters should be in writing, consecutively numbered.

Answers to written questions received from prospective Trustees will be posted at AAFAP's and PRHFA's websites.

IV. KEY INFORMATION TO BE INCLUDED IN THE PROPOSALS

Please submit your proposal by responding to each item in this section. If there are items not applicable to your proposal, then please respond as such.

Description of Your Company.

Please provide an overview of your company and its financial condition. For instance, please describe or provide, as applicable:

- Your date of formation, corporate form, jurisdiction of formation and ownership structure. Respondents must be a trust company or a bank having the powers of a trust company.
- 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.
- Summary of financial condition. Respondents must have a capital and surplus of not less than \$50,000,000 and an investment grade rating from S&P or Moody's.
- A description of any material judgments, arbitration proceedings or other suits, pending or outstanding, against your company or its officers.
- A description of any material lawsuit or claim, or request for arbitration with respect to any material contract, filed by your company in the past seven years.
- A description of any default on a material contract occurring in the past ten years.

Your Trustee Experience and Proposed Services.

Provide a summary of your experience with governmental entities and in acting as trustee, paying agent, dissemination agent, custodian and/or registrar. Such description should cover your experience in managing multiple bond issues and multiple funds as required under open bond indentures with diverse asset pools. **Please detail any experience specifically with tax-exempt single family mortgage revenue bonds issued by state or local Housing Finance Agencies ("HFAs") backed by whole loans and/or MBS.**

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Your Compensation.

Provide a detailed description of your expected compensation, broken down by type of service.

Conflicts of Interest.

In order to allow the Government Parties to conduct an initial assessment of potential conflicts of interest, please provide a brief description of any potential conflicts of interest your company may have (even if remote) in acting as Trustee for PRHFA , including describing any work your company has performed for the Government, any of its instrumentalities or any creditors or guarantors of indebtedness in relation to their activities in Puerto Rico. Indicate whether this activity is ongoing, and if not, when the prior assignment was concluded.

References.

Please provide names and complete contact information (phone, email, address, etc.) for at least two business references (and at least one an HFA reference) that are directly relevant to the activities anticipated by this RFP and a brief description of the services you provided to each reference.

Other Matters.

Provide any other information that you believe would be helpful for the Government parties to know in evaluating proposals submitted pursuant to this RFP process.

V. ANTICIPATED EVALUATION CRITERIA

The Proposals will be evaluated by AAFAF, PRHFA, and their financial advisors.

The Government Parties intend to evaluate proposals using a combination of criteria, including, but not limited to, those described below. The Government Parties reserve the right to make the selection in their joint and absolute discretion and may place more or less emphasis on any identified selection criteria.

- Management strength and depth of personnel resources.
- Depth of experience with governmental entities and in managing multiple bonds and multiple funds, accounts and subaccounts as required under bond indentures with diverse asset pools.
- Depth of experience specifically working with HFAs on tax-exempt single family mortgage revenue bond programs having open general indentures and backed by MBS.
- Financial stability of the prospective Trustee. Again, respondents must be a trust company or bank having the powers of a trust company, having a capital and surplus of not less than \$50,000,000 and an investment grade rating from S&P or Moody's.
- Scope of services proposed to be provided.
- Proposed compensation arrangement.

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VI. OTHER MATTERS

Sufficient Information & Representation.

This RFP process is intended to provide all prospective Trustees with sufficient information to enable them to prepare and submit offers for consideration by the Government Parties. This RFP process 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.

Acceptance, Negotiation & Award.

AAFAF and the Issuer will negotiate a contract with the prospective Trustee whose proposal, in the joint and absolute discretion of the Government Parties, is the best, *i.e.*, most advantageous to PRHFA. Experience, financial capacity, resources of the Trustee and other factors will be considered in the evaluation.

Proposals' maximum number of pages must be limited to ten (10) pages, including any cover letter.

Proposals should be submitted based on the most favorable terms possible.

The Government Parties reserve the right to negotiate, accept or reject any or all of the proposals and parts of any and all proposals and waive any and all irregularities or technicalities.

Late Proposals & Modifications.

The Government Parties reserve the right to reject any or all proposals. 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 a Government Party, whether by reason of equipment malfunction, human error or any other cause whatsoever.

Assessing Proposals.

Upon receipt of responses to this RFP, the Government Parties shall discuss the merits of such responses with counsel and the financial advisor for PRHFA, with the Government Parties making a selection in their joint and absolute discretion.

Acceptance of proposals shall give rise to no liability or obligation on the part of AAFAF, PRHFA, the Oversight Board, or their respective advisors, and no prospective Trustee will have any cause of action against AAFAF, PRHFA the Oversight Board, or their respective advisors arising out of a

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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.

The Government Parties reserve the right, in their sole discretion, to request other proposals in the future.

Each Government Party reserves 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.

The Government Parties reserve the right to negotiate separately with any respondent, as necessary, to serve the best interests of AAFAF and PRHFA. Any Government Party may seek additional information from prospective Trustees submitting a proposal.

Disposition of Proposals. All information submitted in response to this RFP will become the property of each Government Party and shall not be returned. Please be advised that any information provided to any Government Party may be subject to open records requests.

Release & Use of Government Party Information.

The prospective Trustee will secure the prior written approval of each Government party before any specifications, records, drawings, data and other information relating to this RFP are released to anyone other than such prospective Trustee's directors, officers, employees, accountants or attorneys.

VII. PROPOSAL SUBMISSION

Proposals are due no later 3:00 p.m. (Atlantic Standard Time) on _____, 2025. Proposals must be emailed to the following contacts:

Entity	Contact Name	Contact Email Address
AAFAF		rfp-hfa@aafaf.pr.gov
CSG Advisors	Adam Cray	acray@csgadvisors.com
	David Jones	djones@csgadvisors.com
	Gene Slater	gslater@csgadvisors.com

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