

PUERTO RICO
**PUBLIC-PRIVATE
PARTNERSHIPS**
AUTHORITY



Partnership Committee Report

Development and Road Safety

Public-Private Partnership for the Puerto Rico Highways
and Transportation Authority Toll Roads Monetization
Project

October 17, 2023



This page has been intentionally left blank.



Table of Contents

1. Executive Summary	01
1.1 Introduction	01
1.2 PRHTA and the Concessionaire	01
1.2.1 PRHTA	01
1.2.2 The Concessionaire	02
1.3 Background and Description of Procurement Process	03
1.4 Partnership Committee Recommendation	03
2. Introduction	05
3. Project Background and Objectives	07
3.1 Background of Puerto Rico's PPP Program	07
3.2 Overview of the Precedent PR-22/5 Toll Roads Project	08
3.3 Reasons for Establishing the Project	08
3.4 Project Objectives	09
4. Procurement Process	11
4.1 Desirability and Convenience Study	11
4.1.1 Overview	11
4.1.2 Part A – Objectives, Future State and Potential Options	11
4.1.3 Part B – Qualitative and Quantitative Analysis, Recommendation	12
4.1.4 Public Notice	12
4.2 Partnership Committee	13
4.3 Market Sounding	14
4.4 Qualifications Process	15
4.5 Request for Proposals	17
4.5.1 RFP and RFP Addenda	17
4.5.2 Due Diligence	19
4.5.3 Concession Agreement Discussions with Qualified Respondents	22
4.5.4 Submission of Proposals	22
4.5.5 Meetings of the Partnership Committee	23
4.5.6 Key Milestones in the RFP Process	24



Table of Contents cont.

5. Recommended Award	26
5.1 Process for Selection	26
5.1.1 Evaluation Criteria	26
5.1.2 Compliance Considerations	27
5.1.3 Technical Considerations	29
5.1.4 Financial Proposal	36
5.1.5 Selection of Preferred Proponent	36
5.1.6 BAFO Process and Score	37
5.1.7 Selection of Preferred Proponent	39
5.2 Approval Process	39
6. Conclusion	41
Appendix A: D&C Study	
Appendix B: Request for Qualifications	
Appendix C: Qualifications Memo	

An aerial photograph of a complex highway interchange, featuring multiple levels of overpasses and ramps. The image is heavily tinted with a blue color. On the left side of the frame, there is a vertical bar with segments of blue, pink, orange, and yellow. The text '1. Executive Summary' is overlaid in white on the upper left portion of the image.

1. Executive Summary



1. Executive Summary

1.1 Introduction

On September 14, 2023, after a robust and competitive procurement process that lasted approximately 19 months, the Partnership Committee (the "**Partnership Committee**") established by the Puerto Rico Public-Private Partnership Authority (the "**P3 Authority**") pursuant to Section 8 of the Public-Private Partnership Authority Act, Act No. 29-2009, as amended ("**Act No. 29**" or the "**P3 Act**"), determined to recommend to the Board of Directors (the "**Board**") of each of the P3 Authority and the Puerto Rico Highway and Transportation Authority ("**PRHTA**") and to the Governor of Puerto Rico, that a Toll Roads Concession Agreement (the "**Concession Agreement**") be executed with Puerto Rico TollRoads LLC ("**PR TollRoads**" or the "**Concessionaire**"), a special purpose entity created by Abertis (as defined herein), for the exclusive right to operate, finance, maintain and improve the Toll Roads (as defined below) (the "**Project**" or the "**Concession**"). As described in more detail below, this Partnership Committee Report (the "**Report**") has been prepared pursuant to Articles 8(b) (vii) and 9(g)(i) and (ii) of Act No. 29 and is being submitted in connection with such recommendation.

1.2 PRHTA and the Concessionaire

1.2.1 PRHTA

PRHTA was created in 1965 as a public corporation and instrumentality of the Government of Puerto Rico (the "**Government**"). PRHTA is primarily responsible for the operation of toll roads and the construction of roads, highways and related transportation facilities in Puerto Rico. PRHTA is a separate entity from, and under the oversight of, the Puerto Rico Department of Transportation and Public Works (the "**Department**").

PRHTA is responsible for the management and operation of the following toll roads (collectively, the "**Toll Roads**"), which currently account for approximately 622.3 lane miles and which served nearly 118 million vehicle transactions in fiscal year 2021. As shown in the map below, the Toll Roads provide direct links throughout the northeastern, eastern and southern regions of Puerto Rico.

FIGURE 1. MAP OF THE TOLL ROADS



PR-52: Commencing at the intersection of PR-18 and PR-1 in San Juan (other than the DTLs), extending southwest for 108.3 km (67.3 miles), ending in Ponce in the south of the island and including the dynamic toll lanes on PR-52 (the "DTLs"), which consist of a corridor that extends through a portion of PR-52 and also a portion of each of PR-18 and PR-1, and, in each case if and when completed, the Caguas Collector/Distributor Road starting at the intersection of PR-52 and PR-1, traveling southwest for 0.74 miles and south for 1 miles before ending at the intersection connector with Jose Garrido Avenue in Caguas (the "CD") and an extension of the DTLs along a new branch on PR-30 for approximately 5.6 miles to the intersection with PR-9944, east of PR-203 in Gurabo (the "DTL Extension");

PR-53: Comprised of: (i) a segment commencing at the PR-3 intersection in Fajardo and extending for 43.7 km (27.15 miles) to the PR-9914 intersection in Yabucoa and (ii) a segment commencing at the intersection of PR-7711 and PR-54 in Guayama and extending for 12.3 km (7.64 miles) to the PR-52 intersection in Salinas;

PR-66: Commencing at the PR-3 intersection in Carolina and extending east-west for 14.1 km (8.8 miles), ending in the municipality of Río Grande; and

PR-20: Commencing at the intersection of PR-2 in Guaynabo and extending for 9.5 km (5.9 miles), ending with its convergence with PR-1 in Guaynabo.

On May 2017, the Financial Oversight and Management Board for Puerto Rico (the "**FOMB**") filed a petition under Title III of the Puerto Rico Oversight, Management and Economic Stability Act ("**PROMESA**") to adjust PRHTA's debts. On December 6, 2022, the Modified Fifth Amended Title III Plan of Adjustment of PRHTA (the "**Plan of Adjustment**") went into

effect, marking the exit of PRHTA from bankruptcy. Such debt restructuring reduced PRHTA's bond claims by more than 80%, with holders of \$4.3 billion of prior PRHTA bonds receiving \$1.245 billion in initial aggregate principal amount of new, restructured PRHTA bonds and \$389 million in cash.

1.2.2 The Concessionaire

Abertis Infraestructura, S.A. ("**Abertis**") is a global leader in infrastructure operation and management around the world, with presence in 15 jurisdictions in the Americas, Europe and Asia and with key focuses on toll roads, airports, telecommunications infrastructure, car parks and logistics parks. It has operated highways for more than 50 years and currently operates and manages Puerto Rico's PR-22 and PR-5 toll roads and the Teodoro Moscoso toll bridge (PR-17) through its subsidiaries Autopistas Metropolitanas de Puerto Rico LLC

("Metropistas") and Autopistas de Puerto Rico, S.E. ("**APR**"), respectively. For this Project, Abertis has integrated Axinfra UB Holding L.L.C. ("**Axium**") as an equity member. Axium is known for providing direct investments in infrastructure and infrastructure related assets and companies. PR TollRoads is a special purpose entity created by Abertis that will serve as the Concessionaire for this Project.



1.3 Background and Description of Procurement Process

The Partnership Committee's decision to award the Project to PR TollRoads is the culmination of the implementation of the Government's objective of optimizing Toll Road operations to improve highway transportation for the residents of Puerto Rico. The Project represents a key element for achieving sustained economic growth in Puerto Rico. The goal of establishing a public-private partnership ("PPP") for the Toll Roads was (i) to bring to bear private sector innovation and expertise to provide a more effective and reliable transportation network that better ensures driver and passenger safety and access to quality roads, and (ii) to repay PRHTA's outstanding debt obligations.

Pursuant to Article 7 of Act No. 29, on March 24, 2022, the P3 Authority published a Desirability and Convenience Study (the "**D&C Study**"; a copy of which is attached as Appendix A to the Report) recommending the concession of the Toll Roads. Based on such recommendation and pursuant to Article 8 of Act No. 29 and Resolution No. 2022-07¹ of the P3 Authority Board, on April 29, 2022, the P3 Authority established a Partnership Committee to oversee the process for the procurement of a PPP with PRHTA for the operation, maintenance and improvement of the Toll Roads.

On August 1, 2022, the P3 Authority, in collaboration with PRHTA, issued a Request for Qualification (the "**RFQ**") as part of the Project's procurement process. On or about October 5, 2022, four (4) private sector participants (each a "Respondent") submitted statements of qualifications

("SOQs") in response to the RFQ. On November 28, 2022, the Partnership Committee selected the following three (3) experienced and reputable Respondents in the qualification process conducted pursuant to the RFQ (the "**RFQ Process**") to participate in the next phase of the process: (i) PR TollRoads; (ii) Concesionario Nuevo Puerto Rico ("**CNPR**"); and (iii) Vías de Puerto Rico ("**VPR**").

On January 13, 2023, the P3 Authority issued a Request for Proposals ("**RFP**") for the Project. The RFP required each of the aforementioned Respondents to submit as part of their proposals (i) a technical proposal, (ii) a financial proposal with a robust and realistic financing plan and financial model for the Project, and (iii) an offer of a concession fee (the "**Concession Fee**") to be paid upfront to the PRHTA in consideration for the Concession (each a "**Proposal**").

PR TollRoads and VPR submitted Proposals (as defined below) for the Project on August 28, 2023. Given that their Proposal scores were within five percent (5%) of each other, the P3 Authority invited both of them to submit a "best and final offer" ("**BAFO**") with respect to their original Concession Fee Proposals by no later than 12:00 PM AST on September 13, 2023. Following a detailed review and analysis of PR TollRoads and VPR's BAFO Proposals, on September 14, 2023, the Partnership Committee selected PR TollRoads as the preferred proponent for the Project (the "**Preferred Proponent**").

1.4 Partnership Committee Recommendation

As discussed in greater detail below, given that PR TollRoads and VPR's Proposals fully complied with the requirements of Act No. 29, Regulation No. 8968 of May 4, 2017, also known as the Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Participatory Public-Private

Partnership Contracts, under Act No. 29-2009, as amended (the "**Regulation**"), and the RFP, the Partnership Committee is recommending that PR TollRoads be awarded the Project based on the fact that it received the highest Post-BAFO Total Proposal Score (as defined below).

² The Resolutions from the P3 Authority Board can be found on the P3 Authority's website: www.p3.pr.gov.



2. Introduction

2. Introduction

The Report has been prepared pursuant to:

- Section 8(b)(vii) and Section 9(g)(i) and (ii) of Act No. 29; and
- Section 9.1 of the Regulation..

As required by Section 9(g) of Act No. 29, the Partnership Committee has prepared the Report to describe the procurement process for the award of the Project and the Concession Agreement and the reasons for its recommendation. In particular, pursuant to Section 9(g) of Act No. 29, the Report describes the following:

the public policy and social welfare objectives that the P3 Authority seeks to address through the implementation of the Project;

the process resulting in the recommended award of the Project (the "**Recommended Award**"), including the RFQ process, the RFP process and the evaluation of Proposals;

the Partnership Committee's selection of the Concessionaire as the Preferred Proponent based on the determination that the Concessionaire's Proposal obtained the highest Post-BAFO Total Proposal Score;

the Partnership Committee's rationale for recommending to the P3 Authority and PRHTA Boards of Directors that the Project be awarded to the Concessionaire; and

the core elements and key provisions of the Concession Agreement.

The Report and the Concession Agreement were approved by the P3 Authority Board and the PRHTA Board on October 4, 2023 and October 10, 2023, respectively, and are being submitted for approval to the Governor of Puerto Rico or his delegate, in accordance with Section 9(g)(iv) of Act No. 29 (collectively, the "Required Approvals"). In addition, PRHTA's authority to execute the Concession Agreement with the Preferred Proponent is subject to the consent of the FOMB pursuant to the FOMB's Contract Review Policy established pursuant to Section 204(b)(2) of PROMESA, which requires FOMB approval before execution of all local Puerto Rico

contracts with an aggregate expected value of \$10 million or more. On September 21, 2023, the P3 Authority submitted the final draft of the Concession Agreement to the FOMB for review and approval. The P3 Authority provided an execution version of the Concession Agreement for the FOMB's final review and approval on September 29, 2023. The FOMB approved the execution version of the Concession Agreement on or before October 13, 2023.

Upon receipt of all Required Approvals, the Report will be filed with the Office of the Clerk of the House of Representatives and of the Senate of the Commonwealth of Puerto Rico, as required by Section 9(g)(viii) of the P3 Act, and the Concession Agreement will be filed with the Office of the Comptroller. The Report will also be published on the P3 Authority website.²

The Report is divided into six (6) main sections:

Section 1 – Executive Summary

Section 2 – Introduction

Section 3 – Project Background and Objectives

Section 4 – Procurement Process

Section 5 – Recommended Award

Section 6 – Conclusion



² Throughout the procurement process for the Project, the P3 Authority, PRHTA and the Partnership Committee received advice from various consultants (collectively, the "Consultants"). Specifically, KPMG LLP ("KPMG"), J.P. Morgan Securities LLC ("JPM"), O'Melveny & Myers LLP ("OMM"), Pietrantoni Méndez & Alvarez LLC ("PMA") and CPM P.R. LLC ("CPM") acted as Consultants to the P3 Authority. Steer Advisors ("Steer"), Eclipse Management LLC ("Eclipse"), CSA Group ("CSA") and Caribe Environmental Services ("CES") acted as Consultants to PRHTA. CPM, Eclipse, Steer, CSA and CES provided technical advice. KPMG, JPM and Citi provided financial advice. OMM and PMA provided legal advice. In addition to the aforementioned Consultants, the P3 Authority engaged several other specialized consultants to advise on specific matters and liaised with the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF", by its Spanish acronym) and its consultants in connection with PRHTA's financial and fiscal condition. Also, Citigroup Global Markets Inc. ("Citi") acted as consultant to the FOMB.



3. Project Background and Objectives

3. Project Background and Objectives

3.1 Background of Puerto Rico's PPP Program

For several years, Puerto Rico has been one of the few U.S. jurisdictions with an organized PPP program. The Government enacted the P3 Act and promulgated the Regulation in order to provide a framework for the development of infrastructure projects and multiple public services.

By providing clarity, uniformity and certainty with respect to PPP selection and contracting, the P3 Act and the Regulation represent one of the most robust legal frameworks for PPPs

in the Americas. In particular, Puerto Rico's PPP program is guided by the following five key components of a successful PPP program, as identified by the World Bank Group: clear public policy, strong legal framework, clear processes and institutional responsibility, responsible financial management and good governance arrangements, each of which is described in more detail below.³

Clear Public Policy – Puerto Rico's PPP program clearly articulates (i) the Government's intent to use PPPs to deliver public services and (ii) the objectives, scope and implementing principles of the PPP program.

Strong Legal Framework – Puerto Rico's PPP program is grounded in a strong legal framework that sets the rules and boundaries for how PPPs are implemented.

Clear Processes and Institutional Responsibility – Puerto Rico's PPP program provides a detailed, clear and consistent process by which PPP projects are identified, developed, appraised, implemented and managed, and sets forth the roles of different entities involved in that process.

Responsible Financial Management – Puerto Rico's PPP program requires responsible public financial management that ensures PPPs provide value without placing undue burden on future generations.

Good Governance Arrangements – Puerto Rico's PPP program provides for governance arrangements that allow other entities, such as auditing entities, the Puerto Rico legislature and the public, to participate in PPP projects.

The P3 Act provides that the public policy with respect to PPPs must be to maintain such controls as are necessary to protect the public interest, yet balance this need for controls with the profit-making purpose of any private operation. The P3 Authority is designated as the sole government entity authorized and responsible for implementing the Government's public policy on PPPs and for determining the functions, services or facilities for which PPPs are to be established.⁴

The P3 Act recognizes the need for PPPs to allow for the development of infrastructure and other projects by delegating the risks inherent to such development or service to the party that is best capable of assessing and managing such risks, improving services, creating new jobs and developing Puerto Rico's economy and competitiveness. In addition, these partnerships enable the Government to make infrastructure projects feasible when the funds needed to complete such projects are not available in the public treasury.

Furthermore, to ensure that PPPs provide value without placing an undue burden on future generations, the P3 Act provides that all revenue received by the Government from a PPP contract may only be employed for the following uses::

- to pay debts of any kind of the public entity entering into the PPP contract;
- to pay debts of any kind of the Government;
- to create a capital investment fund for the capital improvement program of the public entity entering into the PPP or the Government;
- to create a fund to repay any line of credit that may have been granted by Government Development Bank of Puerto Rico to the public entity entering into the PPP contract; and
- to contribute to the government retirement systems.

³ See World Bank Group; Private Infrastructure Advisory Facility; Asian Development Bank; Inter- American Development Bank; Multilateral Investment Fund. Public-Private Partnerships Reference Guide, version 3, 2017.

⁴ In addition, the P3 Act expressly states that it is the public policy of the Government to favor and promote the establishment of PPPs and further authorizes all departments, agencies, public corporations and instrumentalities, as well as municipalities and the legislative and judicial branches of the Government, to use the establishment of PPPs in accordance with the process specified therein. The P3 Act also prohibits the Government from legislating to limit the powers or rights granted to the P3 Authority and partnering government entities under the P3 Act until the obligations under an executed PPP contract are satisfied.

Over the past decade, the Government has had success in harnessing best industry practices, expertise, experience and know-how for its infrastructure projects by entering into PPPs with private sector participants in different sectors. These projects include:

- the long-term concession of toll roads PR-22 and PR-5 awarded in 2011 (the “**PR-22/5 Toll Roads Project**”);
- the long-term lease agreement for the Luis Muñoz Marín International Airport awarded in 2013;
- the long-term operation and maintenance (“**O&M**”) agreement of the Puerto Rico Electric Power Authority’s (“**PREPA**”) electric transmission and distribution system awarded in 2020;
- the long-term O&M Agreement of the Puerto Rico and the Island Municipalities Maritime Transport Authority ferry systems awarded in 2020;
- the concession agreement for the San Juan Bay Cruise Terminals Project awarded in 2022; and
- PREPA’s 10-year O&M Agreement for the operation, maintenance and decommission of legacy generation assets, awarded in 2023.

In each of these cases, the Government sought to strike a balance between government and private sector participation through a mutually beneficial contractual relationship that results in the efficient, effective and affordable delivery of public goods and services to all residents of Puerto Rico. The robustness of the P3 Act framework is evidenced by the success of these PPPs, including the PR-22/5 Toll Roads Project described in more detail below. In fact, the P3 Authority was awarded the Organization of the Year – Public Sector award at the 2021 international P3 Awards ceremony for its ability to solidly lead and execute large-scale transformation projects, even in the face of unprecedented challenges such as the impact of Hurricanes Irma and María, the earthquakes of 2019 and 2020, a deteriorated fiscal situation and the restrictions stemming from the COVID-19 pandemic, among other challenges.



3.2 Overview of the Precedent PR-22/5 Toll Roads Project

PRHTA has a demonstrated history of successfully utilizing road concessions, in particular, to improve asset quality and increase financial sustainability. The most relevant precedent to the Project is the PR-22/5 Toll Roads Project, which was structured as a 40-year concession agreement (the “**PR-22/5 Concession Agreement**”) between Metropistas and PRHTA for the maintenance and operation of the PR-22 and PR-5 toll roads. Pursuant to the PR-22/5 Concession Agreement, Metropistas made an upfront payment to PRHTA in the amount of \$1.136 billion and committed to make certain investments to upgrade the PR-22 toll road that runs from San Juan to Hatillo and the PR-5 toll road that connects Cataño to Bayamón to significantly improve these highways. In turn, the PR-22/5 Concession Agreement provides that the revenues

generated by the PR-22 and PR-5 toll roads generally belong to Metropistas during the term of the concession. The PR-22/5 Concession Agreement was amended in 2016 to extend the term of the concession for 10 additional years in exchange for the payment by Metropistas of \$150 million to PRHTA.

The PR-22/5 Toll Roads Project was the first PPP concession achieved in Puerto Rico under Act No. 29 and was internationally recognized as a successful PPP project, winning both Project Finance International’s deal of the year award in the Americas category and the American Road and Transportation Builders Association’s project of the year award in 2011. It is a significant precedent and a relevant benchmark for the structure and implementation of the Project.

3.3 Reasons for Establishing the Project

PRHTA faces a fundamental challenge as it aims to remain financially sustainable over the long-term while overseeing an adequate transportation network capable of supporting economic growth and development in Puerto Rico. PRHTA has historically been unable to maintain the highway system in a state of good repair and provide a reliable road network due to a combination of factors, including funding constraints, aging infrastructure, rising capital costs, shrinking budgets and lack of asset management planning, among others.

Puerto Rico’s current road network ranks below national standards for certain condition and service metrics. According

to the Puerto Rico Transportation Asset Management Plan 2019-2028, 17% of interstate pavement and 30% of non-interstate pavement is in poor condition. Furthermore, data from the Federal Highway Administration’s Statistics Series shows that 77% of Puerto Rico’s highway system had a serviceability rating of 2.6 or less, which indicates that speed and free flow of traffic is notably affected due to road conditions. As a result, congestion events are significantly higher compared to the U.S. average, where only 19% of the highway system has the same serviceability rating.

Without a quality transportation network, Puerto Rico will lose competitiveness and the prospects of economic expansion will be diminished. It is with this in mind that the Government decided to undertake the procurement of the Project to enhance the Toll Roads and address the aforementioned quality, safety and operational issues.

3.4 Project Objectives

The Project consists of the establishment of a PPP for the improvement, financing, operation and maintenance of the Toll Roads. The Project is structured as an administrative concession pursuant to a long-term Concession Agreement, whereby the Concessionaire will be responsible for conducting capital improvements, financing such improvements and operating and maintaining the Toll Roads subject to compliance with certain performance standards set forth in the Concession Agreement.

The grant of the concession of the Toll Roads entails an upfront payment to be made by the Concessionaire to PRHTA in the amount of \$2,850,000,000 (subject to certain adjustments for interest rate protection) and the receipt by the Concessionaire of all revenues generated by the Toll Roads (subject to certain revenues-share arrangements with PRHTA). The scope of the services provided by the Concessionaire and the economic terms of the Project are discussed in the summary of the Concession Agreement attached as Appendix B to the Report.

In conducting the Project, the P3 Authority and PRHTA seek to:

- Improve mobility, operational efficiency, accessibility and safety on the Toll Roads;
- Improve the transportation network in a timely basis in order to bring the Toll Roads to a state of good repair and ensure the Toll Roads remain eligible for potential federal funding;
- Ensure that the people of Puerto Rico have access to quality roads and modes of transportation that will improve the overall experience of the traveling public and commerce within the surrounding communities; and
- Repay PRHTA's outstanding debt obligations.

Without a quality transportation network, Puerto Rico will lose competitiveness and the prospects of economic expansion will be diminished. It is with this in mind that the Government decided to undertake the procurement of the Project to enhance the Toll Roads and address the aforementioned quality, safety and operational issues.

The PPP being created pursuant to the Concession Agreement will endeavor to achieve these objectives by means of the following:

- Transferring major operational risks previously assumed by PRHTA to the Concessionaire during the term of the Concession Agreement, including risks related to the operations and maintenance of the Toll Roads;
- Requiring the Concessionaire to make the capital improvements necessary to bring the Toll Roads into compliance with the operating standards set forth in the Concession Agreement (the "**Operating Standards**") in a timely basis; and
- Establishing an upfront payment to be paid by the Concessionaire to PRHTA in the amount of \$2,850,000,000 (subject to certain adjustments for interest rate protection), which will not only allow PRHTA to repay its outstanding debt obligations, but which will also provide PRHTA and the Government sufficient resources to continue improving the non-tolled roads for the benefit of the people of Puerto Rico and to pay other obligations or cover other expenses as permitted by the P3 Act.

The Project and the Concession Agreement are consistent with PRHTA's Fiscal Plan, as certified by the FOMB on October 14, 2022, as they will implement PPP opportunities, improve and modernize the Toll Roads' infrastructure and promote the restructuring of the Government's transportation assets into toll, non-toll and mass transit groups. The Project and the Concession Agreement are also consistent with the Transportation Sector Reform set forth in the Government's Fiscal Plan, as certified by the FOMB on April 3, 2023, as it also calls for the restructuring of Government transportation assets into mode specific entities and the concession of the Toll Roads through a PPP procurement process.



An aerial, high-angle photograph of a multi-lane highway at night. The road is illuminated by streetlights, creating a warm yellow glow. Several vehicles are visible, including a large red semi-truck in the left lane, a white van in the right lane, and several smaller cars. A concrete sound barrier runs along the right side of the road. The image has a slightly blurred, motion-captured feel. On the far left edge, there are vertical bars of color: blue, pink, orange, yellow, green, and blue.

4. Procurement Process

4. Procurement Process

4.1 Desirability and Convenience Study

4.1.1 Overview

The P3 Authority, with the support of PRHTA, conducted the D&C Study, as required by Act No. 29 and the Regulation. The purpose of the D&C Study was to determine whether it is advisable to procure a PPP for the improvement, operation and maintenance of the Toll Roads under a future PPP agreement between PRHTA and a private operator, compared to the existing operating model of PRHTA managing the assets. Several forms of PPPs with differing levels of risk allocation were analyzed in the D&C Study. The D&C Study was published for the public to review and comment on March 24, 2022 and was made available to the public on the P3 Authority's website.

The D&C Study is comprised of two (2) parts. Part A aims to: (i) identify the current challenges that PRHTA is facing with respect to the Toll Roads, (ii) identify PRHTA's future state to address these challenges, and (iii) select potential operating models that may fit PRHTA's future state vision. Part B aims to: (i) qualitatively analyze the considerations of each option compared to the future state, (ii) quantitatively analyze the feasibility of each option, and (iii) select the option that best meets the P3 Authority's objectives (e.g., the most desirable and convenient) option.

4.1.2 Part A – Objectives, Future State and Potential Options

Part A of the D&C Study aligned with PRHTA's Certified Fiscal Plan, which emphasized the need for PRHTA's future state to address underperformance in the operation and maintenance of the Toll Roads. Further, the need for financial stability for PRHTA was highlighted by the Commonwealth's

fiscal situation – including an unsustainable debt and pension liability burden. The P3 Authority crafted its D&C Study objectives and potential operating models to address these needs and ultimately select the most efficient and feasible alternative among such options.

The D&C Study aimed to select the operating model that best addressed the following objectives:

- Improve budget certainty and address PRHTA's fiscal situation through leveraging up-front funding sources and minimizing public fund contributions;
- Modernize the existing infrastructure and improve the quality of the Toll Roads;
- Improve mobility, accessibility and safety for users of the Toll Roads;
- Improve performance and accountability by allocating responsibilities to the party best able to manage them and integrating performance-based contracts;
- Increase revenue opportunities through reduced leakage, optimizing fare collection and better aligning toll rates to costs;
- Accelerate improvements to the Toll Roads and limit risks in the delivery of improvements; and
- Reduce exposure to the current fiscal situation in Puerto Rico.

The P3 Authority considered a variety of operating models to address these objectives, each with varying levels of risk allocation between PRHTA and a private sector partner.

4.1.3 Part B – Qualitative and Quantitative Analysis, Recommendation

The qualitative analysis considered in Part B of the D&C Study considered a variety of potential options to address the P3 Authority's objectives:

TABLE #1. D&C STUDY OPTIONS

Options	Description
Status Quo	PRHTA's current operation of the Toll Roads with no major changes
Concession of all Toll Roads	Private operator provides upfront payment and improves, operates and maintains Toll Roads under a concession agreement
Concession of PR-52	Concession of PR-52; remaining Toll Roads under Status Quo approach
Concession of all Toll Roads with Revenue Share	Same structure as Concession of all Toll Roads; however, in lieu of upfront payment, PRHTA would partake in ongoing revenue through a revenue sharing mechanism
Concession of all Toll Roads plus Additional Scope	Same structure as Concession of all Toll Roads; however, in lieu of an upfront payment, PRHTA would require completion of additional scope
Availability Payment for Operations and Maintenance (O&M) of all Toll Roads	Private operator operates and maintains the Toll Roads under certain performance requirements in exchange for periodic payments from PRHTA based on performance. Private operator is responsible for improving, operating and maintaining the Toll Roads without risk for the level of usage or revenues generated

The benefits and considerations of each option were assessed qualitatively against the P3 Authority's objectives. The results of the qualitative analysis suggested that, while many of the options above presented benefits and aligned with some P3 Authority objectives, the majority (i.e., those without an upfront concession payment) did not fully address those objectives. An upfront concession payment was a key priority in the option selected, given the need under a PPP approach for PRHTA to address its outstanding debt obligations prior to transferring the assets to the private sector. The Status Quo option, where PRHTA remains responsible for management of the Toll Roads, presented concerns given the historical challenges that PRHTA has faced, which have resulted in a sub-optimal road network. Based on these qualitative findings, two (2) options were considered from a quantitative perspective: (1) a concession of all Toll Roads and (2) a concession of PR-52, with PRHTA remaining responsible for the remainder of the Toll Roads.

The two (2) PPP options were evaluated as "revenue risk" concession deals, such that the private partner is entitled to the revenues generated by the Project, but the private partner also retains the risks associated with any insufficiency of the revenues generated to pay any cost incurred to improve and operate the assets. Historical cash flow generated by the assets warranted an upfront concession

payment to PRHTA from the private sector, the level of which formed the basis of whether any options were deemed as financially feasible, given the need for PRHTA to utilize those funds to address its outstanding debt requirements.

When analyzed from a quantitative perspective, both PPP options resulted in an upfront concession payment that PRHTA could utilize to pay for outstanding debt secured by toll revenues. However, of the two PPP options, the concession model including all Toll Roads presented the possibility of the largest upfront concession payment to PRHTA, to address outstanding debt, and thus was deemed the most feasible option. It also transferred the most risk from PRHTA to the private sector and aligned with the PRHTA Fiscal Plan approach of PRHTA overseeing the private sector operation of its toll roads.

Ultimately, the D&C Study concluded that the assets presented an investment opportunity that was ripe for private sector investment given the market appetite for established infrastructure assets that generate steady long-term cash flow, the additional confidence in Puerto Rico as the Commonwealth emerges from its fiscal situation and the P3 Authority's track record of implementing successful PPP projects. Thus, the D&C Study recommended a concession for all Toll Roads.

4.1.4 Public Notice

As required by Act No. 29 and the Regulation, the draft of the D&C Study was published for a minimum 30-day period and publicized to encourage and solicit public feedback. The D&C Study was made available to the public through the P3 Authority's website. The deadline to submit such comments was April 25, 2022 on or before 5:00 P.M. AST. The P3 Authority did not receive any comments within the established time frame and the draft version of the D&C Study was finalized.

4.2 Partnership Committee

Pursuant to Act No. 29 and the Regulation, the P3 Authority designates a separate and specific partnership committee for each PPP project, with focused membership based on experience and relevance to each project, to evaluate and select qualified proponents and to establish and negotiate the terms of the relevant partnership agreement. Accordingly, the P3 Authority established the Partnership Committee for the Project on April 29, 2022.

Section 8 of Act No. 29 requires that the partnership committee for each PPP project be composed of the following members:

- The Executive Director of AAFAF or his/her delegate;
- The officer of the partnering government entity directly concerned with the PPP project or his/her delegate;
- One member of the board of directors of the partnering government entity (or the Secretary, if it is an agency); and
- Two (2) officials from any government entity, chosen by the P3 Authority Board for their knowledge and experience in the kind of project subject to the partnership under consideration.

As of the date of the Recommended Award, and pursuant to the requirements summarized in the paragraph above, the Partnership Committee was comprised of the following individuals:

- Omar Marrero Díaz, Esq., Executive Director & Chairman of AAFAF and Secretary of State of the Government of Puerto Rico;
- Edwin González Montalvo, PhD, PE, Executive Director of PRHTA;
- Julio Lassús Ruiz, LLM, MP, LPP, President of the Puerto Rico Planning Board and member of the PRHTA Board;
- Marco García Gallina, Chief Compliance Officer of PRHTA, as one of the government officials chosen for his knowledge and experience in the kind of project covered by the PPP under consideration; and
- Nelson Pérez Méndez, Esq., Deputy Director of AAFAF, as one of the government officials chosen for his knowledge and experience in the kind of project covered by the PPP under consideration.

Pursuant to Section 8 of Act No. 29, the Partnership Committee is responsible for the overall management of the process for the award of the Project and determining the Recommended Award, including:



- Approving documents prepared and distributed in connection with the RFQ process and the RFP process;
- Evaluating and qualifying the Respondents' SOQs (as such terms are defined below) submitted in response to the RFQ;
- Inviting the Qualified Respondents (defined below) to participate in the RFP process;
- Engaging in, or supervising, the negotiation of the terms and conditions of the Concession Agreement with the Qualified Respondents;
- Evaluating the Proposals submitted in response to the RFP and selecting the one most favorable to the Government and people of Puerto Rico;
- Contracting advisors, experts or consultants on behalf of the P3 Authority;
- Maintaining a book of minutes of the Partnership Committee's meetings;
- Preparing the Report and submitting the Concession Agreement for the required approvals; and
- Overseeing proper compliance with the procedures established for the negotiation of the Concession Agreement, the determination of the Recommended Award and the execution of the final Concession Agreement, including those requirements set forth in Act No. 29 and the Regulation.

During the procurement process, the Partnership Committee held a total of 17 meetings and approved a total of 12 referendums.

4.3 Market Sounding

Prior to the development and preparation of the RFQ, and in parallel with the public comment period on the draft of the D&C Study, the P3 Authority opted to perform a market sounding process. The individual market sounding discussions with industry stakeholders aimed to provide the market with Project information, gauge potential interest and solicit feedback on potential key technical, commercial and financial terms. The individual market sounding discussions were held with approximately 15 participants from April 13, 2022 to April 22, 2022, with the participation of companies and other interested parties in the infrastructure business, including but not limited to toll road operators, developers, financiers and construction companies.

Market sounding discussions were primarily driven by the P3 Authority, with support from some of its Consultants. Each individual market sounding discussion followed a consistent approach with objectives as follows:

Provide the market with information on the Project and gauge industry interest in a potential transaction;

Understand market participants' project successes and challenges on toll road transactions;

Test market sentiment regarding the proposed procurement schedule;

Obtain feedback on commercial and financial considerations to maximize interest in the Project;

Obtain feedback on potential technical challenges to operate and deliver capital improvements; and

Provide overall feedback to the market and highlight next steps.

The market sounding participants provided valuable feedback to the P3 Authority across a spectrum of considerations, including general project considerations such as level of interest and schedule, technical considerations such as data availability, technical requirements, capital investment needs and delivery, as well as commercial considerations around toll collections, rates, counterparty risks, demand risks and potential financial plans and structures.

Most participants expressed a significant level of interest in the Project and were generally comfortable with the deal structure that was envisioned given the success of the precedent PR-22/5 Toll Roads Project.

Participants stressed the importance of ensuring that major changes to the structure of the precedent deal were adequately communicated in advance, as well as ensuring sufficient time in the schedule to form teams to respond to the RFQ, given the size of the envisioned transaction. Feedback was provided on other Project-level risks that the P3 Authority contemplated as it developed the transaction.

Overall, not only did the market sounding provide the P3 Authority with valuable feedback to utilize during its procurement process, but it also generated significant awareness and interest in the Project, as measured by the number of teams that submitted responses to the RFQ. Many of the firms that submitted a response to the RFQ were involved in initial market sounding discussions.



4.4 Qualifications Process

On August 1, 2022, the P3 Authority, in collaboration with PRHTA, issued the RFQ as part of the Project's procurement process. The objective of the RFQ was to enable the Partnership Committee to identify companies or consortia qualified to participate in the RFP process based on their qualifications. SOQs in response to the RFQ were due on October 5, 2022.

Notice of the RFQ was given in a newspaper of general circulation in Puerto Rico on two (2) occasions (on August 1, 2022 and August 4, 2022). In addition, the RFQ was published and made available to the public through the P3 Authority's website.

The RFQ sought SOQs from companies or consortia that demonstrated, among other criteria, financial strength, ability to raise financing and technical and professional ability and experience. As set forth therein, the RFQ contemplated PRHTA entering into a long-term PPP contract with a private partner pursuant to which the private partner would be responsible

for financing, operating, maintaining and improving the Toll Roads pursuant to the PPP contract.

Pursuant to the RFQ, Respondents (who are identified in further detail below) had the opportunity to submit, in two (2) separate rounds, any written requests for clarification ("RFCs") they had with respect to the contents of the RFQ (each such RFC, an "RFQ-RFC") to the P3 Authority. The first round of RFQ-RFCs was due on August 22, 2022 and the second round was due on September 14, 2022, in each case prior to 5:00 p.m. (AST). The four eventual Respondents (identified in further detail below) submitted in the aggregate approximately 5 (PR TollRoads), 3 (CNPR), 27 (Omega Group) and 21 (VPR) RFQ-RFCs, respectively, during the two (2) RFQ-RFC rounds. The P3 Authority issued responses to the two (2) rounds of RFQ-RFCs submitted by Respondents following the process established in Section 5.4 of the Regulation.

There were two (2) addenda issued in connection with the RFQ as described in Table 2 below.

TABLE #2. RFQ ADDENDA⁵

Addendum	Subject Matter Descriptions ⁶	Issue Date
1	<ul style="list-style-type: none"> Project Scope (inclusion of potential DTL Extension) Clarification of Guarantor responsibilities and obligations Section 2.2 (Procurement Schedule) Section 6.2.6 (Communication) Section 6.2.7 (Data Room Access Information) 	September 6, 2022
2	<ul style="list-style-type: none"> Section 5.1.3.2 (Project Finance Qualifications and Capabilities Project Scope) Exhibit C, Volume 3, Section B (Material Changes in Financial Condition) Exhibit C, Volume 3, Section C (Off-Balance Sheet Liabilities) 	September 26, 2022

⁵ Any capitalized term used in Table 2 but not otherwise defined in the Report shall have the meaning ascribed to such term in the RFQ.

⁶ Describes significant subject matters addressed by the applicable addendum; additional edits may also be addressed in each addendum.

The P3 Authority received SOQs from four (4) experienced and reputable private sector Respondents:

PR TollRoads – a special purpose entity to be created by Abertis.

CNPR – a to-be-formed consortium comprised of (i) Plenary Americas US Holdings, Inc. ("**Plenary**"), as 51% equity member, (ii) Shikun & Binui Concessions USA, Inc. ("**SBC**"), as 49% equity member, and (iii) Plenary Americas Holdings LTD ("**Plenary Holdings**") and Shikun & Binui, Ltd. As guarantors of Plenary and SBC, respectively.

Puerto Rico Omega Mobility Group ("Omega Group") – a to-be-formed consortium composed of (i) Omega Construcciones Industriales S.A. de C.V. ("**OCI**"), as 85% equity member, (ii) Omega Corp., S.A. de C.V., ("**Omega Corp**"), as 10% equity member; (iii) LCA Prestadora de Servicios, S. de R.L. de C.V. & Latam Capital Asesoría e Infraestructura, S.C. ("**LCA**"), as 5% equity member, and (iv) CSA Architects and Engineers LLP ("**CSA**") and Administradora de Carreteras de Omega S.A. de C.V. ("**ACO**"), as key subcontractors.

VPR – a to-be-formed consortium composed of (i) Sacyr Infrastructure USA LLC ("**Sacyr**"), as 55% equity member, (ii) TKO Core Infrastructure Fund, LP ("**TKO**"), a to-be-formed investment fund to be managed by Star America Infrastructure Partners, LLC ("**Star America**"), as 45% equity member, and (iii) Sacyr Concesiones S.L. ("**Sacyr Concesiones**") and Tikehau Capital SCA ("**Tikehau Capital**"), as guarantors of Sacyr and TKO, respectively.

The Partnership Committee evaluated Respondent SOQs pursuant to Article 8(b) of Act No. 29 and Section 3.1 of the Regulation, as well as Respondents' compliance with the requirements of the RFQ, in accordance with the evaluation criteria established in Sections 5 and 6 of the RFQ.

The Partnership Committee held a meeting on October 18, 2022 to discuss and make an initial assessment of the SOQs. The P3 Authority, along with its Consultants, reviewed the SOQs for compliance purposes and made a tentative determination that all met the RFQ's Pass/Fail requirements – which included whether the Respondent had submitted all the forms required by the RFQ and complied with all requirements with respect thereto and whether the Respondent had demonstrated financial capability to complete the Project and satisfy its obligations with respect thereto. Thereafter, a more thorough analysis was made of all SOQs. The Partnership Committee extensively discussed and analyzed the information contained in each of the SOQs. During this meeting, the Partnership Committee also determined that the three (3) Respondents with the highest scores would be shortlisted for participation in the RFP phase.

As follow up to its initial assessment of the SOQs, the Partnership Committee issued RFCs to all Respondents, requesting further clarification or information as to some of the content of their SOQs. Upon receiving an RFC, Respondents were given a specified deadline to respond with additional clarifying information to assist the Partnership Committee in the evaluation of the SOQs. All Respondents provided responses to RFCs within the allotted time.

On November 7, 2022, the Partnership Committee met for a second time to finalize the SOQ evaluation process, in particular the SOQ evaluation forms, in accordance with the evaluation criteria set forth in the RFQ. In evaluating

the information presented, the Partnership Committee concluded that PR TollRoads, CNPR and VPR had satisfied the Pass/Fail evaluation criteria set forth in the RFQ (i.e., received a "pass" on Sections 5.1.2(a) (forms) and 5.1.2(b) (financial capability) of the RFQ) and that Omega Group had also received a "pass" on Section 5.1.2(a) but had failed to satisfy the requirements of Section 5.1.2(b) (financial capability) of the RFQ. Specifically, the Partnership Committee concluded that the information submitted by Omega Group did not show that it had sufficient financial capability to cover the financial requirements of the Project's entire scope of work. As determined at its October 18, 2022 meeting, the Partnership Committee proceeded to evaluate and score the Proposals. Based on the SOQ evaluation forms, the SOQs were awarded the following scores:

Based on this evaluation, the Partnership Committee identified PR TollRoads, CNPR and VPR as the Respondents

PR TollRoads: 92.7/100

CNPR: 80.6/100

Omega Group: 60.8/100

VPR: 82.9/100

who had been shortlisted and would proceed to the RFP stage of the procurement process (each, a "**Qualified Respondent**").

On November 28, 2022, the P3 Authority notified Respondents of the results of the evaluation. As provided in Article 20 of Act No. 29, Respondents that were not shortlisted had 20 days to seek review of the Partnership Committee's determination before the Court of Appeals (as such term is defined in

Act No. 29). Furthermore, pursuant to Section 2.11 of the RFQ, Respondents who were not shortlisted as Qualified Respondents, and their team members and guarantors, were permitted to join a Qualified Respondent team, upon prior written notice and approval from the Partnership

Committee. Omega Group did not request judicial review or further information about the RFQ or the Project and no member of the Omega Group team joined a Qualified Respondent team during the subsequent RFP process.

4.5 Request for Proposals

4.5.1 RFP and RFP Addenda

On January 13, 2023, the P3 Authority issued the RFP to the Qualified Respondents in accordance with Section 9 of Act No. 29. The RFP process sought Proposals from the Qualified Respondents who had been pre-qualified in the RFQ process. The objective of the RFP process was to enable the Partnership Committee to determine the Qualified Respondent best

suited to enter into the Concession Agreement based on the Proposals received.

A total of six (6) addenda were issued as part of the RFP process. Table 3 summarizes the subject matters addressed in each addendum and the date each addendum was issued.

TABLE #3. RFQ ADDENDA⁷

Addendum	Subject Matter Descriptions ⁸	Issue Date
1	<ul style="list-style-type: none"> • RFP Process Timeline • Toll Road Assets • Tiers of Work¹² • Status of the ETC System Contracts • Concession Revenues • PRHTA Capital Improvements • Concession Company Capital Improvements • Concession Term • Private Activity Bonds • Requests for Clarification • Proposal Security • Evaluation Criteria and Guidelines • List of Restricted Parties 	March 31, 2023
2	<ul style="list-style-type: none"> • RFP Process Timeline • PRHTA Outstanding Debt • Toll Road Assets • Tiers of Work • Status of the ETC System Contracts • Concession Revenues • Concession Term • Windfall Revenue Sharing Payment • Benchmark Rate Adjustment • Requirements for Proposal Delivery • Concession Fee Score • Changes to a Proponent 	May 4, 2023

⁷ Any capitalized term used in Table 3 but not otherwise defined in the Report shall have the meaning ascribed to such term in the RFP.

⁸ Describes significant subject matters addressed by the applicable addendum; additional edits may also be addressed in each addendum.

⁹ The Concessionaire is required to bring the Toll Roads up to the Operating Standards within twelve (12) years of the Financial Close and to comply with certain specific milestones within (a) twenty-four (24) months of Financial Close ("**Tier 1**"); (b) seven (7) years of Financial Close ("**Tier 2**"); and (c) twelve (12) years of Financial Close ("**Tier 3**"). Tier 2, Tier 2 and Tier 3 are collectively referred to herein as the "Tiers of Work."



Addendum	Subject Matter Descriptions ¹¹	Issue Date
3	<ul style="list-style-type: none"> RFP Process Timeline Alternative Technical Concepts 	May 17, 2023
4	<ul style="list-style-type: none"> Toll Road Assets Tiers of Work PRHTA Capital Improvements Windfall Revenue Sharing Payment Alternative Technical Concepts Requirements for Data Room Submission Benchmark Rate Adjustment Proponent Change Requests 	June 24, 2023
5	<ul style="list-style-type: none"> RFP Process Timeline Ongoing Projects Tiers of Work DTL Revenue Share PRHTA Capital Improvements Form of Bid LOC 	July 18, 2023
6	<ul style="list-style-type: none"> Schedule of Events Toll Road Maps Tiers of Work Status of the ETC System Contracts Concession Revenues Windfall Revenue Sharing Payments Private Activity Bonds Requests for Clarification Process Benchmark Rate Adjustment Best and Final Offer Process Financial Model Organization Conforming the Definition of Equity Member to the RFQ Requesting Information Necessary to Effectuate the Transfer of a Cash Deposit 	August 17, 2023

Throughout the course of the RFP process, prior to the Proposal Submission Deadline (defined below), the Concession Agreement underwent five (5) revisions, each of which was posted in the Data Room (see Section 4.5.2 (Due Diligence) for more details) for Qualified Respondents' review and comment. Meetings among the Qualified Respondents, the P3 Authority, PRHTA and the Consultants to discuss comments to and drafts of key Project documents included the following: market sounding meetings, introductory one-on-one meetings, individual in-person site visits and meetings

to discuss technical, legal and commercial comments and bi-weekly (or more frequent, on occasion) individual conference calls. Qualified Respondents' comments were taken into consideration by the P3 Authority, the Partnership Committee and the Consultants and incorporated into the Concession Agreement, if deemed appropriate. Sections 2.4 and 7.4.3 of the RFP described the proposal submission deadline, originally scheduled for July 31, 2023 and subsequently revised to August 28, 2023 (as revised, the "Proposal Submission Deadline").

4.5.2 Due Diligence

Throughout the RFP process, Qualified Respondents were provided the opportunity to conduct due diligence through reports and data provided in the Data Room, meetings with the P3 Authority and PRHTA and RFCs with respect to the RFP and the Concession Agreement (including associated schedules).

4.5.2.1 Data Room

A virtual data room to which all Qualified Respondents were granted access (the "Data Room") housed all Project related information and provided Qualified Respondents with key documents necessary to formulate their Proposals. The Data Room was secured in a manner that was only accessible by Qualified Respondents following the execution of confidentiality agreements, which were received by the P3 Authority on or around December 23, 2022 (execution date varied by Qualified Respondent). The Data Room contained thousands of documents pertinent to the Project, PRHTA and to Qualified Respondents' ability to diligence the assets, including, among others:

- The D&C Study;
- Traffic and revenue reports;
- Project operational and maintenance information;
- RFP and addenda;
- Concession Agreement and schedules (including revised versions thereof, where applicable);
- Meeting presentations;
- Third-party consultant reports;
- PRHTA contracts;
- PRHTA financial information, fiscal plans and other financial information;
- PRHTA organizational information;
- Environmental documents;
- IT policies and procedures; and
- Economic data.

The Data Room was divided into separate sections, where this information was presented by topic, including the following sections:

- Transaction Documents;
- Third Party Consultant Reports;
- PRHTA Information, Plans and Policies;
- Finance & Accounting;
- Agreements;
- Operations & Maintenance;
- Assets & Infrastructure;
- Human Resources;
- Insurance;
- Environmental;
- Information Technology; and
- PR General and Economic Data.

Approximately 2,645 documents were uploaded to the Data Room on or prior to August 17, 2023 (i.e., the "Setting Date" for purposes of the Concession Agreement). Approximately 149 users onboarded into the Data Room and approximately 106 such users accessed the Data Room at or prior to such date.

As shown in Table 3 above, a total of six (6) RFP addenda were issued and uploaded to the Data Room as part of the RFP process. In addition, a total of five (5) iterations of the Concession Agreement, including certain schedules in each case and from time to time, were uploaded to the Data Room. The dates of issuance of the Concession Agreement drafts are shown below:

TABLE #4. CONCESSION AGREEMENT DRAFTS

Document	Date of Upload
Initial Draft	February 3, 2023
Second Draft	April 17, 2023
Third Draft	June 9, 2023
Fourth Draft	July 17, 2023
Final Draft	August 17, 2023

4.5.2.2 Management Presentation and Site Visits

From February 23, 2023 to February 24, 2023, the P3 Authority held separate introductory meetings in San Juan, Puerto Rico with each Qualified Respondent with the objective of providing a high-level introduction of the Project and describing the anticipated commercial and structural features of the Concession Agreement. The introductory meetings gave Qualified Respondents the opportunity to ask questions for P3 Authority feedback and present potential issues on the Concession Agreement for P3 Authority's consideration. The introductory meetings followed a consistent approach for each Qualified Respondent and covered the following topics:

- Introduction and Puerto Rico Economic Outlook;
- Project Introduction and Overview;
- Key Structural and Commercial Project Topics:
 - Project Scope;
 - Risk Allocation;
 - Financing;
 - Process; and
- Proponent Feedback.

4.5.2.3 RFP Requests for Clarifications

In accordance with Section 2.4 of the RFP, Qualified Respondents were allowed to submit RFCs during the RFP process (each such RFC, an "**RFP-RFC**") until August 7, 2023 (with limited exceptions for clarifications related to the Guaynabo toll plaza and the electronic toll collections contract, which could be submitted until August 10, 2023) approximately three weeks prior to the Proposal Submission Deadline. RFP-RFCs were permitted to clarify the contents of the RFP documents, Concession Agreement and schedules, the information available in the Data Room, PRHTA related matters and other matters related to the Project. The RFP required that all RFP-RFCs be submitted in writing through a designated email. Verbal RFP-RFCs were not accepted

4.5.2.4 Alternative Technical Concepts ("ATCs")

The RFP invited each Qualified Respondent to submit, on an optional basis for consideration by the Partnership Committee, any potential aspect of its intended Proposal that might otherwise conflict with the requirements of the RFP. The ATC process was intended to allow Proponents, in submitting such Proposals, to incorporate technical innovation and creativity into such Proposals, subject to the written approval of the Partnership Committee in its sole and absolute discretion of such ATCs and subsequent incorporation of one or more approved ATCs into a final Proposal at the discretion of the applicable Proponent. To be eligible for acceptance pursuant to the RFP, a proposed ATC was required to address as many criteria set forth in

In addition to the introductory meetings, Qualified Respondents were permitted to conduct technical site visits of the Toll Roads, upon request to and as coordinated by the P3 Authority. Key personnel from PRHTA, together with representatives of the P3 Authority and certain Consultants, participated in these visits. PR TollRoads and VPR conducted site visits of the Toll Roads on March 14, 2023 and March 16, 2023, respectively, while CNPR conducted such visits on both March 21, 2023 and May 18, 2023.



and Qualified Respondents were not permitted to rely upon any verbal responses from the P3 Authority, PRHTA or the Consultants to any clarifications or topics related to the procurement of the Project.

Qualified Respondents submitted in the aggregate approximately 953 RFP-RFCs, of which 390 were submitted by PR TollRoads, 219 were submitted by CNPR and 367 were submitted by VPR. The P3 Authority responded to all RFP-RFCs in writing through addenda to the RFP, Concession Agreement (and related schedule) drafts and other informational documents that were made available in the Data Room.

the RFP as possible, to the satisfaction of the Partnership Committee in its sole and absolute discretion, with a focus on the advantages to the Qualified Respondents' equity members with respect to an ATC being quantifiable in terms of potential financial benefit or allocation of economic risks, rights and remedies.

Preliminary ATC submissions from Qualified Respondents were due on or before June 1, 2023. In accordance with the RFP, the P3 Authority provided the Partnership Committee's responses to such preliminary ATCs by June 13, 2023. The P3 Authority then conducted separate one-on-one meetings with each Qualified Respondent on June 19-20, 2023 in order

to discuss such Qualified Respondent's proposed ATC(s), answer questions and address related matters.

Per the RFP, the last day for final ATC submissions was June 23, 2023 and the final day for the P3 Authority to provide responses to such ATCs was July 17, 2023. The P3 Authority advised PR TollRoads that the Partnership Committee had approved PR TollRoads' one final ATC, subject to certain conditions. The

P3 Authority advised CNPR that the Partnership Committee had not approved CNPR's one final ATC. The P3 Authority advised VPR that the Partnership Committee had approved eight (8) of VPR's 10 final ATCs, in some instances subject to certain conditions.

PR TollRoads and VPR included one (1) and seven (7) approved ATCs, respectively, in their final Proposals.

4.5.2.5 Technical Meetings

As part of the RFP process, several technical meetings were held with Qualified Respondents to discuss the scope of the Project, including existing and planned projects in the Toll Roads, traffic and revenue ("T&R") projections and ATC submissions. Below is a summary of the topics discussed in these meetings.

Initial Technical Meetings – On April 2023, PRHTA, together with its technical staff and advisors, held initial technical meetings with each Qualified Respondent to discuss the status of ongoing capital improvement projects and preliminary concept descriptions for certain planned projects for the Toll Roads. Technical RFCs submitted by the Qualified Respondents were also discussed.

T&R Meetings – Also on April 2023, Steer, as PRHTA's T&R advisor, held conference calls with each Qualified Respondent to answer questions related to the T&R components of the Project. Qualified Respondents were able to validate T&R assumptions and projections and clarify information included in the T&R reports uploaded to the Data Room.

ATC Meetings – The P3 Authority, together with PRHTA and its technical staff and advisors, held meetings during the month of June 2023 to discuss each Qualified Respondent's proposed ATCs. ATCs addressing toll plaza reconfiguration alternatives, telecommunications upgrades and changes to the DTLs, DTL extensions and renewable energy alternatives were considered as part of the RFP process.



4.5.2.6 Proponent Change Requests

Pursuant to Section 8.6.3 of the RFP, a Qualified Respondent that wished to make a change to any of its team members or its guarantors was required to submit to the P3 Authority a request for approval of such change (a “**Proponent Change Request**”) no later than July 24, 2023 (unless permitted to make a change in connection with a “best and final offer” submission discussed in Section 5.1.6 of the Report). The Partnership Committee was under no obligation to approve any such request and had the discretion to either approve or disapprove a portion of such request or the entire request. A Qualified Respondent was permitted to submit a Proponent Change Request with respect to the tentative addition of one or more team members or guarantors, provided that the Qualified Respondent’s Proposal confirmed which tentative

team members or guarantors were included.

For any prospective new team member or guarantor, a Qualified Respondent was required to follow the RFQ process described in Section 4.4 of the Report, including submitting an SOQ demonstrating that any such prospective new team member or guarantor met the criteria used in the Qualified Respondent’s original SOQ evaluation.

During the RFP phase, the P3 Authority received three (3) Proponent Change Requests. Upon the evaluation and discussion of the submitted materials, including additional materials timely submitted in response to the Partnership Committee’s RFCs, the Partnership Committee approved each of the Proponent Change Requests in their entirety.

4.5.3 Concession Agreement Discussions with Qualified Respondents

The RFP, draft Concession Agreement and associated documents were made available to all Qualified Respondents via the Data Room following execution of non-disclosure agreements with each of the Qualified Respondents. As part of the RFP process, Qualified Respondents were provided opportunities through individual one-on-one and bi-weekly (or more frequent, on occasion) meetings with the P3 Authority to discuss aspects of the RFP, the draft Concession Agreement and such associated documents. Following the introductory meetings described above, three (3) separate rounds of one-on-one meetings and multiple subsequent bi-weekly meetings were held with each Qualified Respondent. In addition to one-on-one and bi-weekly meetings¹⁰,

individual meetings were held to discuss specific topics in the RFP, Concession Agreement and associated documents, such as meetings on insurance provisions, interest rate protection and windfall revenue sharing, among others.

Qualified Respondents were not permitted to rely upon verbal comments made by the P3 Authority during these meetings. Comments and suggested changes to the RFP, draft Concession Agreement and associated documents were required to be submitted through the RFP-RFC process. Virtually all RFP-RFCs were addressed on or before August 17, 2023, the date the P3 Authority also published the final versions of the RFP and the Concession Agreement and related schedules.

4.5.4 Submission of Proposals

Two (2) Qualified Respondents, PR TollRoads and VPR (each, a “**Proponent**”), submitted their Proposals to the P3 Authority on August 28, 2023, prior to 5:00 P.M. AST. The Proposals were substantially complete and consistent with the evaluation criteria included in the RFP. CNPR actively participated throughout the Project procurement process but did not submit a Proposal.

On September 7, 2023, the Partnership Committee held a meeting, with the participation of P3 Authority staff, PRHTA

and Consultants and invited each such Proponent to make a presentation about its Proposal. The presentations were informative in nature and included a question and answer session for Partnership Committee members to clarify several items from each Proposal. After the meeting, the Partnership Committee evaluated the Proposals based on the requirements set forth in the RFP, which are included in Section 5.1.1 of the Report.



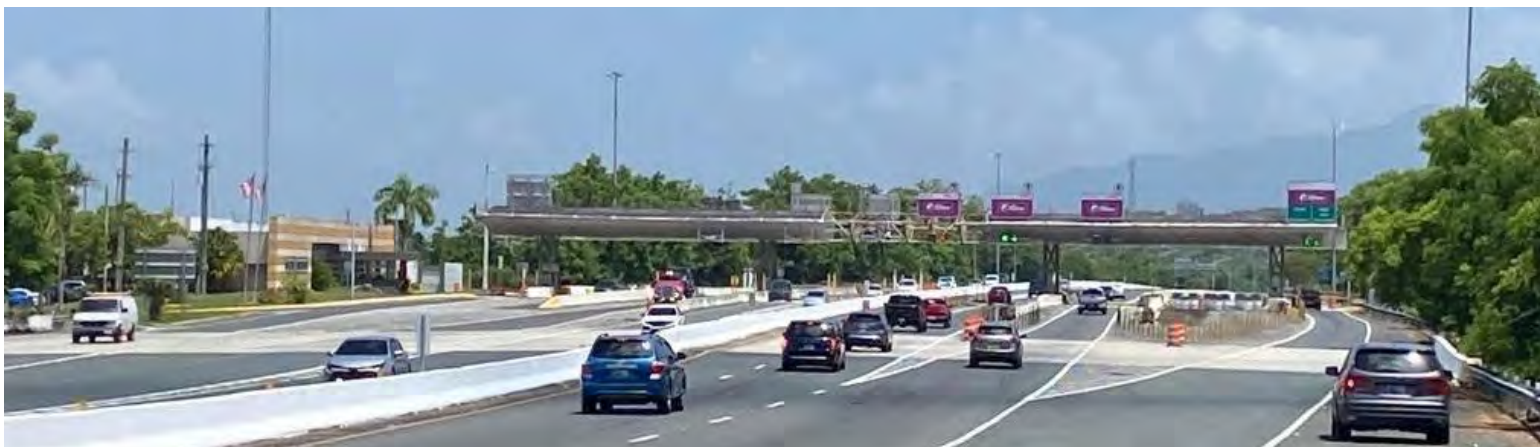
4.5.5 Meetings of the Partnership Committee

In accordance with the requirements of Act No. 29 and the Regulation, the Partnership Committee held a total of 17 meetings and evaluated multiple documents and updated versions of the Concession Agreement throughout the course of the Project. The P3 Authority, PRHTA, the FOMB and various Consultants also participated in certain of such meetings. The FOMB actively supported the P3 Authority and the PRHTA throughout the Project's procurement process. In addition,

the Partnership Committee approved various documents related to the procurement process via referendum. Table 5 below provides a summary of the subject matters addressed at each Partnership Committee meeting (held either in person or via teleconference) throughout the procurement process and Table 6 below provides a summary of the subject matters addressed by the Partnership Committee via referendum.

TABLE #5. PARTNERSHIP COMMITTEE MEETINGS

Date	Meeting Subject
May 24, 2022	Review of the Partnership Committee's obligations and role pursuant to Act No. 29, overview of the Project and discussion of RFQ
June 21, 2022	Discussion of Project timeline, RFQ and commercial issues related to the Concession Agreement
September 26, 2022	Discussion of commercial issues related to the Concession Agreement
October 18, 2022	Discussion, evaluation and scoring of the SOQs received in response of the RFQ
November 7, 2022	Discussion, evaluation and scoring of the SOQs received in response of the RFQ
December 20, 2022	Review of RFP and commercial issues related to the Concession Agreement
January 27, 2023	Review and discussion of first draft of Concession Agreement
February 13, 2023	Review and discussion of first draft of Concession Agreement and schedules
March 28, 2023	Discussion of feedback on first draft Concession Agreement, schedules and RFP
April 12, 2023	Review and discussion of second draft of Concession Agreement
May 2, 2023	Discussion of RFP Addendum #2 and review of Proponent Change Requests
June 1, 2023	Review and discussion of Third Draft of Concession Agreement
July 14, 2023	Review and discussion of Fourth Draft of the Concession Agreement and ATCs
August 9, 2023	Review and discussion of Final Draft of Concession Agreement and Addendum #6 of RFP
September 5, 2023	Preliminary evaluation of PR TollRoads and VPR Proposals
September 7, 2023	PR TollRoads and VPR Proposal presentations and determination of each Proponent's Total Proposal Score (as defined below) ¹²
September 14, 2023	Review and discussion of BAFO Proposals and selection of PR TollRoads as Preferred Proponent



¹¹ CNPR was offered a second ORT Improvement Project meeting but declined such meeting.

TABLE #6. PARTNERSHIP COMMITTEE REFERENDUMS

Date	Meeting Subject
July 26, 2022	Approval of RFQ
September 2, 2022	Approval of RFQ Addendum #1
January 5, 2023	Approval of RFP
January 31, 2023	Approval of First Draft of Concession Agreement
March 31, 2023	Approval of RFP Addendum #1
April 5, 2023	Approval of RFP Addendum #2
May 17, 2023	Approval of RFP Addendum #3
June 5, 2023	Approval of Third Draft of Concession Agreement
June 23, 2023	Approval of RFP Addendum #4
August 17, 2023	Approval of Final Draft of Concession Agreement and RFP Addendum #6
September 26, 2023	Approval of the Report

4.5.6 Key Milestones in the RFP Process

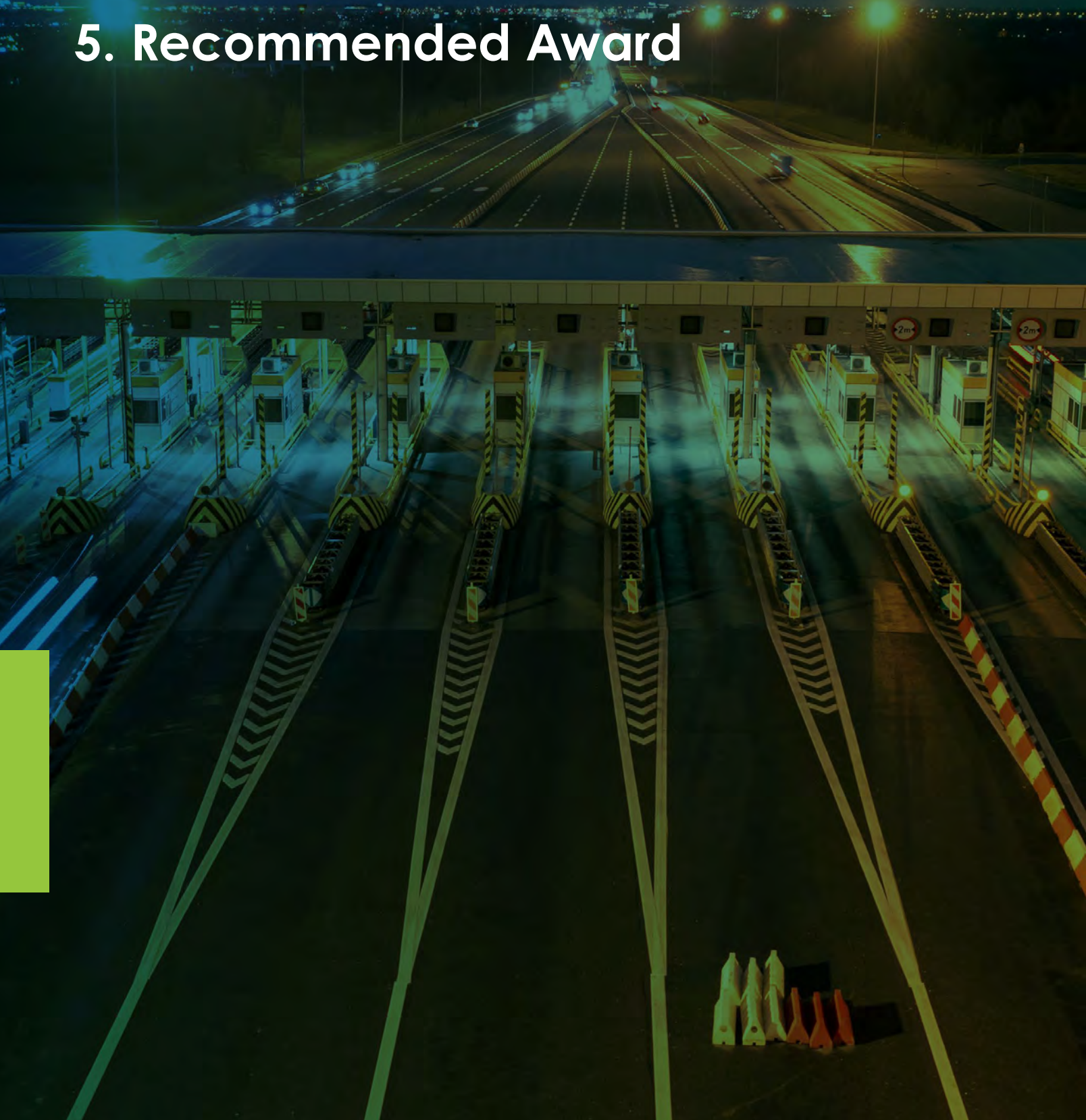
Table 7 below summarizes the key milestones in the RFP Process.

TABLE #7. KEY RFP MILESTONES

Milestone	Date
Issuance of RFP	01/13/2022
Distribution of first draft of Concession Agreement, including the Operating Standards	02/03/2023
Distribution of second draft of Concession Agreement	04/17/2023
Last day for preliminary ATC submissions	06/01/2023
Distribution of third draft of Concession Agreement	06/09/2023
Last day for P3 Authority responses to preliminary ATC submissions	06/13/2023
Last day for ATC submissions	06/23/2023
Last day for P3 Authority's final responses to ATCs	07/17/2023
Distribution of fourth draft of Concession Agreement and other RFP Documents	07/17/2023
Last day for Proponent Change Requests	07/24/2023
Distribution of final Concession Agreement and other RFP Documents	08/17/2023
Last day for P3 Authority to issue substantial Addenda	08/17/2023
Proposals submitted	08/28/2023 at 5:00 PM AST
Notification to applicable Proponents of the occurrence of a BAFO Event (as defined below)	09/07/2023
BAFO Proposals submitted	09/13/2023 at 12:00 PM AST
Preliminary notification of selection to Preferred Proponent	09/15/2023

¹² As discussed in greater detail in Section 5.1.6 of the Report, the determination of such Total Proposal Score triggered a BAFO Event (as defined below).

5. Recommended Award



5. Recommended Award

5.1 Process for Selection

5.1.1 Evaluation Criteria

Act No. 29 requires the Partnership Committee to consider certain specific factors in evaluating the responses to the RFP. The Partnership Committee reviewed and evaluated the Proposals based on the evaluation criteria (the "**Evaluation Criteria**") set forth in the RFP and summarized in Table 8 below, which were developed by the Partnership Committee, the P3 Authority and the Consultants to meet the objectives of the Project, as well as those set forth in Act No. 29.

TABLE #8. EVALUATION CRITERIA

Component	Score/Weighing
Stage 1 Review	
Completeness of Proposal	Pass/Fail
Financial, Technical and Professional Reputation	Pass/Fail
Financial, Technical and Professional Reputation	Pass/Fail
Stage 2 Review	
Completeness of Proposal	80 points
Technical Proposal	20 points

The Evaluation Criteria set forth in the RFP consisted of two (2) stages: (a) Stage 1, composed of three (3) pass/fail criteria (the "**Stage 1 Review**"), and (b) Stage 2, consisting of two (2) grading categories (the "**Stage 2 Review**").

In the Stage 1 Review, each Proposal had to achieve a rating of "pass" on each of the criteria listed in Table 8 above to proceed to Stage 2 of the Proposal evaluation process. In the Stage 2 Review, each Proposal that achieved a rating of "pass" for each pass/fail criterion in the Stage 1 Review was graded on the two (2) categories listed in Table 8 above.

The Stage 2 Review Evaluation Criteria included technical and financial elements. Each Proponent's technical proposal (each, a "**Technical Proposal**") comprised of 20% of each Proponent's total score, which score was calculated on a 100-point scale based on the Partnership Committee's evaluation of the information provided in each Technical Proposal (the "**Technical Proposal Score**"). The Technical Proposal Score was calculated as the sum of the scores for the following three (3) factors (each, an "**Evaluation Factor**"):

TABLE #9. TECHNICAL PROPOSAL EVALUATION FACTORS

Evaluation Factor	Maximum Points for Evaluation Factor
Summary	5 points
Project Development Plan	40 points
Capital Improvement Delivery Strategy Approach	55 points

Each Evaluation Factor included individual requirements (each, an "**Evaluation Subfactor**") that were required to be addressed within each Proponent's Technical Proposal. The Partnership Committee evaluated and assigned ratings to each Evaluation Subfactor based on a scale of (i) excellent (90.01%-100%), (ii) good (80.1%-90%), (iii) adequate (70.01%-80%), deficient (50.01%-70%) and poor (0-50%).

The Stage 2 Review Evaluation Criteria also includes a financial proposal evaluation section (for each Proponent, a "**Financial Proposal**"), which consisted of 80% of each Proponent's total score based on the following formula (the "**Concession Fee Score**"):

$$\text{Concession Fee Score} = ((\text{Concession Fee Amount} - \text{Anchor Price}) / (\text{Highest Concession Fee} - \text{Anchor Price})) * 80$$

In the above formula, the "Anchor Price" is set forth in the RFP and is equal to \$1.65 billion. The "Concession Fee Amount" is the amount of the Concession Fee in a Proponent's Financial Proposal and the "Highest Concession Fee" is the greatest Concession Fee Amount of the two (2) Proposals.

Each Proponent's Technical Proposal Score and Concession Fee Score resulted in each Proponent's total proposal score (the "**Total Proposal Score**"). The Total Proposal Score is out of 100 points.

5.1.2 Compliance Considerations

The Stage 1 Review required that each Proposal achieve a rating of "pass" on each of the criteria set forth below in order to proceed to the Stage 2 Review. Below is a summary of the Stage 1 Review for each Proposal.

5.1.2.1 Completeness of Proposal

The RFP required that Proposals include all materials set forth in Appendix 3A of the RFP, consisting of:

TABLE #10. COMPLETENESS OF PROPOSAL EVALUATION

Volume 1	General
	Cover Page
	Cover Letter / Executive Summary
	Table of Contents
	Executed Submission Certification (Appendix 2C)
	Executed BID LOC
	Completed Revenue Sharing Payment Calculation (Appendix 2E)
	Summary of approved ATCs, if any
Volume 2	Technical Proposal
	Summary
	Project Development Plan
	Capital Improvements Delivery Strategy and Approach
Volume 3	Financial Proposal
	Material Changes in Financial Condition
	Financing Plan
	Financial Model
Volume 4	Offer of Concession Fee
	Executed Offer of Concession Fee (Appendix 2B)

Moreover, the RFP required each Submission Certification to include the Proponent's certification of compliance as to certain matters set forth in the RFP.

Both Proposals included all materials required by Appendix 3A of the RFP and each Submission Certification included

a certification as to compliance with all matters required by the RFP. Therefore, both Proposals achieved a rating of "pass" in the "Completeness of Proposal" category of the Stage 1 Review.



5.1.2.2 Financial, Technical and Professional Reputation

The RFP required Proponents to submit a Proposal that demonstrates that the financial condition and capabilities of the Proponent's equity members have not materially adversely changed from the financial condition and capabilities evaluated by the Partnership Committee in the SOQ stage, such that the Proponent continues to have the financial capacity to deliver the scope of the Project and there are no current or pending material claims, litigation or equivalent that would materially adversely affect a Proponent's ability to undertake the Project.

Both Proponent's Financial Proposals provided detailed information that confirmed the equity members of each Proponent were financially capable of undertaking the Project. Material changes were provided that described the change, if any, in the Proponent's financial condition from the Partnership Committee's review during the SOQ evaluation. In addition, both Proposals complied with the requirement to provide evidence of no current or pending material claims, litigation or equivalent that would materially adversely affect their ability to undertake the Project. For the foregoing reasons, both Proposals achieved a rating of "pass" in the "Financial, Technical and Professional Reputation" category of the Stage 1 Review.

5.1.2.3 Financing Proposal

The RFP required each Proponent to provide a financial model in accordance with RFP requirements that demonstrates that its financing plan (the "**Financing Plan**") has attracted sufficient support and commitment from lenders and investors to fulfill its funding and financing obligations, as well as demonstrates that its Financing Plan is adequate, feasible and capable of being executed if the Proponent is selected.

Both Proponents provided a Financing Plan that incorporated a range of financing and funding sources to ultimately fund the upfront concession payment as well as required transaction costs, upfront fees, and reserve requirements. Both Proponents also provided a financial model that was in line with the consistency, integrity and linearity requirements of the RFP, adequately reflecting the transaction structure and associated requirements. Each Proponent's Financing Plan is discussed in more detail below.

5.1.2.3.1 PR TollRoads

PR TollRoads' original Financial Proposal contemplated a \$2.4 billion Concession Fee, which was increased to \$2.850 billion following the BAFO process. PR TollRoads' financing structure contemplates a term loan facility and equity. Capital investments are financed with a capex facility that is anticipated to be refinanced in different instances over the term of the Concession. PR TollRoads provided lender commitment letters from major financial institutions and local banks that frequently lend in the infrastructure sector, including the terms of each lender's commitment, and provided the respective percentages and amounts of each of the debt facilities anticipated to be used by PR TollRoads in its Financial Proposal. Each lender confirmed its diligence of required documents within its commitment letters.

Each equity member of PR TollRoads provided an equity commitment letter committing to make capital contributions at financial close. The P3 Authority determined during the SOQs, as well as through the Qualified Respondents Change Request process, that each equity member had the financial resources to deliver its equity commitment. Equity commitments will be sourced from debt issuance proceeds and uncommitted investment funds.

5.1.2.3.2 VPR

VPR's original Financial Proposal contemplated a \$2.424 billion Concession Fee, which was increased to \$2.609 billion following the BAFO process. Financing sources at the outset included a mix of senior debt facilities, subordinate private activity bonds ("PABs") and equity. PABs would be issued through the Wisconsin Public Finance Authority, as the conduit issuer, and utilized to pay only for capital expenses and reserves and expenses directly related to the PABs issuance.

VPR provided lender commitment letters from major financial institutions and local banks that frequently lend in the infrastructure sector, describing the terms of each lender's commitment and provided the respective percentages and amounts of each of the debt facilities anticipated to be

used by VPR in its Financial Proposal. Each lender confirmed its diligence of required documents within its commitment letters.

Each equity member of VPR provided an equity commitment letter committing to make capital contributions at financial close. The P3 Authority determined during the SOQs, as well as through the Qualified Respondent Change Request process, that each equity member of VPR had the financial resources to deliver its equity commitment. Equity commitments will be sourced from balance sheet funds and uncommitted investment funds.

For the foregoing reasons, both Proposals achieved a rating of "pass" in the "Financing Proposal" category of the Stage 1 Review.

5.1.3 Technical Considerations

As discussed in Section 5.1.1 above, the Stage 2 Review included a technical proposal evaluation that accounted for 20% of each Proponent's Total Proposal Score. Each Proponent's Technical Proposal Score is discussed in this section.

5.1.3.1 PR TollRoads' Technical Proposal Score

For the reasons discussed below, PR TollRoads received the following Technical Proposal Score:

TABLE #11. PR TOLLROADS' TECHNICAL PROPOSAL SCORE

Technical proposal	Requirement Score (Points)	Sum Evaluation Subfactor (1 Point = 10% ES)	Score Formula	Score
Summary	58.0	580%	= (sum of assigned Evaluation subfactor ratings for each applicable Evaluation subfactors/600%)* 5 points	4.833/5
Project Development Plan	161.0	1610%	= (sum of assigned Evaluation subfactor ratings for each applicable Evaluation subfactors/1800%)* 40 points	35.778/40
Capital Improvements Delivery Strategy and Approach	62.0	620%	= (sum of assigned Evaluation subfactor ratings for each applicable Evaluation subfactors/700%)* 55 points	48.714/55
Total Evaluation Score				89.325/100
Technical Proposal Score = Technical Evaluation Score* 0.20				17.865/20

5.1.3.1.1 Summary

PR TollRoads' Technical Proposal summary emphasized Abertis 20 years of experience doing business in Puerto Rico operating and managing the PR-22 and PR-5 toll roads and the Teodoro Moscoso Bridge. PR TollRoads highlighted the fact that it maintains good working relationships with Puerto Rico government agencies, municipalities, associations, businesses, labor unions, non-profits and local communities and that this would help streamline its transition into the Concession and support its ability to meet all contractual commitments.

PR TollRoads also explained its strategy and best value approach to improve mobility, optimize operational life-cycle performance and use innovative solutions and practices to successfully meet the expectations of all project stakeholders based on the following four main pillars: (i) reliability, (ii) innovation and creativity, (iii) safety, and (iv) commitment and environmental, social and governance (ESG). Using these pillars, PR TollRoads believes it can develop a viable approach to perform high priority interventions that will guarantee user safety and bring the Toll Roads into compliance with the Operating Standards.¹³

¹³ CNPR was offered a second ORT Improvement Project meeting but declined such meeting.

A. Operational Organization Approach and Plan

PR TollRoads proposed to provide management, staffing, administration and back-office tasks through a service entity and direct operational and maintenance functions through a separate Project entity. The service entity's management team would be the same team as Metropistas' management team and would be composed of 16 key team members. PR TollRoads also proposed to take advantage of the talent and experience already available at PRHTA.

PR TollRoads proposed to appoint a Board of Directors to provide oversight and strategic guidance to ensure customer satisfaction and compliance with the Concession Agreement. Its local executive team is expected to offer expertise in PPP management, toll road operations, the Puerto Rico market and Project stakeholders through its integration with Metropistas.

PR TollRoads proposed to establish quality management procedures to be organized as follows: (i) Quality Management Policy (established to manage and assure quality within the Concession operations), (ii) Standards (include documented processes and practices for measuring and maintaining quality), (iii) Training (identifies specific training needs for its staff to maintain quality practices), and (iv) Compliance Testing (includes detailed auditing to be performed by PR TollRoads to ensure quality conformance).

It also explained that it would manage communications holistically using an integrated approach to public and institutional relations, digital and traditional marketing and social responsibility and sustainability initiatives.

To facilitate continuous improvement, PR TollRoads proposed to issue annual surveys to request feedback from government agencies, including PRHTA, to evaluate asset management and maintenance performance. PR TollRoads committed to partnering with government agencies to implement road safety, sustainability and social action campaigns, among others. It also suggested to conduct annual satisfaction surveys to understand customer perceptions and identify areas for improvement. In addition, PR TollRoads proposed to enact and implement seven (7) proven services already used by Metropistas to provide customer service and

optimize the driving experience, such as 24/7 monitoring via security cameras, free 24/7 roadside assistance services, no cost air compressor services, among others.

PR TollRoads explained that it would enforce policies and procedures to relieve congestion and provide high-quality service while managing daily traffic operations, handling extraordinary incidents, coordinating maintenance and civil works to minimize user impacts, performing periodic reporting and implementing other auxiliary procedures.

PR TollRoads also proposed to establish an Operations and Road Safety Center in Caguas and a second back-up control center in Fort Buchanan in Guaynabo. To ensure a smooth transition, PR TollRoads would train current Metropistas operators to be prepared to run the Caguas control center. To achieve this, PR TollRoads would plan to migrate its current traffic software during the second half of 2023, provide a backup system and ensure compatibility with PRHTA systems.

PR TollRoads proposed to leverage its understanding of the Auto Expreso tolling system, its experience in transforming PR-22 and PR-5 into open road toll highways and the adoption of the bidirectional model to implement the same approach for the Caguas DTL.

PR TollRoads' Proposal also contemplated using Metropistas' experience preparing reports for federal agencies, including the development of audits that must be submitted to PRHTA and the P3 Authority, the Federal Highway Administration ("FHWA") and other government entities. It proposed to enhance the reporting procedures used for Metropistas, including methods of specific data collection and procedures and methodologies for asset condition inspections.

PR TollRoads' Proposal included the preparation of an Environmental Management Plan after conducting an environmental and compliance audit in the Toll Roads to determine plan requirements based on applicable agency regulations and permit requirements. Key aspects of this approach include: pollution mitigation, spill control, waste management, stormwater management, lead and asbestos and pruning. PR TollRoads also envisioned using technology to support the environmental management of the Toll Roads.

B. Maintenance Approach and Plan

PR TollRoads proposed to use its existing local structure to mobilize, assume operations and comply with Operating Standards. It sought to work with its already-identified contractors, service providers, suppliers and design firms, with which it has long-standing partnerships. Concurrently, PR TollRoads would begin the procurement process for essential vendors and contractors to guarantee short-, medium- and long-term Project success.

PR TollRoads also proposed to implement a new software system (iManage and MMIS) in a centralized manner and establish roles and responsibilities to prevent inaccuracies and redundant work, while ensuring a quality-based process for managing all asset components.

PR TollRoads noted its experience with recent events in Puerto Rico, such as Hurricane Maria, the 2020 earthquakes and a cybersecurity incident in 2022 as well as its unique protocols to mitigate the impact of Puerto Rico-specific risks using its experience managing Metropistas. It also explained in detail its risk assessment and management plan and capabilities.

PR TollRoads' Proposal contemplated the performance of preventive maintenance to minimize traffic impacts in the Toll Roads during and after severe weather conditions and atmospheric events. It specifically proposed to use preventive patrolling to quickly detect incidents on the Toll

Roads and provide a faster response and resolution time to minimize traffic impacts and improve safety. PR TollRoads also suggested establishing a protocol for coordinating the timing of maintenance and conservation work to minimize traffic impacts.

PR TollRoads' Proposal discussed emergency management approaches to meet each situation that may occur throughout the Concession, regardless of the location. PR TollRoads' Proposal provided extensive detail in the following areas: Incident Command System, Emergency Management Plan, Implementing Technology, Adverse Weather Events, Structural Health Monitoring Systems, Coordinating with Government Agencies, Spill Management, Terrorist Threats and Proactive Accident Management and Analysis.

PR TollRoads proposed to develop and implement an Asset Maintenance and Management Plan to establish guidelines that deliver high quality results in strict compliance with the Concession Agreement and based on the following four major pillars: create geographical maintenance zones, assign a contracting specialist to manage maintenance contractors, form an internal team to guarantee rapid response to incidents that create safety issues and implement a tool for maintenance planning, scheduling and management. It also provided a description of all maintenance activities to be included in contracts with trusted contractors and suppliers.

C. Procurement and Project Management Strategy

PR TollRoads' Proposal highlighted the fact that its suppliers and contractors are prequalified through Metropistas, which will allow them to promptly begin working on the Toll Roads. It proposed to expand this pool of suppliers and contractors to include additional local contractors to execute projects contemplated in the Concession Agreement.

PR TollRoads proposed to implement a Project Management Model to effectively address four pillars: time, cost, scope and

quality. Such model would establish a common language and processes fundamental to project management. The benefits of implementing the model throughout the Project life cycle include: knowledge and document management, repeatability/consistency/sustainability, benchmarking and ability to compare success metrics and assessment of ongoing improvements and impacts.



5.1.3.1.3 Capital Improvement Delivery Strategy Approach

PR TollRoads discussed the implementation of a process to execute, monitor and deliver all its construction interventions quickly and efficiently. It proposed a lower scope of works on structures and bridges than projected by PRHTA based on its due diligence, but which complies with the requirements of the Concession Agreement.

PR TollRoads provided information regarding multiple concepts and tools to meet and exceed the Operating Standards' technical requirements, including: Pavement Management System, Structures Management System, Artificial Intelligence, Procure, Procurement and innovative approaches to increase sustainability.

Based on PR TollRoads' Proposal, Tier 1 and Tier 2 interventions are scheduled for completion within the first seven years. However, PR TollRoads proposed to complete several interventions on bridges with scour and load rating deficiencies first to considerably reduce the duration of these activities by coordinating logistics with local contractors. Tier 3 interventions would start in years 9 and 10 and continue throughout the Concession.

PR TollRoads' Proposal contemplated the deployment of more than \$425M in capital improvement and routine maintenance projects. A substantial number of principal infrastructure contractors have committed to extend ongoing services, contracts and prices established with Metropistas into the Project. PR TollRoads proposed to mitigate supply chain challenges by prioritizing projects with long-lead items and establishing a supplier network to develop proactive strategies, procuring material once the design phase is completed and potentially offering incentives in construction

contracts for expedited delivery. PR TollRoads developed a capital expenditure forecast by dividing the interventions into the accelerated safety upgrade period (based on current asset conditions) and the heavy maintenance renewal period (based on deterioration curves and current market practices). PR TollRoads also identified the following Project challenges and risks and provided solutions to the same:

Availability of resources – PR TollRoads would internally perform field assessments, planning and design works, guardrail replacement and rehabilitation and signage replacement and repair, increase productivity and efficiency by using innovative and automation technology and establish economic incentives and educational programs with vocational and trade schools.

On time delivery due to potential project delays – PR TollRoads proposed to increase contractor productivity and efficiency by grouping projects with similar location and scope, implement an accelerated bridge construction mechanism for bridge rehabilitation projects and use pay for performance clauses to incentivize contractors to develop creative project delivery approaches and methods.

Supply chain risks due to Puerto Rico's location – PR TollRoads would prioritize projects with long-lead items and internally procure materials upon completion of a project's design phase.

5.1.3.2 VPR's Technical Proposal & Score

For the reasons discussed below, VPR received the following Technical Proposal Score:

TABLE #12. VPR'S TECHNICAL PROPOSAL SCORE

Technical proposal	Requirement Score (Points)	Sum Evaluation Subfactor (1 Point = 10% ES)	Score Formula	Score
Summary	47.0	470%	= (sum of assigned Evaluation subfactor ratings for each applicable Evaluation subfactors/600%)* 5 points	3.917/5
Project Development Plan	158.5	1585%	= (sum of assigned Evaluation subfactor ratings for each applicable Evaluation subfactors/1800%)* 40 points	35.222/40
Capital Improvements Delivery Strategy and Approach	63.0	630%	= (sum of assigned Evaluation subfactor ratings for each applicable Evaluation subfactors/700%)* 55 points	49.500/55
Total Evaluation Score				88.639/100
Technical Proposal Score = Technical Evaluation Score* 0.20				17.728/20

5.1.3.2.1 Summary

VPR's Technical Proposal summary provided a general explanation of the contents of its Technical Proposal. It proposed to establish three (3) major structures to help direct its operations after the Project's financial close:

1. Management – would lead the day-to-day implementation of the business plan and serve as the single point of contact for the PRHTA.

2. Risk Committee – comprised of members of management and board of directors to ensure that all risks are appropriately managed.

3. Board of Directors – representatives of its equity members that would work with management to oversee the implementation of the Project.

VPR emphasized the fact that it had visited Puerto Rico with its advisors and that it had built very strong relationships with local consultants and contractors, setting the foundation for future partnerships for the Concession. VPR also noted its long history of developing, upgrading, managing and operating toll roads across the globe.

5.1.3.2.2 Project Development Plan

A. Operational Organization Approach and Plan

VPR developed an organization chart assigning CEO, staff, finance and design and construction functions to a special purpose vehicle to be created for such purposes. Traffic management, tolling, procurement, operations, facilities and road maintenance functions would be assigned to a separate entity. VPR provided resumés and availability of three (3) key personnel (i.e. CEO, Operations Director and Design Manager). It also proposed an efficient employee mobilization plan that would prioritize existing PRHTA personnel.

VPR proposed that day-to-day operations be firmly supported by the implementation of a robust and comprehensive Quality Management System, compliant with Concession Agreement requirements and international standards. Such system would act as a foundation for preserving the integrity of quality control and assurance endeavors, incorporating an extensive set of indispensable documents, such as the Quality Management Manual, Management Procedures, Work Procedures, Inspections and Test Plans, Follow-Up Documents and External Documentation.

VPR's Proposal also contemplated the development of a Communication Plan that would outline the strategies, channels and tools to ensure a timely and accurate dissemination of information. VPR proposed to focus on



ensuring road users are well-informed about key events or works on the road, a special communications protocol for emergencies, promoting a "sense of belonging" among the different stakeholders and employing strategies to reach the various stakeholder groups.

VPR suggested to track user feedback, address complaints and provide timely responses and solutions using social media platforms and other communication channels. Additionally, VPR proposed to collaborate with PRHTA to develop a joint customer survey program. All user feedback obtained from social media and customer surveys would be closely monitored and tracked to measure VPR's customer satisfaction index.

VPR envisioned operating the PRHTA's Traffic Management Center 24/7 with state-of-the-art technologies, including automatic traffic and incident detection systems and cutting-edge weather forecasting equipment. VPR proposed to deploy a dedicated patrol crew operating permanently from four (4) operation centers to swiftly assist stranded users. VPR also explained how it would mitigate challenges such as: severe weather, incidents with contaminated and hazardous materials, major accidents affecting structural integrity and special events.

VPR emphasized its proposed DTL enhancement (an ATC approved by the P3 Authority) which consists in applying a dynamic toll collection system and creating a second entry to the northbound DTL, near the Caguas Norte toll plaza, in the mornings.

VPR acknowledged the significance of accurate and timely reporting and proposed to assist with data collection and reporting, develop standardized reporting templates, provide timely data provision and collaborate on auditing and compliance. VPR proposed to implement two (2) robust information platforms to fulfill the information requirements set forth by PRHTA and FHWA: (1) construction management software for renewal and contracted construction reporting and (2) MMIS for O&M reporting.

B. Maintenance Approach and Plan

VPR proposed to prioritize the existing PRHTA personnel for recruiting. VPR's multifaceted strategy included a competitive onboarding plan. Should certain positions remain vacant after the transition process, VPR would rely on specialized outsourcing services prioritizing Puerto Rico professionals.

VPR's maintenance strategy and approach sought to maintain the highest standards of quality assurance and control while performing maintenance tasks across all three tiers of capital works. VPR provided details on quality management systems, standard operating procedures, qualified and trained personnel, inspection and testing, quality control checks, commissioning and performance verification, documentation and record keeping, compliance with standards and regulations, independent audits and reviews and continuous improvement.

VPR proposed a Risk Management Plan tailored to respond to Puerto Rico's specific challenges, such as topography, technical conditions and user behavior. VPR's lessons learned and risk management policies successfully implemented in delivering PPP roadways in other markets constituted an integral part of its strategic management approach.

A Risk Committee (led by VPR CEO, Finance Manager, Design & Construction Manager, Operations Manager and Maintenance Manager) would ensure effective risk analysis

As set forth in VPR's Proposal, VPR's environmental strategy consisted of VPR's Environmental Management System aimed at safeguarding natural resources and the environment in full compliance with federal and Puerto Rico legislation. Its Environmental Management Plan adhered to international standards and provided a thorough framework for guiding operational activities.

VPR also planned to develop an Environmental Emergency Plan to address remedial actions on air quality, water contamination, soil, the biological environment (flora and fauna) and the socio-economic environment (access roads, paths and the protection of cultural, archaeological and paleontological resources).

and monitoring throughout the Project's lifecycle, addressing risks identified during different phases as outlined in VPR's Risk Management Plan.

VPR's Proposal described the implementation of an integrated TMS and MMIS traffic management solution to assist in tracking maintenance activities and planning for maintenance events. Rigorous staff training would be provided to ensure personnel are well-prepared for working in high-speed traffic areas and carrying out maintenance-of-traffic activities as well as addressing emergency scenarios.

VPR also provided specific details for approaching temporary emergencies and scheduling and sequencing maintenance works, highlighting the use of an Integrated Corridor Management and Dynamic Traffic Assignment Modelling. VPR also noted in its Technical Proposal that Sacyr is one of a select few construction companies in the US with the ISO 45001 Health & Safety certification that ensures that VPR is well-equipped to handle any emergency effectively.

VPR proposed to develop and implement an Emergency Operation Plan to address severe weather events, accidents involving hazardous materials and other emergencies that may occur within the Toll Roads. VPR's maintenance program catalyzed a skilled team of internal professionals, supplemented by strategic alliances with highly experienced local subcontractors.

C. Procurement and Project Management Strategy

VPR expected to employ several procurement strategies to optimize competition and ensure optimal prices and smooth execution. Most of the work to be delivered under its capital improvement program for major pavement and bridge rehabilitation projects would be contracted under a Design-Bid-Build scheme, where VPR would separately contract and execute the engineering and design to maximize the participation of all local players and promote healthy competition.

VPR noted that it had already commenced discussions with potential suppliers and subcontractors, maintaining open communication to understand local contractor's backlog and capacity constraints and their bonding and financial restrictions to ensure efficient execution of all

capital improvement projects. Likewise, VPR emphasized that ensuring timely payments and fair terms would foster loyalty and reduce working capital requirements for local contractors, which should translate into additional financing capacity to perform all workload required during the initial years of the Concession Agreement.

VPR sought to partner with recognized design and engineering firms in the island and in the U.S. to clearly define the scope of work and project specifications to eliminate ambiguity and ensure that all subcontractors have a sound understanding of the requirements. Regarding the contracting process for construction works, VPR envisioned the following two-step procurement process: (a) prequalification and preapproval, and (b) transparent and competitive bidding.

5.1.3.2.3 Capital Improvement Delivery Strategy Approach

VPR explained how it would deliver its capital improvements plan, following the requirements of Article 4.7.2 of the RFP:

Structures – VPR developed a schedule of works to ensure the achievement of this crucial milestone following the first seven (7) years of the Concession to achieve 100% compliance with the Operating Standards for the structures of the Project before the end of 2030. In addition, it developed a strategic action plan to prioritize capital improvement projects on critical infrastructure that do not currently meet the Operating Standards. VPR analyzed the bridge inspection reports available in the Data Room. The condition ratings and field review of bridge posting as well as core condition and state elements allowed VPR to establish a baseline for the current state of the structures to determine a tailored design and calculation of the scope rehabilitations needed for each bridge to meet or exceed Concession Agreement requirements and optimize the lifecycle costs.

Scope of Work – proposed a lower scope of works on structures and bridges than projected by PRHTA based on its internal due diligence but which complies with the requirements of the Concession Agreement.

Pavements – Once pavement upgrades are completed, VPR proposed to offer a lifecycle plan to ensure efficient maintenance under the best quality and safety standards to optimize whole-lifecycle costs and performance.

Soil – Many of the slopes analyzed are long-standing, stabilized and consolidated by the vegetation. The slopes and highest terraces would be regularly monitored with drones to continuously verify their condition. If cracks are detected, VPR proposed to expedite immediate actions to prevent damage. Tier 2 would prioritize the improvement of slopes labelled as in poor state and Tier 3 would complete the improvement works for the rest of slopes, according to the measures approved by the PRHTA in the 10-year slope stabilization plan and in compliance with the Operating Standards.

VPR developed tailored solutions for pavements using predictive behavior modelling data and support of local subcontractors to promote the use of state-of-the-art technologies customized for local conditions.

VPR explained that it expected permits to be issued, bridges to be inspected and designs to be developed and approved by the PRHTA during the first year of the Concession. VPR's construction and design department would ensure that an efficient mobilization to site would take place at the end of the design period to commence construction works at the beginning of the second year (2025) of the Concession.

During the three following years (2025 to 2027), VPR expected to replace and perform rehabilitation work on major structures that did not comply with the Operating Standards. This approach focused on the assets with the lowest condition rating achieving a condition rating of 7 and 8 in these bridges during the first years of the Concession. Minor rehabilitation of structures that have a rating of 5 in deck would follow during the last three years of Tier 2 (2028-2030) with the aim of not letting them fall to a rating lower than 5.

VPR's plan was centered around prioritizing safety in the most critical bridges and therefore, reducing further impact to travelers and increasing comfort. Once the bridges comply with the Operating Standards, minor rehabilitation works would follow for the next three years.

VPR proposed to employ a comprehensive set of metrics (KPIs) and evaluation methods tailored to the nature of each capital improvement project. These metrics encompassed various aspects, including prompt completion of key project milestones, budget management, quality control,

stakeholder satisfaction, safety records and sustainability goals, to provide a comprehensive assessment of project success.

VPR also proposed to implement rigorous cost control measures, such as value engineering, cost estimation techniques and continuous monitoring of expenditures to assess execution and economic performance and achieve efficient budget management.

5.1.4 Financial Proposal

As discussed in Section 5.1.1 above, the Stage 2 Review also included the evaluation of each Proponent's Financial Proposal, which accounted for 80% of each Proponent's Total Proposal Score.

Concession Fee Score	
Concession Fee Score = ((Concession Fee Amount – Anchor Price) / Highest Concession Fee – Anchor Price) * 80%	
Where:	Anchor Price = \$1,650,000 million Highest Concession Fee = \$2,424,242,424
PR TollRoads (\$2,400 million - \$1,650 million) _____ * 80 = 77.495 (\$2,424 million - \$1,650 million)	VPR (\$2,424 million - \$1,650 million) _____ * 80 = 80.000 (\$2,424 million - \$1,650 million)

5.1.5 Selection of Preferred Proponent

The Partnership Committee finalized its review of each Proposal in a meeting held on September 7, 2023 and individual evaluations and scoring were completed by the Partnership Committee thereafter and submitted to the P3 Authority. Each Proponent's Total Proposal Score was developed based on the results of the Technical Proposal Score and the Concession Fee Score as shown in the table below.

Total Proposal Score = Concession Fee Score + Technical Proposal Score	
PR TollRoads 77.495 + 17.865 = Total Proposal Score = 95.360	VPR 80.000 + 17.728 = Total Proposal Score = 97.728



5.1.6 BAFO Process and Score

5.1.6.1 Process

As allowed by the Regulation, Section 8.1.4 of the RFP provided that, in the event that, following evaluation of the initial Proposal submissions, the then-highest Total Proposal Score among all Proponents was within five percent (5%) of one or more Total Proposal Scores of the other Proponent(s) (such event, a **"BAFO Event"**), the P3 Authority would invite the Proponent with the then-highest Total Proposal Score and those Proponents whose Total Proposal Scores were within five percent (5%) of the then-highest Total Proposal Score to submit a "best and final offer" (**"BAFO"**) with respect to their respective original Concession Fee proposals (any such revised Concession Fee Proposal being a Proponent's **"BAFO Concession Fee"**).¹⁴

Following the Partnership Committee's review of the initial Proposal submissions, VPR received a Total Proposal Score of 97.728, which was the highest Total Proposal Score of all Proposals received. However, PR TollRoads received a Total Proposal Score of 95.360, which was within five percent (5%)

of VPR's Total Proposal Score and resulted in a BAFO Event under the RFP. Therefore, pursuant to Section 8.1.4 of the RFP, on September 7, 2023, the P3 Authority invited VPR and PR TollRoads to submit a BAFO with respect to their original Concession Fee Proposals by no later than 12:00 PM AST on September 13, 2023 (the **"BAFO Submission Deadline"**).

Pursuant to the RFP, after the BAFO Submission Deadline, each Proponent's initial Total Proposal Score would be revised to take into account such Proponent's BAFO Concession Fee, if any (such initial Total Proposal Score as so revised, the **"Post-BAFO Total Proposal Score"**). Pursuant to the RFP, each Proponent's original Technical Proposal Score would also constitute such Proponent's Technical Proposal Score for purposes of its Post-BAFO Total Proposal Score. The Proponent with a Compliant Proposal and the highest Post-BAFO Total Proposal Score would then be selected from among the Proponents invited to submit a BAFO as the Preferred Proponent.

5.1.6.2 BAFO Concession Fee Score

PR TollRoads

PR TollRoads submitted a BAFO Concession Fee in the amount of \$2.850 billion. As part of its BAFO Proposal, PR TollRoads increased its original Concession Fee by increasing the equity contribution amount of its equity members. During the BAFO process, there were certain changes in the equity members of the consortium, specifically Ullico was no longer a team member. PR TollRoads' BAFO Proposal submission

primarily included updates to its equity funding approval information and a revised financial model. PR TollRoads did not make any changes to its financing structure as part of the BAFO. The Partnership Committee reviewed the revised information that was submitted and determined that PR TollRoads submitted a compliant BAFO Proposal.

VPR

VPR submitted a BAFO Concession Fee in the amount of \$2.609 billion. As part of its BAFO Proposal, VPR increased its original Concession Fee by increasing the equity contribution amount of its equity members. VPR's BAFO Proposal submission primarily included updates to its equity funding

approval information and a revised financial model. VPR did not make any changes to its financing structure as part of the BAFO. The Partnership Committee reviewed the revised information that was submitted and determined that VPR submitted a compliant Proposal as part of the BAFO process.



¹⁴ Pursuant to Section 6.1(c)(vii) of the Regulation, the Partnership Committee shall have discretion to request BAFOs from Proponents that submitted Proposals within a competitive range. However, during the RFP process, Proponents requested that the BAFO parameters be specifically identified in the RFP and that the BAFO process be automatically triggered upon the circumstances set forth in the RFP. Accordingly, the RFP was amended to accommodate this request.

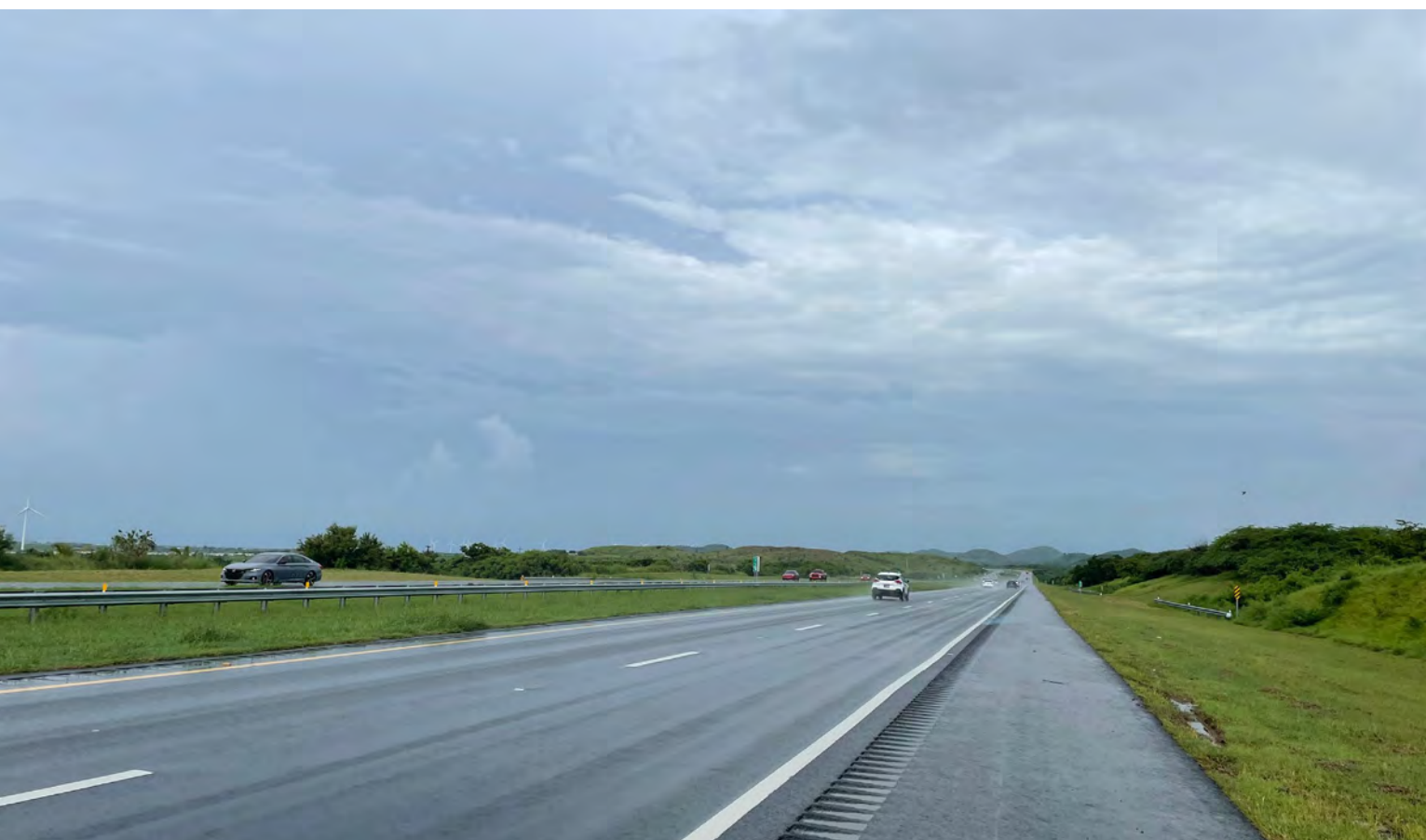
The table below shows the BAFO Concession Fee Score calculations for each Proponent.

BAFO Concession Fee Score	
BAFO Concession Fee Score = ((BAFO Concession Fee Amount – Anchor Price) / Highest BAFO Concession Fee – Anchor Price) * 80%	
Where:	Anchor Price = \$1,650,000 million Highest BAFO Concession Fee = \$2,850,000,000
PR TollRoads (\$2,850 million - \$1,650 million) _____ (\$2,850 million - \$1,650 million)	VPR (\$2,609 million - \$1,650 million) _____ (\$2,850 million - \$1,650 million)
* 80 = 80.000	* 80 = 63.951

5.1.6.3 Post-BAFO Total Proposal Score

Once the BAFO Concession Fee Scores were calculated, the Partnership Committee added each Proponent's original Technical Proposal Score to arrive at a Post-BAFO Total Proposal Score for each Proponent as shown in the table below.

BAFO Total Proposal Score = BAFO Concession Fee Score + Technical Proposal Score	
PR TollRoads 80.000 + 17.865 = BAFO Total Proposal Score = 95.360	VPR 63.951 + 17.728 = BAFO Total Proposal Score = 81.679



5.1.7 Selection of Preferred Proponent

Given that PR TollRoads received the highest Post-BAFO Total Proposal Score, on September 14, 2023, the Partnership Committee met and voted by motion duly made, seconded and approved, pursuant to Act No. 29 and the Regulation, to designate PR TollRoads as the Preferred Proponent for the Project. On September 15, 2023, PR TollRoads was notified in writing of its selection as Preferred Proponent.

As a result of this evaluation process, the Partnership Committee concluded that the Project and PR TollRoads' Proposal will generate significant economic and social benefits, which can be summarized in the following key social welfare and economic goals:

Improvement of mobility, operational efficiency, accessibility and safety on the Toll Roads

Timely delivery of capital improvements to bring the Toll Roads into compliance with the Operating Standards set forth in the Concession Agreement

Access to quality roads and modes of transportation for the people of Puerto Rico, improving the overall experience of the traveling public and commerce within the surrounding communities

Receipt of upfront proceeds that significantly exceed the amounts required to repay PRHTA's outstanding debt obligations

5.2 Approval Process

On September 21, 2023, the P3 Authority notified the FOMB of the selection of the Concessionaire as the Preferred Proponent for the Project and, on September 29, 2023, the P3 Authority provided an execution version of the Concession Agreement for the FOMB's final review and approval. On October 4, 2023, and October 10, 2023, the P3 Authority Board and the PRHTA Board, respectively, approved the Report and the execution version of the Concession Agreement. The FOMB approved the execution version of the Concession Agreement on or before October 13, 2023.



6. Conclusion



6. Conclusion

On August 1, 2022, PRHTA commenced the process to identify a private concessionaire for the Toll Roads. Almost 14 months later, on August 28, 2023, the P3 Authority received Proposals from two (2) qualified Proponents: VPR and PR TollRoads. Pursuant to the RFP, the Proposals received were comprised of three main components: (a) a technical proposal, (b) a financial proposal, including a financing plan and financial model for the Project, and (c) an offer of a Concession Fee to be paid upfront to the PRHTA in consideration for the Concession.

The Partnership Committee carefully evaluated the Proposals received in accordance with the evaluation criteria and scoring methodology set forth in the RFP and concluded that the two (2) Proposals satisfied the requirements of the RFP. Following the Partnership Committee's review of the initial Proposal submissions, VPR received a Total Proposal Score of 97.728, which was the highest Total Proposal Score of all Proposals received. However, PR TollRoads received a Total Proposal Score of 95.360, which was within five percent (5%) of VPR's Total Proposal Score and resulted in a BAFO Event under the RFP.

As required by the RFP, on September 7, 2023, the P3 Authority invited each of VPR and PR TollRoads to submit a BAFO with respect to their original Concession Fee Proposals. Both Proponents submitted their BAFO Concession Fees on September 13, 2023. PR TollRoads submitted a BAFO Concession Fee in the amount of \$2.850 billion and VPR submitted a BAFO Concession Fee in the amount of \$2.609 billion. Pursuant to the RFP, once the BAFO Concession Fee Scores were calculated, the Partnership Committee added each Proponent's original Technical Proposal Score to arrive at the following Post-BAFO Total Proposal Scores for each Proponent: (a) 97.865 for PR TollRoads and (b) 81.679 for VPR.

The PPP process for the Project involved (i) robust participation by a number of highly qualified private sector participants, (ii) extensive due diligence of the Toll Road assets, (iii) multiple opportunities for comment on and discussion of the proposed transaction structure and the Concession Agreement, both with private sector participants and with various government entities and other stakeholders, including the FOMB, (iv) an extensive and in-depth assessment and analysis of the

Proposals by the Consultants and the Partnership Committee, (v) the opportunity for Proponents to present and discuss their Proposals in person to the Partnership Committee, the P3 Authority, the Consultants, and FOMB representatives, (vi) thorough review of the Proposals and the Consultant's assessment thereof by the P3 Authority and the Partnership Committee, and (vii) the scoring of the Proposals by the Partnership Committee based on clearly-articulated evaluation criteria to achieve the Government's objectives for the Project.

The PPP process carried out by the P3 Authority, PRHTA and the Partnership Committee complied with the requirements of the P3 Act, the Regulation and the RFP, both in form and substance. The process was carried out affording transparency, fairness and equality to each Proponent. Ultimately, given that both Proposals fully complied with the requirements of the P3 Act, the Regulation and the RFP, the Partnership Committee's selection of PR TollRoads as the Preferred Proponent was based on the Proposal that provided the highest Post-BAFO Total Proposal Score. As such, the Partnership Committee unanimously recommended to the P3 Authority Board that the Concession be awarded to PR Toll Roads.

The award of the Concession to PR TollRoads will allow the Government to achieve its objective of optimizing Toll Road operations to improve highway transportation for the residents of Puerto Rico. The Project will also bring to bear private sector innovation and expertise to provide a more effective and reliable transportation network that better ensures driver and passenger safety and access to quality roads. Among other things, the Project will (a) transfer to the Concessionaire major operational risks previously assumed by PRHTA, including risks related to the operations and maintenance of the Toll Roads, (b) ensure the completion of the capital improvements necessary to bring the Toll Roads into compliance with the Operating Standards; and (c) allow PRHTA to repay its outstanding debt obligations. Finally, the Project will also provide PRHTA and the Government sufficient resources to continue improving the non-tolled roads for the benefit of the people of Puerto Rico and to pay other obligations or cover other expenses as permitted by the P3 Act.



Approved and Received by Partnership Committee Members

Omar Marrero Díaz, Esq.
Executive Director & Chairman of AAFAF and
Secretary of State of the Government of Puerto Rico

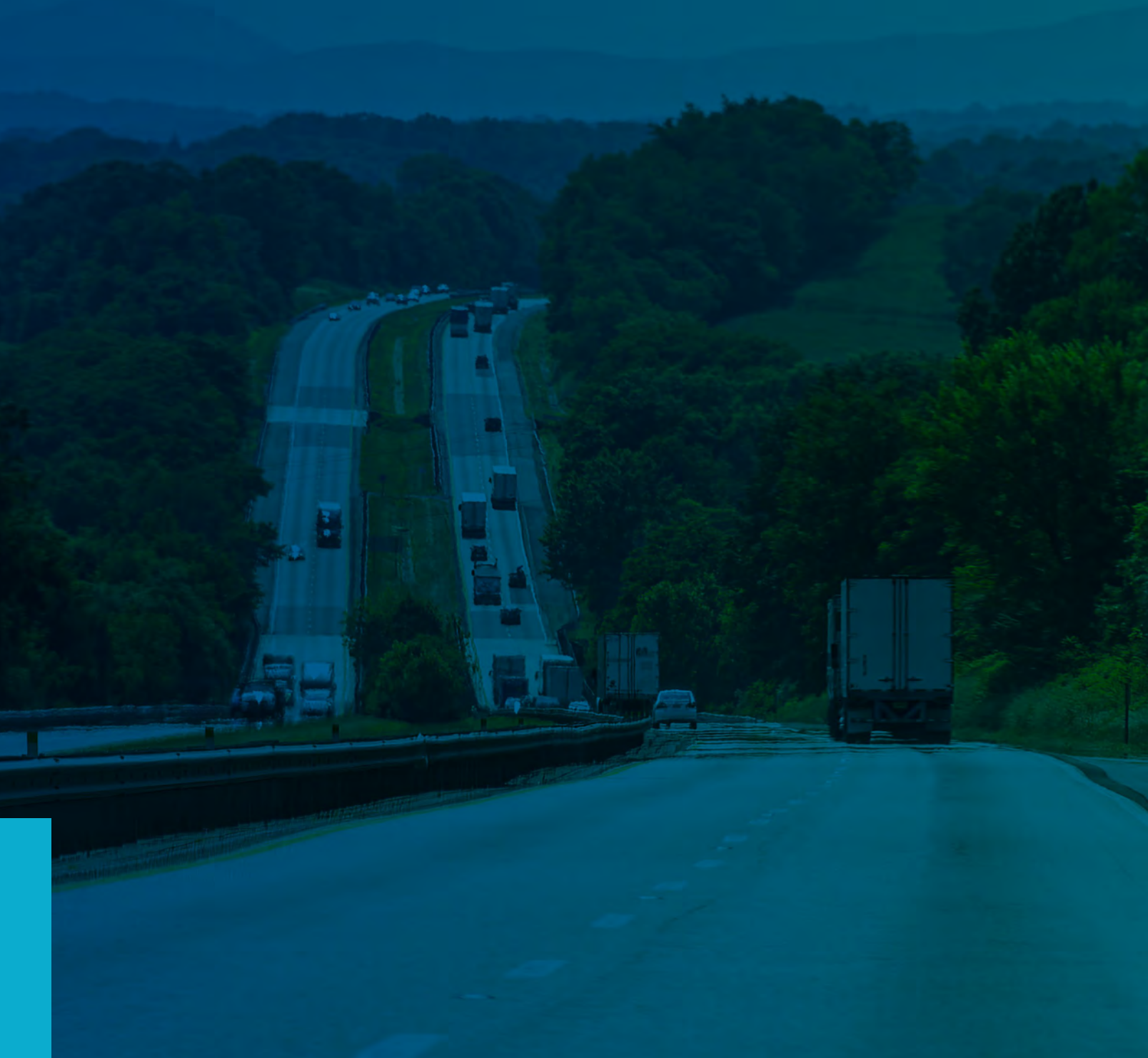
Edwin González Montalvo, PhD, PE
Executive Director of PRHTA

Julio Lassús Ruiz, LLM, MP, LPP
President of the Puerto Rico Planning Board and
member of the PRHTA Board

Marco García Gallina
Chief Compliance Officer of PRHTA

Nelson Pérez Méndez, Esq.
Deputy Director of AAFAF

Appendix A: D&C Study



Desirability and Convenience Study for the Toll Roads Monetization Project

Puerto Rico Public-Private
Partnerships Authority



March 2022

Desirability and Convenience Study for the
Toll Roads Monetization Project

Contents

1.	Executive Summary.....	3
2.	Objectives of the Study	11
3.	Statement of Need & Project Overview	15
4.	Analysis Approach	29
5.	Qualitative Options Assessment	31
6.	Quantitative Options Assessment.....	43
7.	Conclusion and Recommendation	57

1. Executive Summary

Overview

This Desirability & Convenience Study (the “Study”) was commissioned by the Puerto Rico Public-Private Partnerships Authority (“P3A” or the “Authority”), in collaboration with the Puerto Rico Highways and Transportation Authority (“PRHTA”). The Study seeks to determine whether it is advisable to procure a public-private partnership (“P3” or “PPP”) for the improvement, operation, and maintenance of PRHTA’s PR-53, PR-20, PR-66, and/or PR-52 toll roads (collectively, the “Toll Roads”) under a future P3 agreement between the PRHTA and a private operator (the “Project”). The Project was identified by the Commonwealth of Puerto Rico (the “Commonwealth”) and the Authority is facilitating the development of the Study, in collaboration with PRHTA, the entity responsible for operating the Toll Roads.

PRHTA’s February 22, 2022, Certified Fiscal Plan (“Fiscal Plan”) highlights the need for PRHTA’s future state to address underperformance in the operation and maintenance of the Toll Roads, which has resulted in suboptimal road conditions, lack of sustainability, increased congestion, and safety concerns. Further, in 2016, the “Commonwealth” faced an unsustainable burden of more than \$72 billion in debt and more than \$55 billion in unfunded pension liabilities, constraining its ability to stabilize its finances with no clear path forward to restructure its debt. Puerto Rico’s debt was issued by more than a dozen public entities, ranging from the Commonwealth itself to separate public corporations, including PRHTA, the entity responsible for the operation of the Toll Roads. The Commonwealth, including PRHTA, has not made any debt payments since 2016, as authorized by the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) during creditor negotiations. It is estimated that PRHTA had approximately \$5.8 billion in outstanding debt on assets, primarily from the Toll Roads, PR-5, and PR-22, and Tren Urbano. Of the \$5.8 billion, 18%, or approximately \$1 billion, was estimated to be allocated to the Toll Roads.

Objectives of the Study

Objective setting acts as the initial step to develop potential delivery alternatives that align with PRHTA’s mission and address historical issues as outlined in the Fiscal Plan. The Authority considered historical aspects of PRHTA’s operation and identified potential benefits for Puerto Rico when developing the objectives of the Study. The Study objectives are listed below (in no order of preference or importance):

- Improve budget certainty and address PRHTA’s fiscal situation through leveraging up-front funding sources and minimizing public fund contributions
- Modernize the existing infrastructure and improve the quality of Toll Roads
- Improve mobility, accessibility, and safety for users of the Toll Roads
- Improve performance and accountability by allocating responsibilities to the party best able to manage them and integrating performance-based contracts

- Increase revenue opportunities through reduced leakage, optimizing fare collection, and better aligning toll rates to costs
- Accelerate improvements in the Toll Roads and limit risks in the delivery of improvements
- Reduce Commonwealth exposure to current fiscal situation in Puerto Rico

Study Options

The objectives listed above were developed by the Authority to guide this Study and to determine whether an identified option is desirable and convenient to the Authority to consider as an alternative to the Status Quo, as defined below. The options considered by the Authority are based on potential options outlined in the Fiscal Plan.

Option 1 – Status Quo: This option represents PRHTA's current operation, and no major changes will need to occur at PRHTA to continue to operate and maintain the Toll Roads. PRHTA assumes all risks associated with operations, maintenance, capital investments, and paying outstanding debt, and will continue receiving all toll revenue.

Option 2 – Concession of all Toll Roads: This option would require a private operator to improve, operate, and maintain the Toll Roads under a future P3 agreement, in exchange for toll revenue. This option results in an upfront concession payment that can be used to pay PRHTA's debt obligations and capital improvements, depending on the level of revenue generated. Any value in excess of debt and capital improvements are net proceeds to PRHTA. In this scenario, the concessionaire assumes revenue risk.

Option 3 – Concession of PR-52: This option is similar to Option 2, though includes only PR-52 in the concession. PR-52 has historically generated the highest level of revenue compared to the remaining Toll Roads and as such, likely has the most investor appetite. This option requires PRHTA to improve, operate and maintain the remaining Toll Roads outside of PR-52 and retain the revenue (and risk) that is generated by these roads. PRHTA may use the concession payment to pay off debt owed to PRHTA bondholders in this option for PR-52, though will be responsible for outstanding debt on the remaining Toll Roads.

Option 4 – Concession of all Toll Roads with Revenue Share: This option is similar to Option 2, though instead of the Commonwealth receiving an upfront payment from the private operator, the Commonwealth would partake in ongoing revenue generated by the Toll Roads through a revenue sharing mechanism. The private operator will receive revenue for the period defined in the concession agreement, subject to revenue sharing provisions. Operating, maintenance, and improvement risks will be the responsibility of the private operator.

Option 5 – Concession of all Toll Roads plus Additional Scope: This option would require a private operator to enhance, operate, and maintain all Toll Roads under a concession model, similar to Option 2. When comparing this option against Option 2, the key difference is that in this alternative, PRHTA will forego any upfront concession payment to require the private operator to operate and maintain scope outside of, and in addition to, the Toll Roads.

Option 6 – Availability Payment for Operations and Maintenance (O&M) of all Toll Roads: This option would require PRHTA to procure a private operator to operate and maintain the Toll Roads under certain performance requirements like Option 2. The primary difference between this option and Option 2 is the payment mechanism. In this option, PRHTA would make periodic payments for the asset being open and available to a predefined standard. In such an arrangement, payments to the private operator would be subject to deductions for lack of performance against the performance standards. The private operator will

be responsible for improving, operating, and maintaining the Toll Roads but would not have responsibility or risk for the level of usage of the Toll Roads or revenues generated from the operations.

Qualitative Assessment of Options

A qualitative assessment of the benefits and considerations of each option, as well as how well the option meets the Authority's Study objectives was considered. The results of which suggest that most of the potential options under consideration do not fully address the objectives without an upfront concession payment. The Status Quo option also presents concerns given the historical challenges that PRHTA has faced, such as funding constraints, aging infrastructure, rising capital costs, shrinking budgets, and lack of asset management planning, which has resulted in a sub-optimal road network.

Benefits and issues to consider for each option were developed to be consistent with the Study objectives. For instance, the objective to "reduce exposure to Puerto Rico's fiscal situation" may be addressed through a variety of different means and procurement approaches. In a concession, a concessionaire that provides an upfront concession payment to the Commonwealth will reduce exposure to Puerto Rico's fiscal situation and may be captured as a benefit below in "alleviating Puerto Rico financial pressure." A summary of these benefits and issues to consider is provided below and described in more detail in Section 5.











































Figure 1.1 – Option Benefits/Issues to Consider

Option:	Status Quo	Concession of all Toll Roads	Concession of PR-52	Concession of all Toll Roads with Revenue Share	Concession of all Toll Roads plus Additional Scope	Availability Payment for O&M of all Toll Roads
Benefits						
PRHTA familiarity & acceptance	✓					
PRHTA retains toll revenue	✓			✓		✓
No PRHTA employee reorganization	✓					
Alleviates PRHTA financial pressure		✓	✓			
Governed by performance requirements		✓	✓	✓	✓	✓
Operating synergies from asset portfolio		✓		✓	✓	✓
Toll increases may improve asset value		✓	✓	✓	✓	✓
Enhances quality of additional roads					✓	
Timing and ease of implementation	✓	✓	✓	✓	✓	
Maximizes concession payment		✓				
Issues to Consider						
O&M risks retained by PRHTA	x					
PRHTA required to fund O&M, capex, debt service	x					
PRHTA accountable for performance	x					
Loss of PRHTA revenue stream		x	x		x	
Requires PRHTA employee reorganization		x	x	x	x	x
Potential isolation of non-viable assets			x			
Ongoing payment obligations by PRHTA	x					x

*Some benefits and considerations may only partially apply to a specific option

The results of each of the identified options compared to the Study objectives is provided below. The Authority has also taken each of the options into consideration with respect to the outstanding debt requirements as provided in Section 3. The following chart compares each of the objectives to each delivery option analyzed.

Figure 1.2 – Option Comparison to Objectives

Study Objectives	Status Quo	Concession of all Toll Roads	Concession of PR-52	Concession of all Toll Roads with Revenue Share	Concession of all Toll Roads plus Additional Scope	Availability Payment for O&M of all Toll Roads
Improve budget certainty and address PRHTA's fiscal situation through leveraging up-front funding sources and minimizing public fund contributions						
Modernize the existing infrastructure and improve the quality of Toll Roads						
Improve mobility, accessibility, and safety for users of the Toll Roads						
Improve performance and accountability by allocating responsibilities to the party best able to manage them and integrating performance-based contracts						
Increase revenue opportunities through reduced leakage, optimizing fare collection, and better aligning toll rates to costs						
Accelerate improvements in the Toll Roads and limit risks in the delivery of improvements						
Reduce Commonwealth exposure to current fiscal situation in Puerto Rico						

Addresses Objective:  **Partially Addresses Objective:**  **Does Not Address Objective:** 

The two concession options, a Concession of all Toll Roads (Option 2) and Concession of PR-52 (Option 3), appear to fully address the objectives from a qualitative perspective. Both options would likely result in an upfront concession payment that PRHTA could potentially pay PRHTA's outstanding debt, pay for initial capital investments (if sources of funding are sufficient) and transfer the operating and maintenance risks to the private sector. These options are both considered quantitatively.

Quantitative Assessment of Options

The quantitative assessment informs the Authority of the financial merits of each of the concession options under consideration. To assess each option quantitatively, the Authority developed a financial model that represents the responsibilities and rights of a potential future private operator of the Toll Roads. For each option under consideration, financial, commercial, and technical inputs and assumptions were developed. These assumptions included, for example, revenue, capital improvements, and regular operation and maintenance.

Each scenario assumes that initial capital investments will allow the developer to achieve a state of good repair on the Toll Roads, or in other words, the assets' condition allows operation at full performance – a significant improvement from the current condition of the Toll Roads. The financial model also considers current PRHTA negotiations with creditors, which suggest that PRHTA will issue new debt to pay all previous PRHTA-related debt. This new debt amount is estimated to total approximately \$1.245 billion and will be secured by toll revenue from the Toll Roads. In addition to the \$1.245 billion, the Commonwealth is expected to provide a loan to PRHTA in the total amount of \$314 million. While the exact repayment terms have not yet been determined, the latest version of the 2022 fiscal plan assumes a 30-year subordinated loan repayment for illustrative purposes that will be updated once the loan details are finalized. Any final

terms or amendments to the loan are subject to approval of the Financial Oversight and Management Board for Puerto Rico ("FOMB").

The financial model is informed by the inputs and assumptions and solves to return the range of concession payments that PRHTA may expect based on the level of revenue generated by each option, less operations, minor and major maintenance, funding requirements, initial capital investment and outstanding debt requirements. The range of concession payments and concession options assessed are based on a target pre-tax internal rate of return (IRR) between 11% and 13%, and the following toll rate structure:

- **1.5% + Consumer Price Index (CPI):** Current toll rate increased by 1.5% plus increases in CPI beginning FY2022 and annually thereafter to the end of the concession term (July 1 of each fiscal year)

The quantitative assessment suggests that the 1.5% + CPI toll rate structure marginally supports a sufficient level of revenue to address initial investments and outstanding debt, depending on the level of return that a concessionaire requires to invest in the project. In the Concession of all Toll Roads option (Option 2), sources of funding total approximately \$2.1 – \$2.3 billion, resulting in a concession payment to PRHTA of \$1.5 – \$1.7 billion after addressing initial capital investment needs. The remaining amount after issuance fees and reserve requirements are funded can be used to pay outstanding debt. After making the payoff amount related with the outstanding debt and the Commonwealth loan, this option appears to be marginally feasible at the 11% IRR level. This option, however, doesn't appear to be feasible after making the same debt payoff amount when including higher return requirements. The option is feasible at the return requirements shown if the Commonwealth loan is repaid with alternative sources of funds (other than funds derived from the toll revenues).

Figure 1.3 – Concession of all Toll Roads (Option 2)¹

\$ (in Millions)	11% IRR	13% IRR
Total Sources of Funds	2,254	2,086
Less: Initial Capital Expenditures (CAPEX) Investments	(521)	(521)
Less: Other Fees and Reserve Accounts	(73)	(73)
Net Concession Payment to PRHTA	1,660	1,492
Less: Debt Payoff Requirement	(1,245)	(1,245)
Less: Commonwealth Loan to PRHTA	(314)	(314)
Net Proceeds	101	(67)
EBITDA Multiple	13x	12x

The Concession of PR-52 option (Option 3) shows generally similar results, with sources of funding totaling around \$1.3 – \$1.4 billion, resulting in a concession payment to PRHTA of \$970 million – \$1.1 billion after addressing initial capital investment needs. This option appears to be marginally feasible in its current form and results in net proceeds to PRHTA (in the range of \$35 – \$150 million) after funding of initial capital expenses, payment of outstanding debt and the Commonwealth loan. However, PRHTA will be required to pay for and assume the risk of the remaining obligations on PR-20, PR-53, and PR-66. Further, the

¹ Detailed inputs and assumptions for each scenario are provided in Section 6. Applicable for both tables.

outstanding debt amounts presented in this option are only assumptions and have not been negotiated with creditors or included in PRHTA's restructuring.

Figure 1.4 – Concession of PR-52 (Option 3)

\$ (in Millions)	11% IRR	13% IRR
Total Sources of Funds	1,424	1,309
Less: Initial CAPEX Investments	(291)	(291)
Less: Other Fees and Reserve Accounts	(51)	(49)
Net Concession Payment to PRHTA	1,082	969
Less: Debt Payoff Requirement ²	(746)	(746)
Less: Commonwealth Loan to PRHTA ³	(188)	(188)
Net Proceeds	148	35
EBITDA Multiple	13x	12x

Conclusion & Recommendation

When assessed qualitatively, the results suggest that most of the potential options under consideration would not generate an upfront payment to address the initial capital investment, reserve account funding, and outstanding debt repayment requirements. The Status Quo option (Option 1) includes the continuation of operations by PRHTA which has historically resulted in challenges to maintain the Toll Roads. Further, this option requires PRHTA to retain risks associated with the performance of the Toll Roads which the private market can manage more effectively.

The two concession options, a Concession of all Toll Roads (Option 2) and Concession of PR-52 (Option 3), fully address the primary objectives from a qualitative perspective.

From a quantitative perspective, both options result in an upfront concession payment that PRHTA can utilize to pay for initial capital investments and debt secured by toll revenue, though only in certain circumstances depending on the level of return that a concessionaire requires. For instance, the Concession of all Toll Roads option results in a net shortfall at a 13% IRR but is marginally feasible when the return requirements are reduced to 11%. The Concession of PR-52 is marginally feasible across the IRR range presented, though includes a prorated outstanding debt assumption that has not been negotiated as part of PRHTA's restructuring.

Each quantitative scenario above includes the addition of a subordinate Commonwealth loan to PRHTA totaling \$314 million (prorated for Concession of PR-52). Each of the scenarios above present a wider range of feasibility absent the subordinate loan from the Commonwealth.

The results suggest that a Concession of all Toll Roads option appears to be desirable and convenient for the Authority when compared to the Concession of PR-52 and the remaining options within this Study. A Concession of all Toll Roads presents an opportunity for PRHTA to generate an upfront concession payment which could be used to provide initial capital investment (as shown in Figure 1.3 above) to significantly enhance the quality of the Toll Roads and achieve a state of good repair. Reaching a state of good repair

² Pro rata amount based on the total debt amount and PR-52's amount of revenue compared to the other Toll Roads.

³ Pro rata amount based on the expected loan amount and PR-52's amount of revenue compared to the other Toll Roads

level will contribute to avoid Federal penalties and will allow PRHTA to direct Federal highway funds to other non-toll roads facilities. As such, users will benefit from an improved road network that has historically presented challenges under the Status Quo. It is expected that a best-in-class operator will operate and maintain the Toll Roads at high performance levels and will bring their expertise to enhance and improve efficiency for toll operations. A Concession of PR-52 will result in similar benefits as the Concession of all Toll Roads option. Despite the quantitative results suggesting the Concession of PR-52 is feasible throughout the IRR range shown, the benefits, however, would only apply to PR-52. The improvement, operation, and maintenance of the remaining Toll Roads would be delivered under the Status Quo option, which has historically posed challenges for PRHTA and resulted in sub-optimal road conditions. The cost of PRHTA continuing to operate and maintain the remaining Toll Road assets have not been analyzed within this Study.

In terms of feasibility, the Concession of all Toll Roads appears to be marginally feasible at the lower end of the range of return requirements after payoff of the outstanding debt and the Commonwealth loan. The assets present an investment opportunity given the current private market appetite for established infrastructure assets that generate steady long-term cash flow, the additional confidence in Puerto Rico as the Commonwealth emerges from bankruptcy, and the Authority's long history implementing public-private partnership projects. However, these considerations have not been validated with the market and this may result in different pricing compared to what was assumed in this Study.

Due to the benefits discussed above, it is recommended that the Authority pursue a P3 transaction under a concession model for the long-term improvement, operation, and maintenance of the Toll Roads.

The Authority and PRHTA have included general assumptions around the structure of a potential future transaction for the purposes of developing this Study. The assumptions included in this Study do not necessarily represent the structure of a future transaction, which will be developed by the Authority and PRHTA. Details surrounding the actual structure of the transaction will be provided in future solicitation documents.

2. Objectives of the Study

General Disclosure

The Study was formulated in accordance with Act No. 29-2009, as amended, also known as the Puerto Rico Public-Private Partnerships Act ("Act 29") and the Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Participatory Public-Private Partnership Contracts under Act No. 29-2009, as Amended ("Regulation"). The Study was commissioned by the Authority (in collaboration with PRHTA), who appointed KPMG LLP as its financial and commercial advisor, CPM PR, LLC as its technical advisor, and Steer to provide a traffic and revenue analysis (collectively, the "Advisors"). The compensation of the Advisors was not conditioned in any way on the outcome of this Study.

This Study is based on information provided by the Authority, PRHTA, market information obtained from sources believed to be reliable, and estimates and assumptions made by the Advisors. Furthermore, the Advisors provided recommendations for the delivery and structure of the Project, when applicable, based on historical precedent and market good practice. Actual results may vary from those anticipated in this Study. Changes in local, state, and federal laws, or shifts in the overall economic condition of Puerto Rico may alter the assumptions and conclusions presented in this Study. It is recommended that further analysis and due diligence be conducted in subsequent phases if a procurement occurs. The Authority will continue to evaluate and analyze the Desirability and Convenience of the Project as new information becomes available.

The Authority does not make any representation or warranty whatsoever, including representations or warranties as to the accuracy or completeness of the information contained herein, including estimates, forecasts, or extrapolations. In addition, the Study includes certain projections and forward-looking statements with respect to the anticipated future performance of the Toll Roads that reflect certain assumptions and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Authority and PRHTA. Accordingly, there can be no assurance that such projections and forward-looking statements will materialize. The actual results may vary from the anticipated results and such variations may be material. The Authority, PRHTA and the Advisors expressly disclaim any liability for any representations or warranties, expressed or implied, contained herein or for any omissions from this Study or any related matters. Act 29 and the Regulation, as well as all applicable Puerto Rico and federal laws and regulations, will govern the dissemination of this Study.

Purpose of the Desirability & Convenience Study

The Study was commissioned by the Authority to assist it in determining whether it is desirable and convenient for the Authority, together with PRHTA, to procure a long-term concession contract with a private operator to improve, operate, and maintain the Toll Roads, or continue to operate and maintain the Toll Roads under the "Status Quo", which is currently undertaken by PRHTA. The purpose of this Study is to evaluate the viability of implementing the Project through an alternative procurement model, as an alternative to conventional means. This Study will detail the qualitative and quantitative needs for delivering the Project, evaluate potential structuring options, and assess and compare the financial, commercial, and technical risk implications for the preferred delivery models.

Objectives of the PRHTA Fiscal Plan

PRHTA is statutorily tasked with the responsibility of facilitating movement of vehicles and individuals, ensuring access to highways in good condition, alleviating the dangers and inconveniences of traffic congestion, improving the safety of the Commonwealth's highways, and addressing Puerto Rico's demand for improved transportation infrastructure. PRHTA strives to develop an integrated transportation system that promotes Puerto Rico's economic development in harmony with the environment. In other words, PRHTA's mission involves (i) promoting the safe and easy movement of vehicles and individuals, (ii) reaching and maintaining a state of good repair to ensure the people of Puerto Rico have access to quality roads and modes of transportation, (iii) contributing to the development of Puerto Rico, and (iv) building a strong, resilient road network by strengthening assets that are prone to natural disasters. Given historical issues on the Toll Roads (as further described in Section 3), the Fiscal Plan outlines the need for PRHTA's future state to address Puerto Rico's underperformance with road safety and traffic congestion, resulting in suboptimal financial performance and lack of overall sustainability.

To achieve its future state and deliver on its mission, the Fiscal Plan specifically highlights innovative delivery methods as a potential method to address historical challenges operating and maintaining the Toll Roads, given that P3s leverage private sector delivery capabilities and performance-based contracts can be implemented to govern performance. The Fiscal Plan specifically states:

"The Fiscal Plan calls for strategic initiatives to attract private capital. Aging infrastructure, rising capital costs, shrinking budgets, limited labor availability and constrained funding all limit PRHTA's capacity to deliver a system in state of good repair. By leveraging P3 concessions, PRHTA can accelerate the implementation of needed transportation improvements and access new sources of funding. Through concessions, the public sector can limit risks inherent to the development of infrastructure (cost overruns, schedule overruns, etc.) by sharing responsibility with the private sector."

Transportation improvements and access to funding are benefits of alternative delivery projects, and along with potential drawbacks, are considered as a potential delivery alternative in meeting PRHTA's mission as outlined in the Fiscal Plan.

Study Objectives

Objective setting acts as the initial step in developing a potential delivery alternative to fulfill PRHTA's mission and address historical issues as outlined in the Fiscal Plan. The objectives of the Study were developed to be consistent with PRHTA's mission and the Fiscal Plan, which highlights the need to address historical challenges that PRHTA has faced.

The Authority considered historical aspects of PRHTA's operation and identified potential benefits for Puerto Rico. Discussions between the Commonwealth, the Authority, and PRHTA have resulted in the following objectives to be achieved through the procurement of the Project, or continuation of Status Quo. The objectives listed below ensure consistency in the focus of the analysis and provide a benchmark to compare potential options. The selected procurement method should reflect the objectives listed herein. The Study objectives are listed below (in no order of preference or importance):

- Improve budget certainty and address PRHTA's fiscal situation through leveraging up-front funding sources and minimizing public fund contributions
- Modernize the existing infrastructure and improve the quality of the Toll Roads
- Improve mobility, accessibility, and safety for users of the Toll Roads

- Improve performance and accountability by allocating responsibilities to the party best able to manage them and integrating performance-based contracts
- Increase revenue opportunities through reduced leakage, optimizing fare collection, and better aligning toll rates to costs
- Accelerate improvements in the Toll Roads and limit risks in the delivery of improvements
- Reduce exposure to current fiscal situation in Puerto Rico

Precedent Road Concession Transactions in Puerto Rico

PRHTA has a demonstrated history of successfully utilizing road concessions on its assets to improve asset quality and increase financial sustainability. An excerpt of its precedent road concession, as provided by the Federal Highway Administration (FHWA)⁴, is as follows:

In 2011, the Commonwealth agreed to a \$1.436 billion concession agreement for the long-term improvement, operation, and maintenance of two of its toll roads, PR-22 and PR-5. PR-22 (also known as the Jose de Diego Expressway) is a 52-mile, 4- and 6-lane toll highway that stretches westward from San Juan to Arecibo along Puerto Rico's northern coast. PR-5 (Rio Hondo Expressway) is a 2.5-mile eastward extension of PR-22 to Puerto Rico's second most populous city (Bayamon) that opened in 2006.

Under the agreement, the concessionaire would lease for 40 years (+10 a year extension) the toll roads and assume the responsibility for the operation, maintenance, and long-term improvement of the roads under a set of performance requirements included in the contract that required the concessionaire to maintain the roads in certain shape and operational status. For assuming this responsibility, the concessionaire is permitted to keep (and take the risk of) toll revenue generated by the assets. The concession payment to the Commonwealth by the concessionaire totaled \$1.436 billion and consisted of a mix of senior bank debt (\$725 million) and private equity (\$421 million), with over \$900 million utilized to defease tax-exempt toll revenue debt and the remaining utilized on expected upgrades over the concession period. The concession agreement was extended by 10 years on April 21, 2016 (for a total of 50 years) in exchange for an additional payment from the concessionaire to the project sponsor of \$115 million.

The success of the PR-22 and PR-5 project has shown how increasingly important P3s are for the operational success of Puerto Rico's infrastructure. By leveraging the private sector, Puerto Rico was able to ensure that the roadways and assets are managed in good condition by the operator. These toll roads have been an exemplary reference of how contributions from the private concessionaire can be used to reduce existing debt and improve road quality, with more than 99% of PR-22's pavements in "fair" or better condition.⁵

The PR-22 and PR-5 project represents a local, precedent transaction and a relevant benchmark for the assumptions included within this Study. It also represents a successful approach of Puerto Rico's use of innovative delivery structures to provide solutions to Puerto Rico's infrastructure challenges. This project was the first concession of its type successfully achieved in Puerto Rico and was internationally recognized

⁴ Puerto Rico PR-22 and PR-5 Lease: https://www.fhwa.dot.gov/ipd/project_profiles/pr_pr22_and_pr5_lease.aspx

⁵ Fiscal Plan for the Puerto Rico Highways & Transportation Authority. May 27, 2021

as a successful P3 project, winning both Project Finance International's deal of the year in the Americas award and the American Road and Transportation Builders Association's project of the year award in 2011.

Study Participants

The Authority and PRHTA have developed this report to analyze whether it is desirable and convenient for the Authority to procure a private concessionaire to operate and maintain the Toll Roads. The Authority has commissioned the Advisors to assist in the analysis of potential procurement options and development of the report. Each study participant, including their role and description is provided below.

Puerto Rico Public-Private Partnerships Authority

The Puerto Rico Public-Private Partnerships Authority is the sole entity responsible for the implementation of P3s in Puerto Rico and is the entity responsible for the development of this Desirability & Convenience Study. The Authority promotes an ongoing collaboration between the public and private sector to promote sustainable economic development and establish Puerto Rico as a global competitor. The Authority aims to transform Puerto Rico's economy and lifestyle by enhancing infrastructure and services through the effective integration of the private sector's innovation and expertise. Ultimately, the Authority's goal is to deliver high quality public services and foster socio-economic development, by optimizing synergies between the Commonwealth and the private sector to pursue the best outcome for all stakeholders involved; particularly, the citizens of Puerto Rico.

Puerto Rico Highways and Transportation Authority

The Puerto Rico Highways and Transportation Authority is assisting the Authority in the development of this Desirability & Convenience Study as a key stakeholder. PRHTA is a public corporation and government instrumentality of the Commonwealth, under the oversight of Puerto Rico's Department of Transportation and Public Works. PRHTA is primarily responsible for the operation of toll roads and the construction of roads, highways, and related transportation facilities in Puerto Rico.

PRHTA aims to facilitate movement of vehicles and individuals; ensure access to highways in good condition; alleviate the dangers and inconveniences of traffic congestion; improve the safety of the Commonwealth's highways; and address Puerto Rico's demand for improved transportation infrastructure. PRHTA aims to support the economic development of Puerto Rico through an integrated transportation network, prioritizing safety, environmental responsibility, and excellent service delivery.

3. Statement of Need & Project Overview

Statement of Need

An adequate road network is vital for economic growth and development. A well-functioning transportation system provides access to employment, social and health services and allows users to travel safely and affordably. In addition, an efficient transportation system is critical to the safe and affordable movement of goods and people. PRHTA is solely responsible for most of the road network including the Toll Roads. PRHTA is facing a fundamental challenge as it aims to remain financially sustainable over the long-term while overseeing an adequate transportation network capable of supporting economic growth and development in Puerto Rico.

PRHTA has historically been unable to maintain the highway system in a state of good repair and provide a reliable road network, due to a combination of factors. These factors include funding constraints, aging infrastructure, rising capital costs, shrinking budgets, and lack of asset management planning, among others. Ongoing budget deficits require PRHTA to follow a “worst-first” strategy that prioritizes needs that require urgent investment while disregarding minor and preventive maintenance. In addition, the Commonwealth’s fiscal situation is requiring innovative ways to ensure funding is available for outstanding debt that is directly constraining PRHTA’s ability to serve its road network. Puerto Rico’s outstanding debt situation is further described in the next Section.

Puerto Rico’s current road network ranks below national standards for certain condition and service metrics. According to the Puerto Rico Transportation Asset Management Plan 2019-2028 (“PRTAMP”), 17% of interstate pavement is in poor condition, above the 5% maximum requirement specified by FHWA. Furthermore, 30% of non-interstate pavement in Puerto Rico are also in poor condition. Due to quality of roads, the likelihood of crashes remains high as stopping distances are diminished, and roads continue to experience high roughness and cracking levels. If these needs are not met with the proper level of investment, then the rate of deterioration will accelerate, and the backlog of maintenance will become an unbearable cost for PRHTA.

The conditions of the road network have also affected the free flow of traffic. Data from FHWA’s Highways Statistics Series show that 77% of Puerto Rico’s highway system had a serviceability rating of 2.6 or less, which indicates that speed and free flow of traffic is notably affected due to road conditions. As a result, congestion events are significantly higher compared to the U.S. average where only 19% of the highway system has the same serviceability rating. The 2019 Report Card for Puerto Rico’s Infrastructure, a general infrastructure condition report authored by the American Society of Civil Engineers Puerto Rico Section, recognizes that congestion in the road network is caused by a series of factors including lack of preventive maintenance and poor road conditions. Overall, the 2019 Report Card for Puerto Rico assigns a grade of D- to Puerto Rico’s road network.

Without a quality transportation network, Puerto Rico will lose competitiveness and the prospects of economic expansion will be diminished. In addition, well maintained roads reduce the costs to maintain vehicles which currently burdens residents on the island. Furthermore, poor infrastructure quality increases Puerto Rico’s vulnerability to natural disasters and significantly reduces resiliency.

The consequences of an underperforming road network extend beyond the user safety and efficiency perspectives. Failure to achieve required federal targets as required by the FHWA could be severe and result in PRHTA failing to qualify for funding from the National Highway Performance Program (“NHPP”), further impacting PRHTA’s ability to deliver capital improvements. Continued performance monitoring and investment in the Toll Roads will benefit the Commonwealth’s ability to ensure it meets federal requirements and maintains eligibility for federal funding.

Given that the Toll Roads serve as a catalyst for economic development and prosperity, there is a profound need to enhance the Toll Roads by addressing the quality of the network, safety, and operational issues. Further, innovative funding mechanisms are needed for the Commonwealth and PRHTA to address its current fiscal situation, as described in the Section below.

Outstanding Debt

Puerto Rico Fiscal Situation

In 2016, Puerto Rico faced an unsustainable burden of more than \$72 billion in debt and more than \$55 billion in unfunded pension liabilities, constraining its ability to stabilize its finances with no clear path forward to restructure its debt.⁶ To enable Puerto Rico to restructure its debt and achieve fiscal responsibility, Congress enacted PROMESA, which established the FOMB and provided a mechanism for the FOMB to negotiate with creditors on behalf of Puerto Rico. Other Puerto Rico entities, such as the Puerto Rico Fiscal Agency and Financial Advisory Authority (“FAFAA”), collaborate with FOMB and are also involved in negotiating and restructuring outstanding debt.

Puerto Rico’s debt was issued by more than a dozen public entities, ranging from the Commonwealth itself to separate public corporations, including PRHTA. Neither the Commonwealth nor PRHTA made any debt payments from 2016 – early 2022, as authorized by PROMESA during creditor negotiations with the goal to reduce the amount of debt to a sustainable level.

It is estimated that PRHTA has approximately \$5.8 billion in outstanding debt on assets, primarily attributable to the Toll Roads, PR-5 and PR-22, and Tren Urbano. Of the \$5.8 billion, 18%, or approximately \$1 billion, was estimated to be allocated to the Toll Roads.⁷ Current negotiations suggest that PRHTA will issue new debt to pay all previous PRHTA-related debt. This new debt amount is estimated to total approximately \$1.245 billion and will be secured by toll revenue from the Toll Roads. Debt restructuring negotiations assume the ability for PRHTA to implement initiatives outlined in the Fiscal Plan such as toll rate increases, optimizing fare and fine collection, bi-directional tolling, and improving ancillary revenue, among others. The new debt is expected to have call features (allowing the issuer of the bonds to redeem the bonds prior to the bond’s maturity) including an option to pay down the debt in its entirety using proceeds from a potential concession payment associated with the monetization of PRHTA’s toll road assets. Given the lack of available upfront funding to restructure and pay off the debt, a concession is a primary consideration of the Commonwealth. Negotiations to finalize new debt to be issued for PRHTA to replace previously outstanding debt as part of the Commonwealth’s debt restructuring are in progress. Therefore, this information is preliminary in nature, utilized for assumption purposes only and subject to material change.

⁶ Financial Oversight & Management Board for Puerto Rico: <https://oversightboard.pr.gov/debt/>

⁷ Tender and Defeasance Related to Concession of PR-22 and PR-5 Report. PRHTA. 2011

Impact on D&C Study

Following a thorough review process as described in Section 5, options considered for quantitative analysis include a Concession of all Toll Roads and Concession of PR-52. The following considerations of the new debt issuance are included as part of this Study.

Security

The new debt issuance will be secured by toll revenue generated by the Toll Roads, meaning bondholders of the new debt have the right to toll revenue generated as repayment for the debt after payment of the operating expenses of the Toll Roads. This means that PRHTA would not be able to grant a concession agreement to a private operator under a full concession unless the outstanding debt is paid in full, given that the current bonds have toll revenue as security, which cannot be shared with a concessionaire absent consent of all the bondholders or a permitted subordination. The Commonwealth will be required to pay the new debt issuance in full prior to granting a concessionaire the right to revenue generated from the Toll Roads. Any debt issued by the Concessionaire could then be secured by the Concessionaire's interest in the toll revenue. For purposes of this Study, it is assumed that only a portion of the new debt issuance is secured by PR-52 in the Concession of PR-52 option (e.g. debt is reduced pro rata based on PR-52's revenue compared to other Toll Roads). Remaining debt is secured by toll revenue from PR-20, PR-53, and PR-66 in this option.

Timing

The new debt issuance is expected to occur in 2022. This Study assumes that debt terms will be finalized, and new debt issued prior to the beginning of potential concession options analyzed in this Study. This Study assumes a potential concession beginning in 2023.

Amount

Given that a Concession of all Toll Roads option is unlikely to be feasible without paying the new debt issuance in its entirety, the \$1.245 billion estimate of new debt represents a threshold amount to determine whether a potential monetization option is feasible. The outstanding debt assumption utilized for the Concession of PR-52 totals \$746 million and is pro rata based on the total debt outstanding and PR-52's amount of revenue compared to the other Toll Roads.

Application of Proceeds

Under the concession options, PRHTA will use any initial upfront concession payment to pay the new debt amount in full, and any excess funds beyond the outstanding debt amount can then be used for other purposes, such as capital improvements.

Scope

The Concession of all Toll Roads option includes transferring the responsibility for the improvement, operation, and maintenance of the Toll Roads to a concessionaire. A potential concession payment for this option will be required to pay for the entire debt amount of \$1.245 billion. The Concession of PR-52 will require payment of a reduced amount of \$746 million, although PRHTA will be responsible for paying debt on the remaining Toll Roads.

Commonwealth Loan to Support Plan of Adjustment

In connection with PRHTA's obligations under the Commonwealth's Plan of Adjustment and the PRHTA/CCDA Plan Support Agreement relating to a future PRHTA plan of adjustment ("PRHTA POA"), the Commonwealth will provide a loan to PRHTA in the total amount of \$314 million (which may be drawn in two tranches). While the exact repayment terms have not yet been determined, the latest version of the 2022 PRHTA fiscal plan illustratively assumes a subordinated loan with a 30-year repayment to be updated once the loan details are finalized.

Interest is expected to be paid semi-annually, commencing January 1, 2023, while principal is expected to amortize annually commencing in FY2023. The final repayment structure may need to be adjusted depending on the ultimate confirmation of the PRHTA POA. Any final terms of, or amendments to, the loan are subject to approval of the FOMB.

Project Description

Project Overview

The Project entails the potential establishment of a P3 for the improvement, finance, operation, and maintenance of the Commonwealth's Toll Roads under a long-term P3 agreement between PRHTA and a private operator. Under a P3, a concessionaire is responsible for conducting capital improvements, financing such improvements, and operating and maintaining the Toll Roads subject to certain performance standards included in the P3 agreement. This Study analyzes a variety of P3 options with different payment mechanisms to the concessionaire in exchange for its obligations and risks under the P3 agreement. This Study aims to assess the benefits and considerations for procuring the Project as a P3 versus the Status Quo where PRHTA continues to improve, fund, operate, and maintain the Toll Roads.

The Project considers different procurement alternatives for three interstate toll roads, known as PR-52, PR-53, and PR-66 and one non-interstate toll road known as PR-20. Collectively, the Toll Roads amount to 622.25 lane miles and served nearly 118 million vehicle transactions in fiscal year 2021. Interstate highways are designed and built for long-distance travel and have the highest functional classification within the U.S. National Highway System ("NHS") due to their economic and mobility importance.

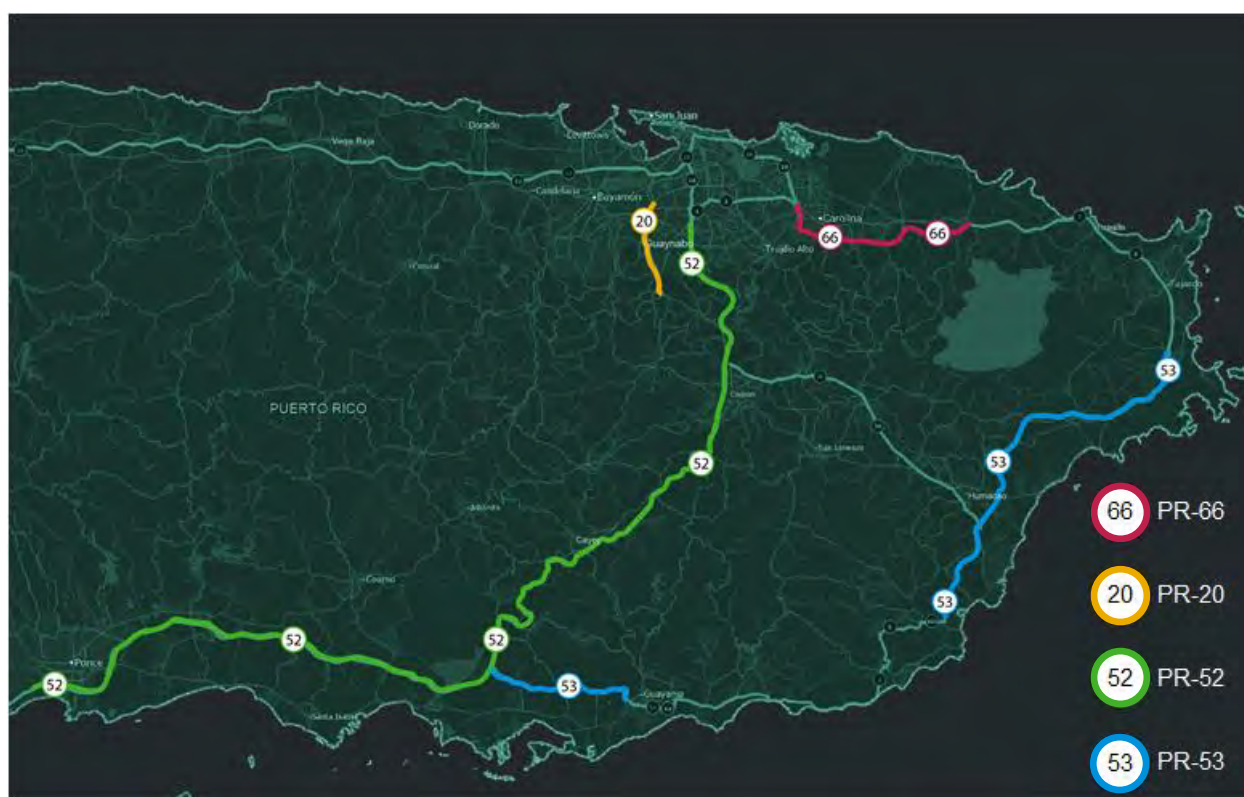
The Project considers the possibility of a P3 agreement for a 50-year term, which is consistent with precedent toll road concessions in Puerto Rico and represents the base term for all options considered, including the Status Quo option (Option 1) described in Section 4. The options considered assume a similar contractual structure, requiring a concessionaire to improve, finance, operate, and maintain the Toll Roads. The differences in alternatives lies in the payment mechanism to the concessionaire (e.g. availability payment, demand-based concession, revenue sharing, etc.) as well as the scope of work to be included in each option (e.g. private sector responsible for all Toll Roads, only PR-52, additional scope, etc.). Risk transfer and payment mechanism characteristics of each option are further described in Section 4.

PRHTA's Fiscal Plan considers P3s given a variety of market considerations including budgetary constraints, advances in asset management methods, PRHTA's fiscal situation, and the need to maintain the Toll Roads in a state of good repair. While a P3 is not suitable for all infrastructure projects, on large or more complex projects it has proven to be effective at bringing innovation, optimizing risk transfer, accelerating delivery, and bringing a whole-life costing approach, which through a competitive procurement can, in the right circumstances, bring the lowest overall total cost of ownership to the public sector. P3 models are increasingly being utilized to deliver projects for government agencies across the United States and the world.

Current Status of the Toll Roads

Puerto Rico has an extensive roadway network. According to the 2021 PRHTA Fiscal Plan, the Commonwealth's road system consists of approximately 11,653 lane miles, of which approximately 1,057 lane miles are toll roads managed by PRHTA. The PRTAMP, states that 11% of network lane miles are designated as interstates that are part of the NHS, while 16% are not considered interstates but remain part of the NHS. The rest of the network is composed by a complex local network that is not part of the NHS and is not intended for long distance travel. PRHTA is directly responsible for the interstates and non-interstate roads that are part of the NHS system. As part of its primary responsibilities, PRHTA also performs oversight functions of the private concessionaire responsible for the existing concession of PR-22 and PR-5.

The Toll Roads provide direct links throughout northern, eastern, and southern Puerto Rico. The interstates composed by PR-52, PR-53, and PR-66 all originate within the San Juan metropolitan area and extend into the southern and eastern municipalities of the island. Meanwhile, PR-20 is a critical freeway that increases mobility through the Municipality of Guaynabo, one of the largest cities outside San Juan and part of the San Juan Metropolitan Area. The following map provides the location of the Toll Roads within Puerto Rico.



According to the Analysis of Investment Needs for PRHTA Tolerated and Non-Tolerated Highways, a report commissioned by PRHTA in October 2021, Puerto Rico is ranked #1, or the worst in the United States, for the percentage of interstate pavement rated "Poor". The same report also states that Puerto Rico holds the seventh highest percentage of poor bridges.

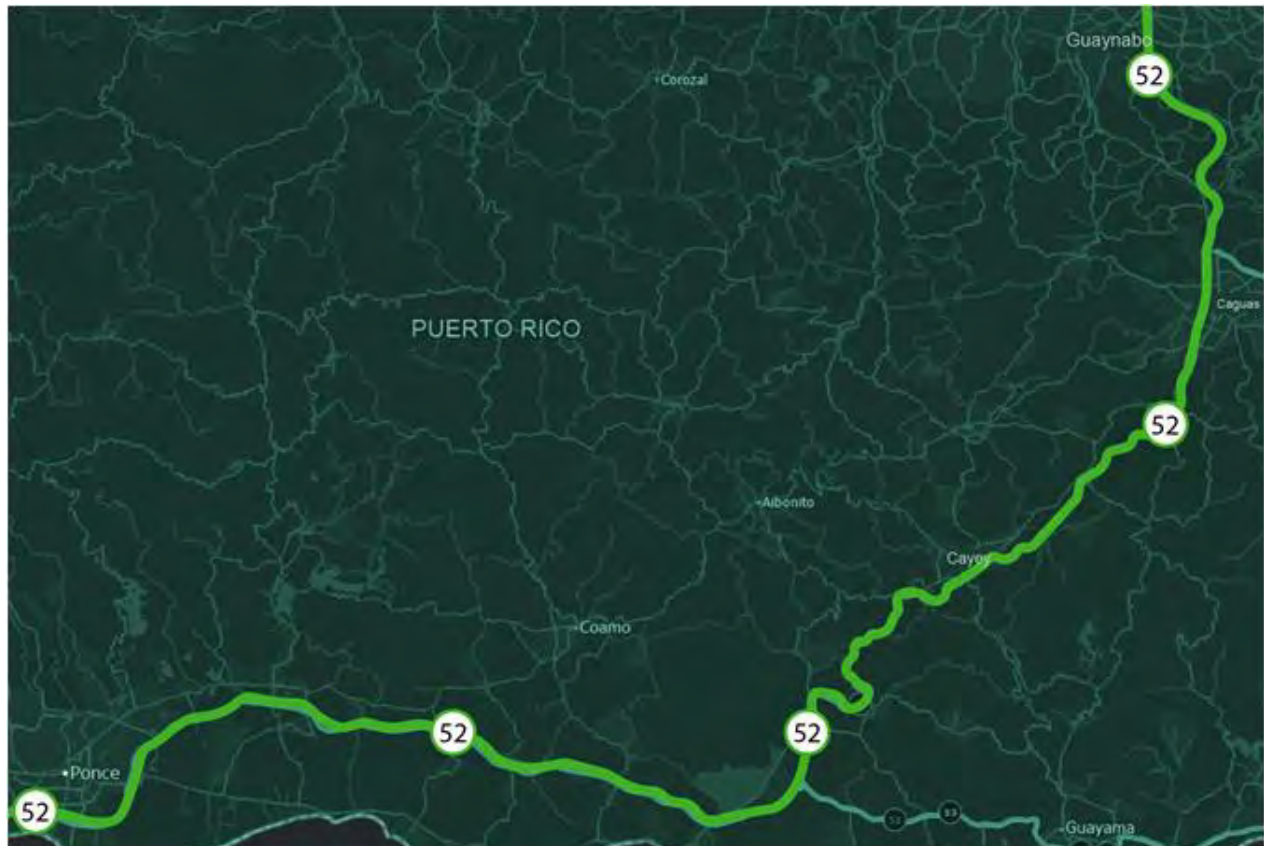
This Study includes options that analyze all or part of the Toll Road network. An overview of each one of the Toll Roads is included below:

PR-52

Also known as the Luis A. Ferré Highway, PR-52 is the longest toll road on the island and is designated an interstate part of the NHS. PR-52 commences at the intersection of PR-18 and PR-1 and runs southwest for a total length of 108.3 km (67.3 miles). PR-52 connects the municipality of San Juan with the municipalities of Trujillo Alto, Caguas, Cayey and leads into Salinas, Santa Isabel, Juana Díaz and ends in Ponce in the south of the island. PR-52 directly serves a total of fifteen municipalities with a resident population over one million. There are no continuous competing routes, making PR-52 a critical interstate between San Juan in the north and the economic activity that takes place in southern Puerto Rico, which includes large pharmaceutical manufacturing operations, tourist attractions, and higher education institutions, among others.

The construction of PR-52 began in 1968 and was completed in 1975. In 1993, the Commonwealth of Puerto Rico enacted the Act 118, which named the PR-52 as the Luis A. Ferré Highway.

In fiscal year 2019, PR-52 registered 76.8 million of vehicle transactions, which represented \$79.4 million in toll revenue. Currently, PR-52 has eight toll plazas including the Caguas Norte, the second largest toll station in Puerto Rico and a Dynamic Toll Lane that connects with PR-18.



Key Statistics

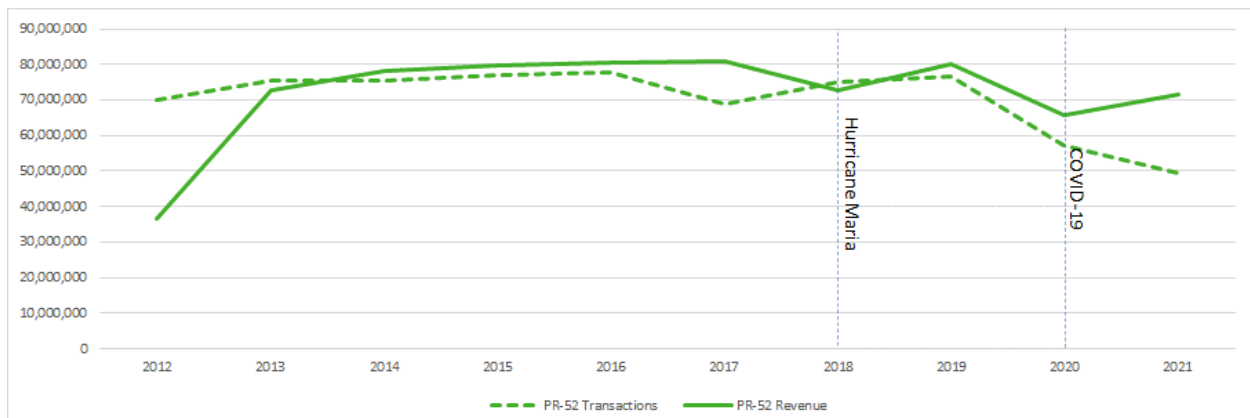
Traffic Base	Primarily commuters to the San Juan, Caguas, and Ponce urban centers.
Vehicle Type	Passenger and Commercial
Toll Collection Method	ETC
Toll Gantries	8
Average Daily Traffic (2019)	210,372
Average Toll Rate (2019)	\$1.03
Annual Revenue (2019)	\$79.4m
Competing Roads	PR-1
Revenue Contribution (2019)	60% of Revenue from PR-20, PR-52, PR-53, PR-66

Traffic & Revenue

PR-52 is situated in inland region of Puerto Rico, spanning the island longitudinally between San Juan and Salinas and then continuing onto Ponce. It is among the busiest toll roads in Puerto Rico and the one with most transactions among the roads considered in this report, owing to its length and location through major cities, a fact which shaped the modeling process for this route. Toll plazas at Montehiedra, Caguas Norte, Caguas Sur, Salinas, Salinas Sur, Juana Díaz Este, Juana Díaz Oeste, and Ponce serve this route. The Ponce and Salinas plazas are bidirectional.

Over the 2013-2021 period (years in which data for the full fiscal year is available), transactions on this route have declined at 0.93% compound annual growth rate (CAGR). There was substantial heterogeneity in growth rate over this time: the overall number is a net of the 2013-2017 period when transactions grew at 1.53% CAGR, the 2017-2019 period (Hurricane María and recovery) where they declined at 0.31% CAGR, and 2019 to 2021 which has seen a 6.24% CAGR decline.

Figure 3.1 – PR-52 Transactions and Revenue by Fiscal Year



Maintenance & Investment Needs

As the longest toll road and one of the most traveled interstates in Puerto Rico, PR-52 faces maintenance and capital improvement needs. As a result, there are certain segments of PR-52 that experience significant and frequent travel delays. PRHTA records show that a total of \$418.9 million have been invested in capital improvement projects in PR-52 since 2000. Completed capital projects have been conducted in pavements, rehabilitation of concrete slabs, signaling, safety barriers, replacement of superstructures, and the construction of a dynamic toll lane.

However, the PRTAMP, identifies PR-52 as the interstate with the most lane miles with poor pavement conditions. Specifically, it has been estimated that 72.7 lane miles have a poor pavement condition, which represents 23% of total lane miles. Similarly, PR-52 also registered the highest number of lane miles with poor roughness measures.

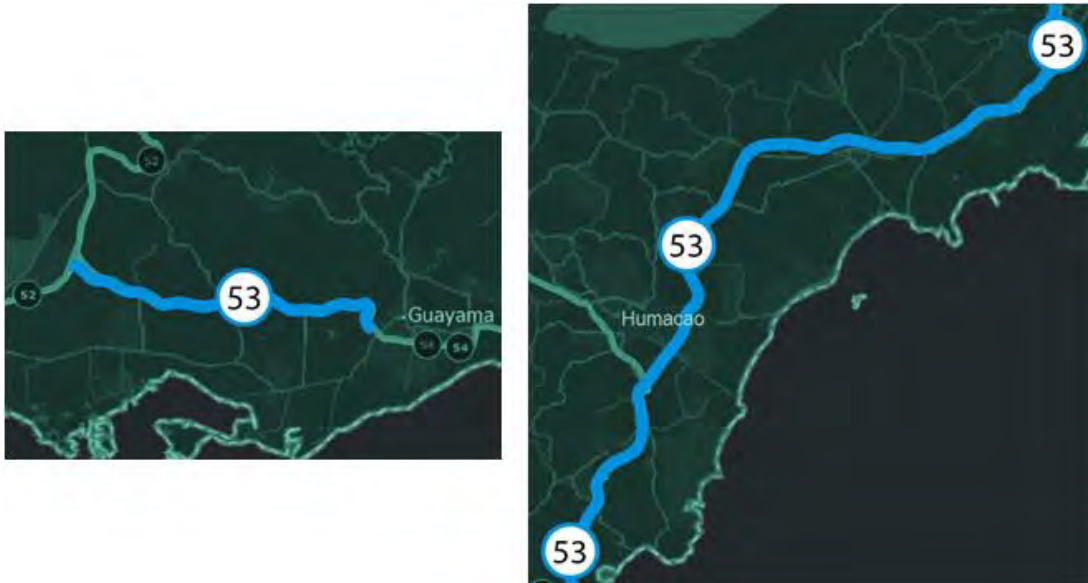
PRHTA has targeted projects to improve pavements, especially to correct roughness and cracking. For instance, the local capital improvement program known as *Abriendo Caminos* treated 44 lane miles (70-kilometer lanes) at a cost of \$8.9 million. The treatments focused on the most damaged sections. Sections of deteriorated asphalt pavement were milled off and replaced while damaged concrete slabs were also replaced. These actions addressed the most immediate distressed sections and prepared the pavement for more extensive treatments in future years.

The programmed capital improvements for PR-52, considers \$78.5 million to be invested in pavement rehabilitation. This investment is scheduled to occur between fiscal years 2021 and 2023. In addition, it has been estimated that in the next 10 years, PR-52 can require an average annual investment of \$8.4 million in minor maintenance activities that include pavement maintenance repairs, among others.

PR-53

Officially named the José Celso Barbosa Highway, PR-53 is an interstate that is part of the NHS. PR-53 is 59.3 km (36.8 miles) long and commences in Fajardo, passing through the municipalities of Ceiba, Naguabo, and Humacao, ending in Yabucoa where it connects with PR-901. PR-53 directly serves traffic in the eastern most part of the island with direct service to seven municipalities including the adjacent municipalities of Las Piedras and San Lorenzo that in total registered a resident population of 222,050 in 2019. PR-53 is incomplete and has additional intermittent segments in the municipalities of Salinas, Guayama, Arroyo and Patillas. PR-53 runs parallel to PR-3, which goes from Fajardo to Salinas. The extension of PR-53 has been identified as a key network enhancement project. Potential extension of PR-53 includes 8.4 miles from Patillas to Maunabo, which can be a key freight corridor. The construction of PR-53 began in 1988 with its first segment opening to the public in 1994.

In fiscal year 2019, PR-53 registered 16.2 million of vehicle transactions, which represented \$13.6 million in toll revenues. Traffic in PR-53 is not expected to increase since it serves a region of low population density. In addition, PR-53 is an open toll facility with over 20 exits that allow for partial usage along the tollway. PR-53 has six toll plazas that include: Ceiba, Humacao Norte, Humacao Sur, Guayama and Hucar.



Key Statistics

Traffic Base	Mixed Use, connecting Fajardo to Salinas but not passing through urban centers
Vehicle Type	Passenger and Commercial
Toll Collection Method	ETC
Toll Gantries	6
Average Daily Traffic (2019)	44,427
Average Toll Rate (2019)	\$0.84

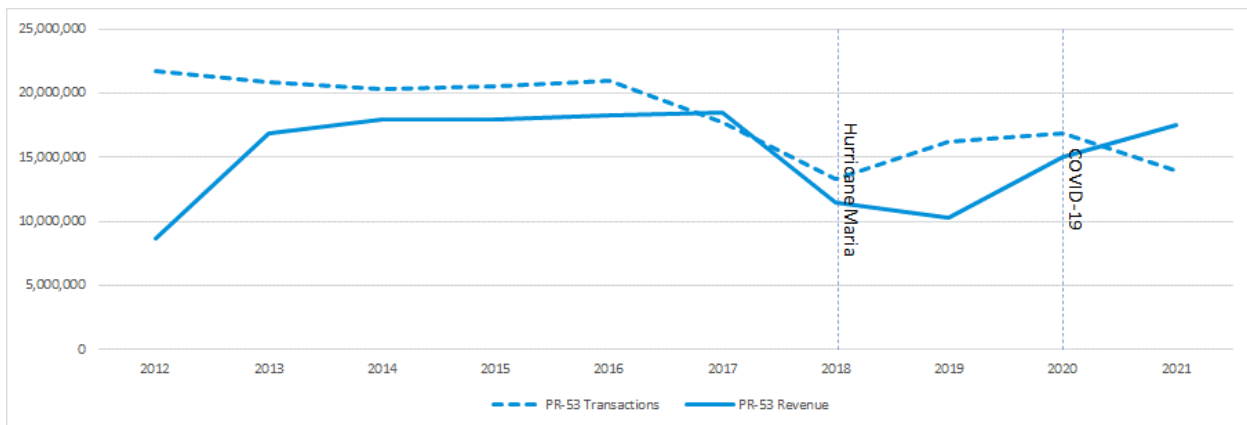
Annual Revenue (2019)	\$13.6m
Competing Roads	PR-30 to PR-52 from Humacao to Salinas PR-3
Revenue Contribution (2019)	10% of Revenue from PR-20, PR-52, PR-53, PR-66

Traffic & Revenue

PR-53 runs along the eastern coast of Puerto Rico, connecting Fajardo and Salinas (with certain sections in the middle to be completed in the future). It is served by toll plazas in Hucar, Guayama, Ceiba, Humacao Sur, and Humacao Norte; the Guayama plaza is bidirectional. Note that transactions at the Humacao Sur and Humacao Norte toll plazas are not reported in the data below for approximately two years following Hurricane Maria (October 2017 through July 2019).

Transactions on PR-53 have declined at 1.03% CAGR over the FY 2013-2021 period. From 2013 to 2017 transactions were relatively stable at -0.49% CAGR. From 2017 to 2019, the three toll plazas excluding the Humacao plazas (which data was not reported) grew at modest rates between 0.01% to 0.84% CAGR. Since 2019, those plazas have declined again at CAGRs ranging from -1.09% to -6.42%.

Figure 3.2 – PR-53 Transactions and Revenue by Fiscal Year



Maintenance & Investment Needs

Records from PRHTA show that 17 major capital improvement projects have been conducted since 2000 on PR-53. The total amount of investment for these projects has reached \$198.6 million since 2000. Projects covered a wide range of areas including improvement to traffic signs, geometric improvements, pavement rehabilitation, pavement markings, rumble strips and improvement to access and exit ramps, among others.

The PRTAMP shows that PR-53 has a poor pavement condition. The report estimates that 29.17 lane miles are in poor condition, which equates to 21.5% of lane miles of PR-53. As a result, PR-53 is the second Interstate with most lane miles in poor pavement condition after PR-52. In addition, PR-53 also reflects many lane miles with poor roughness and cracking conditions.

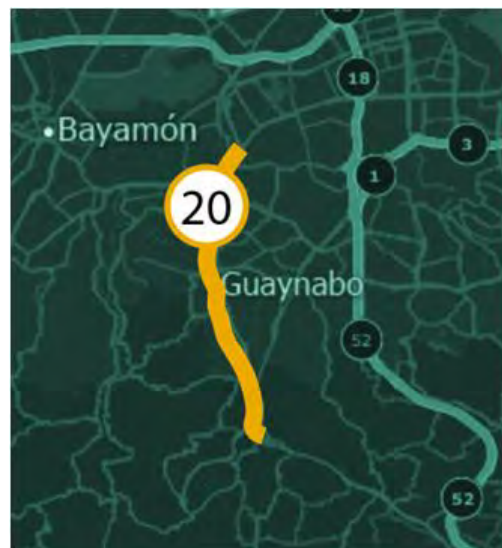
PRHTA analysis has developed projects to improve roughness at all roads, including PR-53. In 2010, PRHTA completed a pavement rehabilitation project between Humacao and Yabucoa that amounted to \$16.2 million. Future projects include a series of programmed capital improvements for rehabilitation of pavement that total \$66.2 million to be deployed between fiscal year 2021 and 2022. These projects have been



included in the 2019-2022 State Transportation Improvement Program for PRHTA. In addition, it has been estimated that operations and maintenance expenses can average \$5.9 million annually for PR-53, which includes preventive maintenance for pavements among other operating and maintenance activities.

PR-20

Officially named the Rafael Martínez Nadal Expressway, PR-20 is a 9.5 kilometer (5.9 miles) urban expressway entirely located in the Municipality of Guaynabo. PR-20 runs from an intersection with PR-2 near San Patricio Plaza Mall in Caparra, Guaynabo, to its convergence with PR-1 near the area of La Muda in Guaynabo. The Municipality of Guaynabo registered a resident population of 83,728 in 2019 but it is located between the two most populous municipalities of Puerto Rico, San Juan, and Bayamón, which together added a resident population of 487,710 in 2019. Guaynabo is part of the San Juan Metropolitan Area and tends to record more favorable economic indicators relative to San Juan. For instance, U.S. Census data for 2019 show that Guaynabo's median household income was 58% higher than San Juan while the median value of the owner-occupied housing was 16% higher than San Juan.



PR-20 registered a total of 4.2 million of vehicle transactions in calendar year 2019, up 5.5% from the previous year. This level of vehicle transactions generated a total of \$3.56 million in toll revenues in 2019. PR-20 has only one toll plaza going north from PR-1, but not in the other direction.

Key Statistics

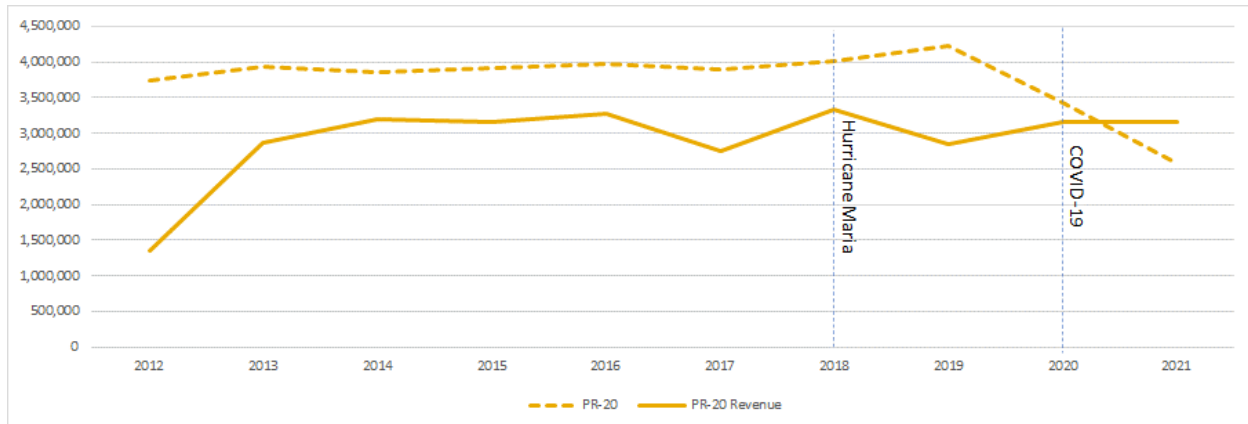
Traffic Base	Commuters
Vehicle Type	Passenger and Commercial
Toll Collection Method	ETC
Toll Gantries	1
Average Daily Traffic (2019)	11,589
Average Toll Rate (2019)	\$0.84
Annual Revenue (2019)	\$3.6m
Competing Roads	PR-1, PR-18
Revenue Contribution (2019)	3% of Revenue from PR-20, PR-52, PR-53, PR-66

Traffic & Revenue

PR-20 is a relatively short stretch of toll road in Guaynabo and is served by one toll site; transaction and revenue volume in this route is several times smaller than for the other routes considered in this study, totaling about 4 million transactions per year in the past decade. Between 2013 and 2021 transactions

were relatively stable, declining at 0.45% CAGR; they grew at 0.72% CAGR from 2013 to 2017 and at 0.48% from 2017 to 2019, before declining at 3.65% CAGR from 2019 to 2021.

Figure 3.3 – PR-20 Transactions and Revenue by Fiscal Year



Maintenance & Investment Needs

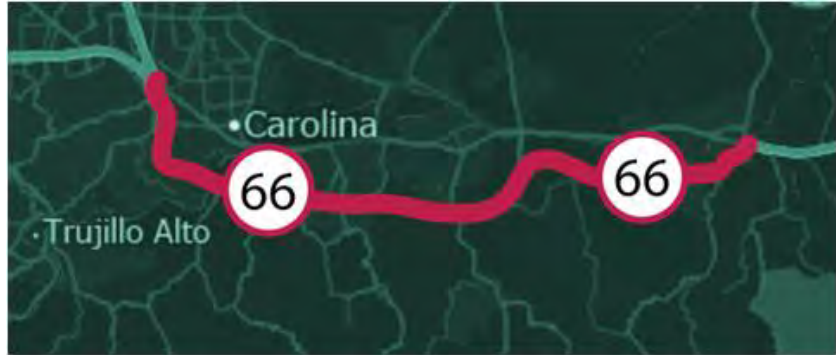
Data from PRHTA show that a total of six projects have been completed in the Rafael Martínez Nadal Expressway since 2002. These projects have amounted to a total of \$39 million and cover improvements such as repair of bridge bearings, flood emergency repairs, improvements at different intersections and security related enhancements.

An internal state of good repair assessment commissioned by PRHTA, dated October 2019, stated that 32.1% of the bridge deck area of PR-20 was fair nearing poor conditions.

The most recent capital improvement program for PR-20 allocates a total amount of \$23.1 million in safety improvements that are planned to be deployed between fiscal year 2022 and 2023. Also, estimates for operations and maintenance expenses for PR-20 are forecasted to amount to an average of \$755,000 annually for a 10-year period, which includes minor pavement maintenance.

PR-66

Officially named as the Roberto Sánchez Vilella Highway, PR-66 is an Interstate that leads east with 14.1 km in length (8.8 miles). PR-66 commences at the PR-3 Intersection and extends through Carolina, Canóvanas, and ends on PR-3 in the municipality of Río Grande. PR-66 serves the northeastern portion of Puerto Rico, which is known for its



popular hotels and tourist attractions. The three municipalities directly served by PR-66 registered a total resident population of 240,000 in 2019. However, the municipality of Carolina serves as the home location of Puerto Rico's International Airport and is part of the San Juan Metropolitan Region, which makes PR-66 a key corridor within the San Juan metro transportation system. PR-66 was developed to improve connectivity to the eastern region, which was a strong desire due to heavy traffic on the only route at the time that was PR-3.

PR-66 was developed in two major phases. The first phase crossed the municipalities of Carolina and Canóvanas began construction in 1997 and opened for operations in 2006. This first phase has the widest bridges in Puerto Rico. Subsequently, the second phase extended PR-66 from PR-188 in Canóvanas to PR-3 in Río Grande. The second phase of PR-66 consisted of an extension of 3.8 miles that opened to the public in 2012. The competing alternate route, PR-3, is a non-tolled, signaled road with notable congestion.

PR-66 is a popular route to the eastern part of Puerto Rico. In calendar year 2019, PR-66 registered 27.1 million of vehicle transactions. As a result, PR-66 generated approximately \$36.5 million in toll revenues in 2019. Currently, PR-66 has five tolling stations (but six toll gantries).

Key Statistics

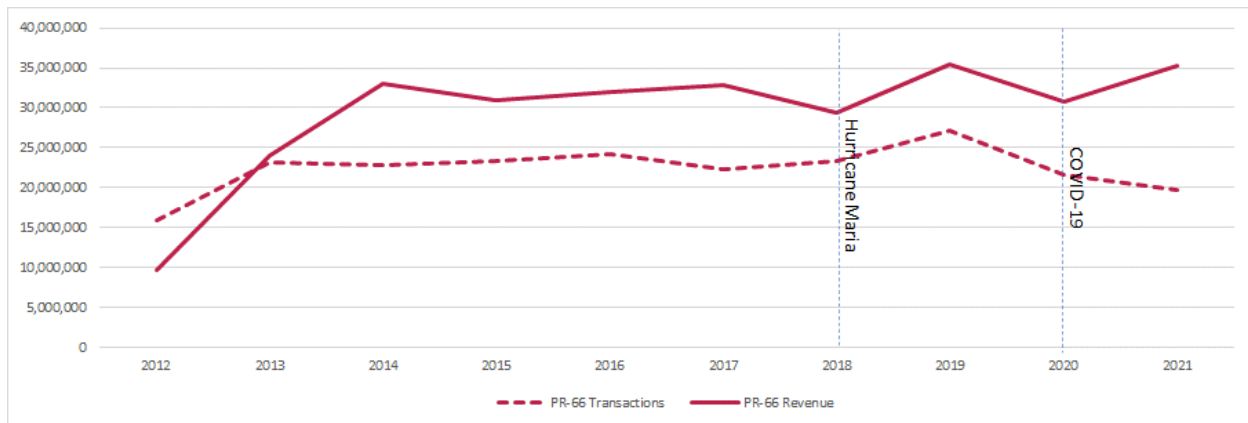
Traffic Base	Commuter
Vehicle Type	Passenger and Commercial
Toll Collection Method	ETC
Toll Gantries	6
Average Daily Traffic (2019)	74,267
Average Toll Rate (2019)	\$1.34
Annual Revenue (2019)	\$36.5m
Competing Roads	PR-3
Revenue Contribution (2019)	27% of Revenue from PR-20, PR-52, PR-53, PR-66

Traffic & Revenue

PR-66 is also a relatively short toll route in northeastern Puerto Rico, connecting Carolina to Río Grande and running parallel to PR-3. It is served by five toll plazas at Carolina, Carolina Norte, Carlina Sur, Carolina Este, and Carolina Oeste. The Carolina Este and Oeste plazas (which began reporting data in November 2012) are bi-directional, and combined with the Carolina Plaza, account for the vast majority of transaction and revenue volume on PR-66.

Between 2013 and 2021, transactions on PR-66 grew at 3.2% CAGR, with all plazas except Carolina Oeste having positive annual growth. This CAGR was 4.7% from 2013 to 2017 and 3.5% from 2017 to 2019; between 2019 and 2021 it dropped to -0.1%.

Figure 3.4 – PR-66 Transactions and Revenue by Fiscal Year



Maintenance & Investment Needs

Given that PR-66 is a relative new roadway its level of capital improvements has remained low compared to the other Toll Roads. PRHTA records show that a capital improvement project for \$14.7 million related to safety improvements has been undergoing since 2019 and it is scheduled to be completed in fiscal year 2022. This is the only major capital investment since the completion of the last phase of PR-66.

PR-66 relative short history also allows for pavement and bridge conditions to compare favorably against other toll roads. For instance, the PRTAMP show that only 0.40 lane miles are in poor condition, which only accounts for less than 1% of the roadway. Similarly, PR-66 ranks on the top in terms of smoothness.

With respect to capital needs, PRHTA has programmed additional investments for safety. Capital improvement programs for fiscal 2020 include investments for \$17.6 million. In terms of operations and maintenance, it is expected that annual O&M expense for the next ten years can average \$1.3 million annually.

4. Analysis Approach

Analysis Approach

The approach used in this analysis focuses on evaluating potential project delivery options and determining the most appropriate option for the Project considering both qualitative and quantitative factors – to ultimately recommend a solution that most closely aligns with the objectives as described in Section 2.

Methodologies utilized as part of this Study are based on generally accepted principles used by state and local governments when evaluating the case for investment and evaluating the various approaches to project delivery, as well as considering Puerto Rico’s legal framework and other requirements. Analyses of this type are routinely used by government agencies and public sector project sponsors in the U.S. and globally for making and supporting decisions. The analysis follows the steps as outlined below:



Identify Study Objectives and Needs

The first step in developing the analysis focuses on identification of the Study objectives and needs, or in other words, what are the ultimate goals that the Commonwealth, facilitated by the Authority and PRHTA, is attempting to achieve? Development of these initial goals are integral to the ability to compare whether potential solutions are more beneficial than others. Without them, it would be difficult to determine whether a potential solution is desirable and convenient for the Authority to consider as its path forward.

The initial stages of the analysis involve significant discussions with the Commonwealth, the Authority, PRHTA, and other affiliated stakeholders. This process allows the Commonwealth to identify the key objectives for the Study, which ensure consistency and focus throughout the following steps in the analysis and verify if the selected procurement model is consistent with procurement intentions.

Determine Potential Options to Consider

The second step in the analysis after Study objectives have been identified includes determining the universe of options for consideration that have the potential to meet the Authority’s objectives. This step is determined similar to the development of project goals – including significant collaboration between the Commonwealth, the Authority, PRHTA and other affiliated stakeholders, as well as input from the Advisors on good practices. In the case of this Study, the Fiscal Plan identified potential options to be considered within the analysis as determined by the Commonwealth, PRHTA, and certified by FOMB. Once determined, these options are considered for the qualitative assessment portion of the analysis.

Qualitative Assessment of Options

After determining the universe of options that have the potential to meet the Authority's objectives, each option is considered on a qualitative basis. The outcome of this first-level option screening is to identify if the established goals can best be achieved via alternative delivery options versus the traditional Status Quo option (Option 1). Following that determination, the Authority will assess commercial viability of each potential procurement option and the degree in which each option meets the Study objectives. As part of the qualitative assessment, a risk allocation table is developed to summarize benefits and issues to consider in each option. The Authority will determine during this step whether an option exhibits potential commercial merit and is aligned with the Study objectives. Scenarios that exhibit potential commercial merit and align with the Study objectives will be quantitatively analyzed.

Quantitative Assessment of Options

The quantitative assessment of options includes a financial analysis of each of the chosen options to determine potential financial viability. Results of the quantitative analysis inform the Authority of the financial merits of each option and allows the Authority to better understand the degree to which an option exhibits financial feasibility. Results of the quantitative analysis, in combination with the qualitative analysis, assist the Authority in ultimately determining which option is desirable and convenient for the Authority to implement. The quantitative assessment includes the following steps:

Inputs Analysis

The quantitative assessment is based on inputs developed from market and Puerto Rico precedent. Assumptions are based on historical operating, maintenance, and financial data, market precedent, current market conditions in Puerto Rico, and discussions with local experts. As part of the project inputs, preliminary estimates of the needs of the Project, functional requirements, and future expectations are developed. These inputs are used as the basis for the financial analysis.

Financial Analysis

The financial analysis portion of the quantitative assessment is developed to evaluate the Project's ability to generate the necessary revenues to pay for the Project's obligations. In a concession sense, the financial analysis aims to evaluate whether revenue generated by the Project is sufficient to cover the initial major maintenance and ongoing lifecycle, operating, and maintenance needs. The degree to which revenue is sufficient to cover expected costs plus compensation to a private operator for assuming these project risks (a rate of return) is analyzed to determine the potential range of values that the Commonwealth can expect as an initial payment under a concession option. In this specific case, the financial analysis also considers the primary obligation of PRHTA to pay for the existing debt secured by the Toll Roads, as well as the need to implement required capital improvements on the system. Based on these financial results, a comparison of the options is provided.

Conclusions and Next Steps

A combined summary of the outputs obtained through the qualitative and quantitative assessments is developed for this section that will inform the Authority of its recommended path forward and ultimately allow the Authority to identify the approach that is most desirable and convenient in accordance with Act 29 and the Regulation.

5. Qualitative Scenario Assessment

Overview of Qualitative Scenario Assessment

The qualitative assessment describes delivery model options available for the Project that were identified by the Authority and PRHTA as directed by the Fiscal Plan. The Authority and PRHTA have identified additional options based on good industry practice and market precedent as well as variations in options for consideration. This section also describes the respective benefits and considerations for each option. In P3A and PRHTA's view, the broad spectrum of options considered represent the universe of potential alternatives to the Status Quo that the Commonwealth may consider in addressing the objectives included in this Study.

Based on the outcome of the qualitative assessment, the preferred delivery models are advanced for further quantitative analysis. The following Sections of the Study provide a high-level summary of the qualitative delivery model analysis that was performed to determine which models were best suited to deliver the Project. Each option is evaluated against the objectives of the Study as provided in Section 2.

Selection of Scenarios for Qualitative Assessment

To address repayment of outstanding debt owed to PRHTA bondholders, historical aging infrastructure, rising capital costs, shrinking budgets, limited labor availability, and constrained funding, the Fiscal Plan outlines objectives for transportation reform for Puerto Rico. The Fiscal Plan specifically highlights the need to evaluate P3s, specifically regarding a potential concession of the Toll Roads, as a method of leveraging private capital and efficiency and limiting public sector risk to deliver infrastructure solutions.

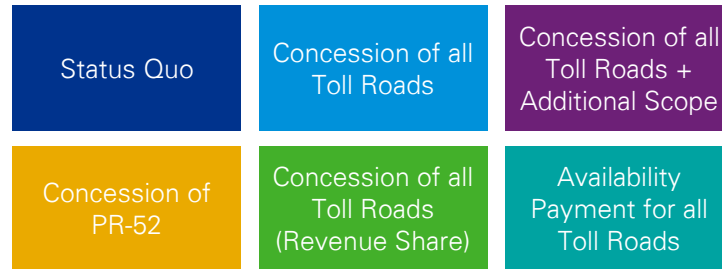
The Fiscal Plan includes three (3) potential alternative delivery options to be considered in its concession analysis of the Toll Roads, as follows:

1. Outsourcing of toll operations and hiring of a contract manager (with PRHTA keeping all revenues, less operating fees)
2. Traditional concession agreements with an upfront payment
3. Concession agreement with no upfront payment and including revenue share

Development and consideration of each of the options for the Fiscal Plan required iterative collaboration between Commonwealth entities and subject matter experts, who ultimately agreed upon the potential options for PRHTA to consider. The options selected for the Fiscal Plan are deemed the potential best path forward for PRHTA given historical considerations, analysis, market discussions, and good practices from other jurisdictions in similar situations.

The options considered in this Study include the Status Quo as well as delivery options that shift most of the risk and responsibility of the Toll Roads to the private sector. The outsourcing of toll operations and hiring of a contract manager (option #1 above as described in the Fiscal Plan) requires PRHTA to retain most of the risk and as such, this option is not considered in the traditional sense within this Study.

However, the mechanics of this option (PRHTA oversight manager monitors contract obligations and risks are shifted to the private sector) are considered via procurement options where PRHTA maintains its revenue stream yet transfers risks associated with operations and maintenance to a private operator. PRHTA performs contract oversight in these situations.



Qualitative Assessment of Potential Options

Option 1 – Status Quo

Overview

The Status Quo option is considered as the baseline, or base case analysis for comparative purposes to the remainder of the options considered. The Status Quo option assumes that PRHTA will continue to operate, maintain, and improve the Toll Roads as has been done historically. In this option, PRHTA is required to provide the initial investment to bring the roads to state of good repair and is required to operate and maintain the roads over the 50-year term. PRHTA will keep the toll revenue but will be required to pay ongoing debt service requirements on outstanding debt (outstanding debt not paid off in this option). The Status Quo has historically been the traditional approach for PRHTA. For this option, PRHTA retains the risk and responsibility for all elements of the Project.

Benefits

Familiarity & Acceptance: Given that this is the Status Quo, PRHTA and the Commonwealth are familiar with the current operation and operating the Project is relatively straightforward. No major changes will need to occur at PRHTA to continue to operate and maintain the Toll Roads, though improvements in the management of the assets need to occur so that they are more efficient and effective.

Implementation Timeline: The Status Quo will not require substantial changes to continue to operate and maintain the Toll Roads and thus the implementation timeline to continue to operate is likely shorter than other options which will require a procurement process. However, ease and timing of Toll Road improvements may be longer under a traditional delivery approach.

Retain Toll Revenue: Under this option, PRHTA is entitled to keep all toll and other revenue generated by the Toll Road assets. This revenue source represents a significant stream of income for PRHTA which may be utilized for ongoing operations, maintenance, improvements, paying down debt, etc. A steady source of revenue generation may also be required to maintain grantee status for federal funding for certain improvements of the Toll Roads. Further, new debt will have a claim to the Toll Road assets, meaning a level of revenue will be required to pay ongoing debt service requirements.

No Employee Reorganization: Given PRHTA will continue to operate and maintain the Toll Roads, there is no need under this option to reorganize and/or relocate current employees. Further, there is not a requirement (though may be beneficial) to hire a contract manager to oversee performance against contractual requirements, given that PRHTA is self-performing its operation and maintenance responsibilities.

Issues to Consider

Capital Investment and O&M Risks Retained by PRHTA: The Status Quo option does not present a clear path forward on how PRHTA will right-size the operation and maintenance of the Toll Roads. Current condition of the Toll Roads is subpar and requires a significant upfront investment, which under this option, PRHTA may be unable to fund. Further, PRHTA has historically been unable to maintain the Toll Roads in a state of good repair due to funding constraints, aging infrastructure, rising capital costs, shrinking budgets, and limited labor availability, among others. Thus, even if the Toll Roads were in better condition, risks associated with funding ongoing operations and maintenance are borne by PRHTA in this option. As such, cost overruns, delays, inability to maintain the network, etc., are all PRHTA related responsibilities, which may be impacted by ongoing lack of funding and result in similar challenges that PRHTA has faced.

Retain Financial Requirements: The Status Quo option means that PRHTA would not receive any upfront payment for the operation and maintenance of the Toll Roads, and as such, will be required to fund capital improvements and debt service requirements with PRHTA funds. Debt service requirements on new debt will likely take a high priority claim to the toll revenue generated by the Toll Roads. In addition, ongoing operation and maintenance expenditures will challenge PRHTA to set aside funding for needed capital improvements. The Status Quo has historically resulted in major maintenance backlogs.

Accountability and Performance Requirements: There are no incentives or explicitly monitored requirements under the Status Quo structure that ensure accountability for PRHTA in operating and maintaining the Toll Roads, which has resulted in PRHTA's inability to maintain the Toll Roads in a state of good repair. Monetary liquidated damages are not included in a contract under this option to ensure accountability.

Option 2 – Concession of All Toll Roads

Overview

The Concession of all Toll Roads option requires a private operator to enhance, operate, and maintain all Toll Roads under a concession model, in exchange for the ability to collect and keep toll revenue. This option will generate an upfront concession payment that may be used to pay off debt owed to PRHTA bondholders (depending on the toll rate scenario). Any surplus from the concession payment may be utilized to fund initial capital expenditure needs. This option shifts nearly all operating and maintenance risks to the private sector and will be governed by a long-term P3 agreement between the private operator and PRHTA. PRHTA will be required to shift the focus of its organization under this structure to ensure it can monitor the private operator and ensure it meets the performance requirements of a P3 agreement, which may include the assessment of non-performance damages, etc. A PRHTA contract manager will oversee the contractual requirements of the operator.

Benefits

Alleviate Financial Pressure: Due to a potential upfront concession payment, this option allows PRHTA to utilize funding to pay outstanding debt obligations secured by toll revenue (depending on the toll rate scenario). Further, if available, additional upfront funding may be utilized to improve the Toll Roads. This option also transfers the costs associated with operating and maintain the Toll Roads to the private sector. Lack of ongoing expense requirements will provide budget certainty and may alleviate ongoing financial pressure.

Maximize Concession Payment: Due to a potential upfront concession payment associated with toll revenue derived from multiple roads, this option has the potential to maximize the upfront concession payment to pay for outstanding debt obligations and implementing initial capital improvements.

Shifts Performance Responsibilities to Private Sector: A long-term P3 agreement will govern the responsibilities of the private sector in this option. Performance requirements in the contract may include monetary penalties for lack of performance, maintaining road standards, etc., which will hold the private operator accountable for its obligations. Other risks, such as cost overruns, delays and other issues are the responsibility of the private sector. The private sector may be better positioned to assume these risks given its expertise in delivering similar services for profit.

Synergies from Operating Portfolio of Assets: Given that this concession is comprised of four Toll Road assets, implementing a concession for the portfolio of assets may allow the operator to realize synergies which could lead to cost savings when compared to individual operators of single assets. These savings may be passed to the PRHTA through more competitive pricing. Further, this option may attract international expertise from leading toll operators, which may contribute to new technology and improvement in operations and maintenance processes (e.g. toll operation, collection, maintenance, etc.)

Potential Negotiated Toll Increases May Improve Asset Value: The sensitive nature, political, and socioeconomic factors in Puerto Rico have resulted in no toll increases on the Toll Roads since 2005 and as such, toll rates are misaligned with the cost to operate. Toll rate increases that occur under a concession will ensure users are receiving the benefit from assets in good repair and properly operated for increased safety and efficiency. Allowing toll rates increases through a contractual mechanism will increase revenue and quality and result in a higher valuation.

Implementation Timeline: The implementation timeline of a Concession of all Toll Roads may be shorter than other innovative procurement options (such as those with availability payment or revenue share-based payment mechanisms) given previous experience of implementing a similar concession model on Puerto Rico based toll roads. While any deviation from the Status Quo will result in additional procurement implementation time, the ease and timing of delivering capital improvements may be more streamlined when responsibilities are shifted from the public sector.

Issues to Consider

Loss of Revenue Stream: Under this option the PRHTA has the potential to receive an upfront concession payment that can be utilized to pay down current debt and fund required capital improvements. In exchange of receiving an upfront payment, PRHTA transfers the right to toll revenue to the private operator. A lack of revenue stream will require PRHTA to fund other obligations from a separate source of revenue and may impact its grantee status for federal funding.

Employee Reorganization: A concession option where a private operator assumes responsibility for the operation and maintenance of the Toll Roads will require a reorganization of current PRHTA employees, given that PRHTA will no longer need to fill technical roles as it's not responsible for maintaining the toll assets. An analysis of a potential restructuring under a concession model is currently being undertaken. A future concession will also consider the realignment of the Commonwealth's transportation entities to ensure consistency as described in the Fiscal Plan. In lieu of managing day to day aspects of the operation, PRHTA (or another Commonwealth entity) will be required to provide ongoing contract monitoring and funds management.

Option 3 – Concession of PR-52

Overview

The Concession of PR-52 option is a similar option to Option 2, though it includes only PR-52 in an attempt to generate a sufficient concession payment to pay initial investment and debt obligations, given PR-52's size in comparison to the other Toll Roads. This concession option will require PRHTA to improve, operate, and maintain the remainder of the Toll Roads outside of PR-52 and keep the revenue that is generated by

these other roads. The Commonwealth may use the concession payment to pay off debt owed to PRHTA bondholders. PRHTA will be responsible for any debt repayment that is required with revenue from the remaining Toll Roads. This option shifts nearly all operating and maintenance risks to the private sector and will be governed under a long-term P3 agreement between the private operator and PRHTA.

Benefits

Alleviate Financial Pressure: This option may potentially allow PRHTA to utilize an upfront concession payment to pay outstanding debt obligations secured by toll revenue. This option will require PRHTA to operate and maintain all Toll Roads other than PR-52 and as such, PRHTA will be responsible for the costs associated with their operation.

Shifts Partial Performance Responsibilities to Private Sector: A long-term P3 agreement provided for the concession of PR-52 will govern the responsibilities of the private sector in this option. Thus, the private operator will be responsible for operating, maintenance, and capital investment risks on PR-52. Performance requirements may include monetary penalties for lack of performance with the aim to incentivize a quality operation. PRHTA will be responsible for the long-term performance of the remaining Toll Roads in this option, including the costs associated with capital investment, operating, and maintenance.

Private Sector Expertise: The private operator may bring international expertise which may enhance and improve efficiency for toll operations on PR-52. These industry leading practices will not materialize on the remaining toll roads given that PRHTA will be required to operate and maintain those segments.

Negotiated Toll Increases May Improve Asset Value: No toll increases on the Toll Roads since 2005 has created a misalignment between revenue generation and the costs to operate the Toll Roads. Toll rate increases will generate additional revenue in this option which will allow the private operator to enhance road operations, leading to a better, safer, and more efficient service. Allowing toll rate increases through a contractual mechanism may result in a higher valuation.

Implementation Timeline: The implementation timeline of a Concession of PR-52 option may be similar to the Concession of all Toll Roads option (Option 2) and likely shorter than other innovative procurement options (such as those with availability payment or revenue share-based payment mechanisms) given previous experience of implementing a similar concession model on Puerto Rico based toll roads. Like Option 2, any deviation from the Status Quo will result in additional procurement implementation time. Ease and timing of delivering capital improvements may be more streamlined on PR-52, however in this option PRHTA remains responsible for implementing capital improvements on the remaining Toll Roads.

Issues to Consider

Potential Isolation of Non-Viable Assets: Given that this option includes the concession of only PR-52, it may result in the isolation of the remaining Toll Roads if they are not commercially viable. As such, there may be difficulty in attracting standalone investment in these assets in the future. In addition, an upfront concession payment to the Commonwealth on the largest of the Toll Roads will result in the loss of PRHTA's main revenue stream.

Some Employee Reorganization: There may be a need to reorganize some employees given that PRHTA will no longer be responsible for operating and maintaining all Toll Roads – only a smaller portion. A future concession will also consider the realignment of the Commonwealth's transportation entities to ensure consistency as described in the Fiscal Plan. PRHTA (or another Commonwealth entity) will be required to provide ongoing contract monitoring under this option. However, PRHTA will be required to improve, operate, and maintain the remaining Toll Roads, which will still require a workforce.

PRHTA responsible for Capital Investment and O&M of Remaining Toll Roads: Given that this option only requires a private operator to operate and maintain PR-52, improving, operating, and maintaining the remaining Toll Roads will be the responsibility of PRHTA.

Option 4 – Concession of all Toll Roads with Revenue Share

Overview

The Concession of all Toll Roads with Revenue Share option is a similar option to Option 2, though instead of the Commonwealth receiving an upfront payment from the private operator, the Commonwealth will partake in ongoing revenue generated by the Toll Roads through a revenue sharing mechanism. The private operator will receive revenue for the period defined in the concession agreement, subject to revenue sharing provisions. Operating, maintenance, and improvement risks will be the responsibility of the private sector.

Benefits

Retain Toll Revenue: Under a revenue sharing option, PRHTA will be entitled to share in the toll revenue that is generated by the Toll Road assets. This revenue source can be utilized by PRHTA for ongoing improvements, paying down debt, etc. This recurring income source may also be sufficient to maintain grantee status for federal funding for certain improvements of the Toll Roads system.

Shifts Performance Responsibilities to Private Sector: A long-term P3 agreement will govern the responsibilities of the private sector and is expected to require certain performance standards to incentivize efficient operations. Cost overruns, delays and other issues are the responsibility of the private sector.

Synergies from Operating Portfolio of Assets: A private operator may be able to leverage economies of scale given the requirement to operate a larger portfolio of assets compared to a single asset. These cost savings can be passed on to the Commonwealth through more competitive pricing. Further, private operators may bring specialized experience in operating and maintaining toll road assets which can lead to more efficient and cost-effective operations compared to the Status Quo.

Negotiated Toll Increases May Improve Asset Value: Given that toll rates are not aligned with the current costs to operate the Toll Roads, toll rate increases will allow the private operator to generate additional revenue that isn't available under a no toll increase scenario. By doing so, a private operator will have additional revenue to meet more stringent performance requirements, leading to a safer and more-reliable service for Puerto Ricans. Increased revenue and properly maintained assets will result in a higher valuation.

Implementation Timeline: The implementation timeline of this option may be similar to the Concession of all Toll Roads option (Option 2) and likely shorter than other innovative procurement options as previously noted given the experience of implementing a concession model on Puerto Rico based toll roads. Ease and timing of delivering capital improvements may be more streamlined in this option compared to the Status Quo.

Issues to Consider

Retain Financial Requirements: This option foregoes an upfront payment for the operation and maintenance of the Toll Roads in lieu of ongoing revenue sharing, and as such, PRHTA will be required to fund capital improvements and debt repayment requirements with PRHTA funds.

Employee Reorganization: PRHTA (or another Commonwealth entity) will be required to provide ongoing contract oversight (monitoring performance, assessing damages, funds management, etc.) in this option.

PRHTA will no longer be required to engage in the ongoing operation of the Toll Roads or assume maintenance responsibilities, and as such will need to reorganize employees who previously provided those services. A future concession will also consider the realignment of the Commonwealth's transportation system to ensure consistency as described in the Fiscal Plan.

Option 5 – Concession of all Toll Roads plus Additional Scope

Overview

The Concession of all Toll Roads plus Additional Scope option requires a private operator to enhance, operate, and maintain all Toll Roads under a concession model, similar to Option 2 described above. The key difference between both Options (1 vis-à-vis 2) is that under this scenario, PRHTA will forego its upfront concession payment and will require the private operator to operate and maintain scope outside of, but in addition to, the Toll Roads. For example, under this option, a long-term agreement will require the private operator to improve, operate, and maintain the Toll Roads, as well as defined non-tolled assets, such as PR-30 or other local roads. The concession payment payable to PRHTA will be foregone to pay for the improvement, operation, and maintenance of the additional scope.

Benefits

Potentially Enhances Quality of Additional Roads: In lieu of a concession payment, this option requires the private operator to operate and maintain additional roads outside of the Toll Roads. As such, users will benefit from enhanced quality of additional roads given the P3 agreement will include performance requirements for the O&M of both the Toll Roads and the additional roads.

Shifts Performance Responsibilities to Private Sector: This option shifts the initial improvements and ongoing operations and maintenance to the private sector for the Toll Roads as well as additional roads outside of the original scope. Performance requirements will be contractually obligated with the aim to improve the quality of operations for the Toll Roads and additional identified scope.

Synergies from Operating Portfolio of Assets: This option requires a private operator to operate and maintain the portfolio of Toll Road assets as well as additional scope for other road assets. A private operator brings specialized experience in efficiently operating and maintain toll road assets compared to the Status Quo, and the cost savings from operating a portfolio of assets will likely be greater than if the operator were to be responsible for a single asset. These savings may be passed to PRHTA through more competitive pricing. In addition, a private operator may bring improvements in toll road operating and maintenance procedures that PRHTA has not considered.

Negotiated Toll Increases May Improve Asset Value: Increasing revenue through toll rate increases and reducing costs through proper operating and maintenance of the Toll Roads will lead to a safer and more efficient road network. Given PRHTA is foregoing its concession payment to require the private operator to operate and maintain additional roads, citizens will get the benefit of increased quality outside of the Toll Roads. A more efficiently operated service and toll rate increases may lead to a higher valuation of the assets.

Implementation Timeline: The implementation timeline of this option may be similar to the Concession of all Toll Roads option (Option 2) and likely shorter than other innovative procurement options as previously noted. Implementation of capital improvements on additional roads may require a longer timeline compared to other concession models (given the additional scope), though ease of delivering capital improvements may be more streamlined in this option due to private sector efficiencies and the contractual structure compared to the Status Quo.

Issues to Consider

Retain Financial Requirements: This option foregoes an upfront payment for the operation and maintenance of the Toll Roads in lieu of additional operation and maintenance scope from other roads. As such, PRHTA will be required to fund capital improvements and debt repayment requirements with PRHTA funds.

Employee Reorganization: A concession option where a private operator assumes responsibility for the operation and maintenance of the Toll Roads will require a reorganization of current employees, given that PRHTA will no longer need to fill technical roles as it's not responsible for maintaining the toll assets. This option may require a shift in the need for employees to provide oversight roles in lieu of day to day operations. PRHTA (or another Commonwealth entity) will be required to provide ongoing contract monitoring and funds management under this option. A future concession will also consider the realignment of the Commonwealth's transportation system to ensure consistency as described in the Fiscal Plan.

Loss of Revenue Stream: PRHTA will forego its upfront concession payment under this option for additional scope. PRHTA will no longer have the right to collect the toll revenue on the Toll Roads as the operator will be entitled to this revenue. A lack of revenue stream will require PRHTA to fund its operations from a separate source of revenue and may impact its grantee status for federal funding.

Not Maximize Concession Payment: This option does not maximize the concession payment to the Commonwealth given the addition of roads that are not separately viable to investors.

Option 6 – Availability Payment for O&M of all Toll Roads

Overview

The Availability Payment for O&M of all Toll Roads option is intended to analyze an option where PRHTA will procure a private operator to operate and maintain the Toll Roads under certain performance requirements. It is assumed that PRHTA will not receive an upfront concession payment, nor will it transfer the demand risk of the asset to the private sector. Rather, PRHTA will collect and keep the revenue generated by the Toll Roads and make an ongoing payment for “availability” of the Toll Roads to the private operator (e.g. ongoing compensation through payments to the private operator subject to deductions for lack of performance against requirements). The private operator will be responsible for operating and maintaining the Toll Roads and implementing capital improvements. In exchange, PRHTA will pay the private operator an ongoing availability payment subject to certain performance standards.

Benefits

Retain Toll Revenue: Under this option, PRHTA will be entitled to keep all toll and other revenue generated by the Toll Road assets. This revenue source represents a significant stream of income for PRHTA which may be utilized for a variety of purposes, though primarily for availability payments to the private sector for operating and maintaining the asset. A steady source of revenue may also be required to maintain grantee status for federal funding for certain improvements of the Toll Roads.

Shifts Performance Responsibilities to Private Sector: A long-term P3 agreement will govern the responsibilities of the private sector in this option. Performance requirements will inform the amount of availability payment that is made to the private operator (may include monetary penalties for lack of performance based on maintaining road standards and other performance requirements). Other risks, such as cost overruns, delays, and other issues are the responsibility of the private sector.

Synergies from Operating Portfolio of Assets: This option may allow the operator to realize synergies from operating a portfolio of assets compared to a single asset, which may result in cost savings that can be passed on to the Commonwealth. This option may also attract leading toll road operators who can bring market leading operations and maintenance processes.

Negotiated Toll Increases May Improve Asset Value: No toll increases on the Toll Roads since 2005 has created a misalignment between revenue generation and the costs to operate the Toll Roads. Toll rate increases will generate additional revenue under this option which will allow the private operator to enhance road operations, leading to a better, safer, and more efficient service. Allowing toll rate increases through a contractual mechanism may result in a higher valuation.

Issues to Consider

Retain Financial Requirements: This option foregoes an upfront payment for the operation and maintenance of the Toll Roads. PRHTA will keep revenue on the Toll Roads and assume demand risk. The private operator will receive an availability payment for performance of its obligations, which will include implementing capital improvements.

Employee Reorganization: Given that the private operator assumes responsibility for the operation and maintenance of the Toll Roads, a reorganization of current employees will be required. PRHTA's (or another Commonwealth entity) focus will shift to ongoing contract oversight, monitoring and funds management. This procurement option will also consider the realignment of the Commonwealth's transportation system to ensure consistency as described in the Fiscal Plan.

Ongoing Payment Obligations: This option will require an ongoing payment obligation from PRHTA to the private operator, and thus will require PRHTA to ensure proper ongoing monitoring of the P3 agreement. Given that this option requires PRHTA to retain revenue risk, PRHTA will be responsible for making payments to the private operator based on contractual obligations, as opposed to payment based on the amount of revenue that is generated by the Toll Roads (e.g. PRHTA retains demand risk).

The following chart provides a summary of the key qualitative considerations of each option:

Figure 5.1 – Option Benefits/Issues to Consider











































Option:	Status Quo	Concession of all Toll Roads	Concession of PR-52	Concession of all Toll Roads with Revenue Share	Concession of all Toll Roads plus Additional Scope	Availability Payment for O&M of all Toll Roads
Benefits						
PRHTA familiarity & acceptance	✓					
PRHTA retains toll revenue	✓			✓		✓
No PRHTA employee reorganization	✓					
Alleviates PRHTA financial pressure		✓	✓			
Governed by performance requirements		✓	✓	✓	✓	✓
Operating synergies from asset portfolio		✓		✓	✓	✓
Toll increases may improve asset value		✓	✓	✓	✓	✓
Enhances quality of additional roads					✓	
Timing and ease of implementation	✓	✓	✓	✓	✓	
Maximizes concession payment		✓				
Issues to Consider						
O&M risks retained by PRHTA	X					
PRHTA required to fund O&M, capex, debt service	X					
PRHTA accountable for performance	X					
Loss of PRHTA revenue stream		X	X		X	
Requires PRHTA employee reorganization		X	X	X	X	X
Potential isolation of non-viable assets			X			
Ongoing payment obligations by PRHTA	X					X

*Some benefits and issues to consider may only partially apply to a specific option

Results of Qualitative Options Assessment

This section compares the results of each of the identified options to the Study objectives provided in Section 2. The Authority has also taken each of the options into consideration with respect to the outstanding debt requirements as provided in Section 3. The following chart compares each of the objectives to each delivery options analyzed.

Figure 5.2 – Option Comparison to Objectives

Study Objectives	Status Quo	Concession of all Toll Roads	Concession of PR-52	Concession of all Toll Roads with Revenue Share	Concession of all Toll Roads plus Additional Scope	Availability Payment for O&M of all Toll Roads
Improve budget certainty and address PRHTA's fiscal situation through leveraging up-front funding sources and minimizing public fund contributions						
Modernize the existing infrastructure and improve the quality of Toll Roads						
Improve mobility, accessibility, and safety for users of the Toll Roads						
Improve performance and accountability by allocating responsibilities to the party best able to manage them and integrating performance-based contracts						
Increase revenue opportunities through reduced leakage, optimizing fare collection, and better aligning toll rates to costs						
Accelerate improvements in the Toll Roads and limit risks in the delivery of improvements						
Reduce Commonwealth exposure to current fiscal situation in Puerto Rico						

Addresses Objective:  **Partially Addresses Objective:**  **Does Not Address Objective:** 

The results of the qualitative assessment suggest that most of the potential options under consideration are not feasible when the upfront concession payment from a private operator is removed, whether it be to share annual revenue for PRHTA, include additional scope requirements that reduce the payment, or for PRHTA to keep all toll revenue and assume demand risk on the asset. The primary driver for these options not being feasible is the initial debt requirements that PRHTA must address prior to transferring the right to keep toll revenue to a private operator. As described in Section 3, current negotiations suggest that PRHTA will issue new debt to pay all previous PRHTA-issued debt, which will be secured by toll revenue from the Toll Roads. As such, any of the considered procurement options other than the Status Quo will require PRHTA to pay the outstanding debt amount prior to granting the right to a private operator to partake in toll revenue. This requirement deems the following options not feasible: Concession of all Toll Roads with Revenue Share, Concession of all Toll Roads plus Additional Scope, and Availability Payment for O&M of all Toll Roads.

The Status Quo option presents significant concerns for PRHTA given its historical inability to maintain the Toll Roads in a status of good repair, due to funding constraints, lack of performance requirements, major maintenance backlog, limited labor, and other constraints. The Status Quo option will require PRHTA to retain risks associated with the performance of the Toll Roads, and as such, PRHTA will be responsible for delivering initial network improvements, development and accountability of its own performance requirements, ensuring proper operation and maintenance to avoid backlogs, and proper funding of costs including situations of cost overruns. Proper operation and maintenance of the Toll Roads must be completed in light of ensuring ongoing debt service requirements are met – which strains PRHTA's ability to utilize toll revenue for its operation. While the Status Quo option structurally works, it does not appear to represent the preferred path forward based on the Study's objectives and historical results.

Both concession options, a Concession of all Toll Roads and Concession of PR-52 appear to be feasible from a qualitative perspective. Both options potentially result in an upfront concession payment that PRHTA can utilize to pay outstanding debt secured by toll revenue. Further, the two options will transfer the risks associated with operation and maintenance to the private sector, which is expected to bring innovation and enhanced asset management capability. While PRHTA will lose the right to toll revenue (partially on Concession of PR-52), the potential upfront payment may be sufficient to address initial capital expense requirements to bring the Toll Roads to a state of good repair. Performance requirements will

govern the private operator's performance under a P3 agreement which incentivizes performance in-line with expectations, and that performance is expected to be significantly elevated from PRHTA's historical operation. As such, P3A is considering both options quantitatively in the next section. The Authority is not considering the remaining options in the quantitative analysis given such options do not meet the Authority's Study main objectives.

6. Quantitative Options Assessment

Overview of Quantitative Options Assessment

Overview

The quantitative options assessment analyzes each option's ability to generate a sufficient level of revenue to pay for the obligations of each option, ultimately to determine whether an option is feasible to implement from a market perspective. In PRHTA's case, the quantitative assessment will evaluate whether revenue generation is sufficient to cover the payment needed to pay off outstanding debt owed to PRHTA bondholders, initial capital investment to bring the Toll Roads to a state of good repair, as well as pay for ongoing major maintenance costs, operating and routine maintenance, and generate a sufficient return for a private concessionaire to assume related risks. The quantitative assessment determines the potential range of values that the Commonwealth can expect as an initial concession payment considering these factors.

A financial model is developed to assess each option from a quantitative perspective and estimate the potential range of concession values. The results of the financial model allow the P3A to be better informed and make a business decision on whether an option has merit. The financial model considers long-term estimated traffic and revenue, outstanding debt requirements, and the costs associated with operating, improving, and maintaining the Toll Roads. The options assessed quantitatively are deemed feasible from a qualitative perspective.

The financial model is developed based on assumptions from historical revenue, operating, maintenance, and financial data, market precedent, current market conditions in Puerto Rico, and discussions with subject matter professionals. As part of the project inputs development, preliminary estimates of needs, functional requirements, and future expectations are developed for each option. These inputs are used as the basis for the financial analysis.

General Quantitative Assessment Assumptions

The Study includes assumptions for levels of risk transfer, payment mechanisms, operations, routine and major maintenance responsibilities, and other commercial terms that will be required in a P3 agreement between a public sponsor and a private concessionaire in a brownfield toll concession transaction. The table below summarizes – at a high-level – the general assumptions that are included in this Study and considered in a potential P3. Additional assumptions are included in the following segments in this section.

Figure 6.1 – General Concession Assumptions

Assumption	Description (Concession Scenarios)	Rationale
Term	50-year term	Consistent with market precedent transaction in Puerto Rico
Timing	Term beginning January 1, 2023	General assumption
Road Condition	PRHTA transfers risks of rehabilitation and maintenance of Toll Roads under the current condition to private operator. Private operator required to rehabilitate and maintain in state of good repair (or similar) following initial investment.	Consistent with market precedent P3 transactions
Operation	Private operator responsible for all operating risk for Toll Roads in P3 options subject to performance standards.	Consistent with market precedent transactions in Puerto Rico
Initial Investments	Private operator is responsible for initial investments in the Toll Roads to ensure proper condition (state of good repair).	Consistent with market precedent transactions in Puerto Rico
Ongoing Maintenance	Private operator is responsible for ongoing maintenance of the Toll Roads. Toll Road condition subject to performance requirements.	Consistent with market precedent transactions in Puerto Rico
Major Maintenance	Private operator is responsible for major maintenance of the Toll Roads. Toll Road condition subject to performance requirements.	Consistent with market precedent transactions in Puerto Rico
Toll Collections Risk	PRHTA assumes toll collections risk Concessionaire is paid on a per transaction basis irrespective of collection	Consistent with market precedent transactions in Puerto Rico

The inputs are preliminary estimates and should continually be refined if the Project progresses. The analysis herein considers the costs and revenues associated with each segment in nominal year of input values. Nominal dollar estimates are helpful when looking at cash flows over a long period of time, as the values consider the effects of inflation. To derive nominal values, the inputs (presented in real U.S. dollars) were indexed to a long-term inflation rate of around 2%. The present value of each input refers to the current value of expected future dollar amounts, discounted back to the present using a discount rate. The inputs utilized for the development of the model used to assess the affordability of the Project are discussed below.

Development of Traffic and Revenue Inputs

Overview

PRHTA engaged Steer to assist in performing a traffic and revenue analysis of PRHTA's toll facilities. Steer's work was primarily focused on toll rate analysis, with focus on the near-term. Traffic and revenue inputs and analysis provided by Steer were utilized as quantitative assumptions in the development of the Study. Steer utilized a variety of assumptions and data provided from internal and external sources including PRHTA, World Bank, U.S. Bureau of Labor Statistics, U.S. Census, and others. Steer's analysis was utilized as an input in the development of analysis for PRHTA's Fiscal Plan.

An overview of the data utilized in the development of the traffic and revenue analysis is provided below.

Existing Conditions

Toll Plazas included in Steer's Analysis

Steer's traffic and revenue analysis included three key elements: (i) prepare revenue forecasts for all PRHTA toll facilities considering different toll rate scenarios (forecasts), (ii) analyze the impact of modifying the current one-way tolling to two-way tolling structure for some toll plazas (new locations), and (iii) analyze the impact of re-locating some toll plazas to reduce the amount of toll evasion/leakage from traffic that exits the toll facilities prior to passing the toll plaza (2-way tolling). The table below summarizes the tolled facilities included in the traffic and revenue analysis. Toll plazas currently charging in one direction but with no real alternative roads are not included as part of the two-way analysis.

Figure 6.2 – Tolled Facilities

ID	Toll Plaza	Road	1-Way / 2-Way	Forecasts	New Location	2-Way Tolling
1	Río Grande (including ramps)	PR-66	2	X		
2	Carolinás (including ramps)	PR-66	2	X		
3	Guaynabo	PR-20	1 – NB	X	X	X
4	Montehiedra	PR-52	1 – NB	X		
5	Ceiba	PR-53	1 – SB	X		X
6	Humacao Norte	PR-53	1 – NB	X		X
7	Humacao Sur	PR-52	1 – SB	X		X
8	Caguas Norte	PR-52	1 – NB	X		X
9	Caguas Sur	PR-52	1 – SB	X		
10	Salinas (including ramps)	PR-52	1 – NB	X		
11	Ponce	PR-52	2	X	X	
12	Juana Díaz EB/WB	PR-52	2	X		
13	Guayama	PR-53	2	X		
14	Hucar	PR-53	1 – EB	X		X

Historical Rates, Traffic & Revenue

While toll rates on other facilities in Puerto Rico like PR-22 and Teodoro Moscoso are adjusted annually, PRHTA has not adjusted any of the toll rates on their toll plazas since 2005. Average toll rates for each plaza are provided in the table below.

Steer obtained transaction and revenue information from PRHTA for all toll plazas. Considering the recent impacts due to COVID-19, Steer selected 2019 as the base year for the analysis. Annual Average Daily Traffic (AADT), recent growth rates, annual revenue, and average toll rates for 2019 are summarized in the table below. These revenue values do not include the additional revenue that can be collected from violators and so there may be discrepancies between the actual audited revenue values and the ones reported in the table.

Figure 6.3 – 2019 Traffic, Revenue, Toll Rates, and Recent Growth by Facility

Plaza	AADT	Average Toll Rate	Annual Revenue (Millions - Nominal)	AADT CAGR (2013- 2019)
Río Grande	25,840	\$1.05	\$9.90	3.26%
Carolinass	48,427	\$1.50	\$26.57	2.37%
Guaynabo	11,589	\$0.84	\$3.56	1.21%
Montehiedra	11,645	\$0.36	\$1.52	0.55%
Ceiba	9,283	\$1.01	\$3.44	0.87%
Humacao Norte	3,795	\$1.03	\$1.43	-18.38%
Humacao Sur	4,803	\$1.04	\$1.83	-9.96%
Caguas Norte	52,622	\$1.56	\$29.95	-0.74%
Caguas Sur	30,955	\$1.08	\$12.17	-0.27%
Salinas	27,178	\$1.49	\$14.79	0.32%
Ponce	39,673	\$0.79	\$11.44	1.60%
Juana Díaz	48,298	\$0.54	\$9.55	0.64%
Guayama	16,980	\$0.52	\$3.20	-0.07%
Hucar	9,565	\$1.05	\$3.67	0.05%
Total	340,654	\$1.07	\$133.01	0.11%

COVID-19's Impact

To understand the impact of COVID-19 and its related mobility restrictions on PRHTA toll plazas, monthly profiles of the last couple of years were analyzed. Humacao and Río Grande were excluded from the analysis given a lack of data availability. In January and February 2020, traffic was close to 2019 levels but in March 2020, driven by COVID-19 and its related restrictions, traffic across the island started decreasing, reaching its lowest point in April 2020, 70% lower than April 2019. Though traffic levels started to slowly recover for the remaining of the year, they did not fully reach 2019 levels. In 2021, traffic continued recovering and by July 2021, all the toll plazas reported traffic volumes higher than observed in 2019, with two exceptions, Guaynabo and Juan Díaz which both experienced exceptional growth rates in 2019.

Population

The analysis considers the historical population of the island as estimated by the U.S. Census Bureau. The population of Puerto Rico declined by nearly 440,000, or 12%, over the past decade. According to estimates by the U.S. Census Bureau, this decline was relatively steady throughout the decade but did lessen between 2018 and 2020. The population has been declining since 2000 due to low birth rates and outward migration, with economic factors and natural disasters also contributing to the decrease. This trend is expected to continue but probably with some re-allocation of population around the main cities of the island.

Employment

The analysis considers the historical employment of the island as reported by the U.S. Bureau of Labor Statistics. Employment in Puerto Rico declined by nearly 94,000 jobs, or 9%, over the past decade, but increased between 2014 and 2019 as the economy strengthened. As annual data is reported by averaging monthly data and data was not collected in March 2020 and April 2020, the employment impact of the COVID-19 pandemic is likely underestimated.

Gross Domestic Product (GDP)

The analysis considers the Puerto Rico and U.S. GDP as reported by World Bank. Between 2010 and 2020, Puerto Rico's GDP increased from over \$98 billion in 2010 to over \$103 billion in 2020, or by over 4%. While GDP increased relatively quickly at the beginning of the decade, Hurricanes Irma and María caused it to fall in 2017 and 2018. Recovery was then interrupted in 2020 by the economic repercussions of the COVID-19 pandemic. Puerto Rico GDP growth between 2010 and 2020 is small compared to that of the United States, which increased by nearly 40% in the same period. GDP and the gross national product (GNP), which is the variable used for the forecasts, follow similar trends.

On the other hand, GDP per capita in Puerto Rico has increased steadily through the decade, growing from \$26,436 in 2010 to \$32,291 in 2020, or by 22%. This is relatively closer to the growth observed in the US.

Conclusions from Existing Information

Population and other socioeconomic factors have contributed to changes in traffic trends. In the last ten years Puerto Rico has suffered from a consistent decrease in population due to low birth rates and outward migration. Further, except for a short period of economic recovery after 2014 and after Hurricane María, employment has declined in Puerto Rico since 2010. Although GDP has grown at a slow pace in the last 10 years, the GDP per capita reflects a faster growth due to the declining population.

In terms of traffic, over the last few years traffic levels across the island have been impacted by several events, including strong hurricanes in 2017 (Hurricane Irma and Hurricane María in September 2017), earthquakes in 2019 and 2020, and COVID-19 in 2020. Despite these events, and declining population in the island, transactions overall have shown small growth rates, with more growth for those plazas near big urban areas like San Juan and Ponce and less in other parts of the island. While COVID-19 and its related restrictions heavily impacted traffic across the island, traffic has slowly recovered and by July 2021, all toll plazas reported traffic volumes higher than previously observed.

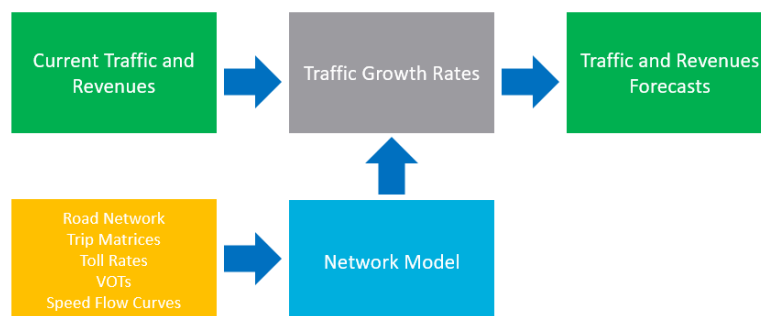
Forecasting Methodology

Overview

While the PRHTA toll plazas are brownfield assets where the current and historical transactions are known, the primary objective of this analysis is to forecast the response to toll rate changes not seen in the past as well as significant changes in the tolling structure of some of the toll plazas. Thus, forecasts were developed using network models, which consider the total in-scope demand for each toll plaza, the competitive position of each plaza with respect to its alternatives, congestion levels and the willingness to pay of the current and potential users. An overview of the forecast approach is provided below:

Steer's Forecast Approach

The forecasting modeling framework is shown in the figure below. It depicts the current base traffic as the starting point and uses a network model with the new toll rates to generate traffic and revenue forecasts.



Network models for different areas of the island were developed covering all the toll plazas included in the analysis. Each model is independent and groups toll plazas that are likely to have common network effects due to their proximity. The network models developed utilize a variety of inputs and assumptions surrounding zoning systems and highway networks, trip matrices, value of time (VOT), speed flow curves, toll rates, and other behavioral parameters.

A key objective of the modeling approach is for the network models to produce forecasts that represent the actual traffic conditions on the main roads. Thus, traffic data (transactions, traffic counts, travel times) from various sources was used to calibrate the models for the base year of 2019.

Once models were calibrated, outputs were utilized to understand the potential revenue that could be provided for the current and new toll plazas across the network. Models were utilized to translate into traffic and revenue forecasts for each toll plaza based on a variety of GNP and inflation, future market landscape, future demand, and value of time, etc.

Toll Rate Scenario

Traffic and revenue forecasts were prepared for all the plazas assuming annual increases of CPI plus 1.5%. Toll rate increases for all toll plazas are assumed to be effective March 1, 2022, except for PR-66 plazas (Carolinass and Rio Grande) for which toll increases are effective January 1, 2025.

Steer also calculated a scenario that aligns with the toll rates as provided in the Fiscal Plan, which includes an 8.3% rate increase annually for the three-year period from FY2022 – FY2025, followed by annual increases thereafter of 1.5% plus CPI.

Forecast Results

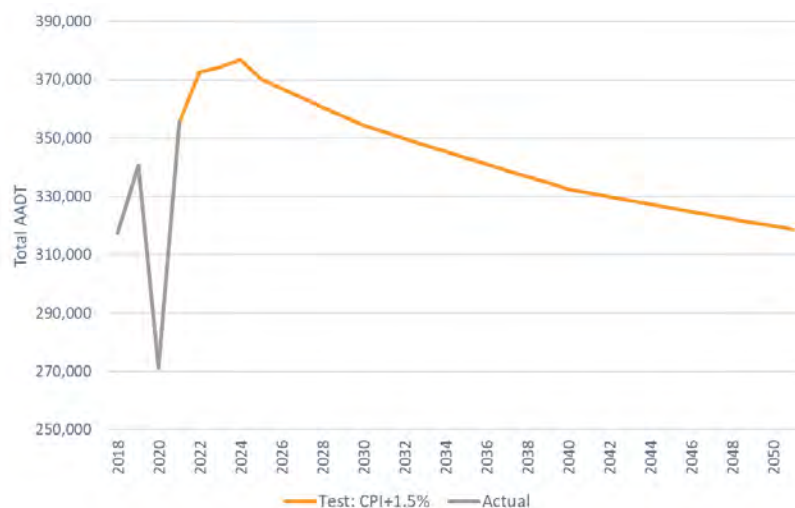
Traffic

Results suggest that traffic is expected to decline over the long-term, ranging from -0.62% through 2030 to -0.39% through 2051. A similar projection is included beyond 2051 to account for the proposed 50-year term.

Figure 6.4 – Compounded Annual Growth Rate (CAGR) AADT – All Plazas

Toll Increase	2022-2030	2030-2040	2040-2051
CPI+1.5%	-0.62%	-0.63%	-0.39%

Figure 6.5 – Total AADT Forecasts



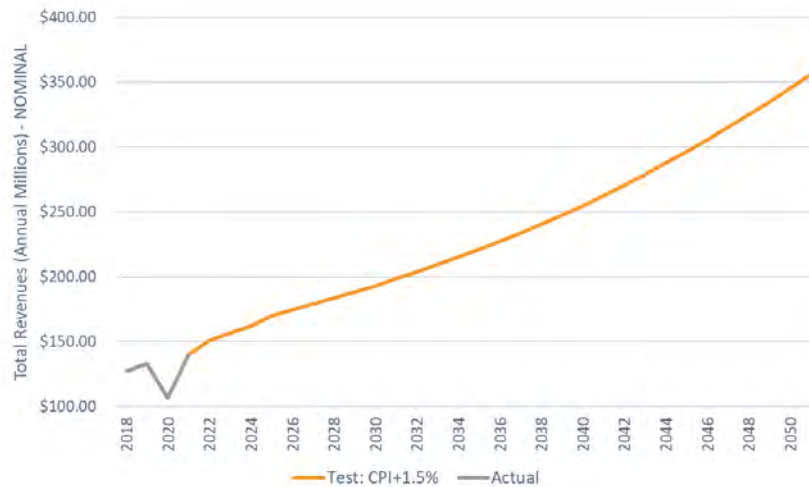
Revenue

Results suggest that revenue is expected to increase over the long-term despite a decline in traffic due to the increase in toll rates. Revenue is anticipated to increase each year from 3.14% through 2030, to 2.81% between 2030 and 2040, to 3.10% between 2040 and 2051; all in nominal terms. A similar projection is included beyond 2051 to account for the proposed 50-year term.

Figure 6.6 – 2019 CAGR Revenue – All Plazas

Toll Increase	2022-2030	2030-2040	2040-2051
CPI+1.5%	3.14%	2.81%	3.10%

Figure 6.7 – Total Annual Revenue Forecasts (Millions – in Nominal \$)



Toll Revenue Optimization Measures

No future infrastructure projects or optimization initiatives were assumed for any scenario in the traffic and revenue analysis described above. However, PRHTA is either undertaking or planning in the near term measures that are expected to enhance the level of traffic and revenue that is currently generated on the Toll Roads, which will impact the base traffic and revenue analysis given it was formulated from current conditions. These measures are outlined in the Fiscal Plan and many are currently underway. These measures include the following:

- **Dynamic Toll Lanes:** Dynamic toll lanes are being considered for inclusion at the entrance of PR-18, Caguas Norte (PR-52), Montehiedra (PR-52), and PR-1 PM (PR-52), similar to what has been implemented on PR-22. The inclusion of dynamic toll lanes (due to dynamic pricing) is expected to result in additional 6.5% uplift in total revenue over the term compared to the total revenue generated by the base traffic and revenue analysis.
- **Two-Way Tolling:** A series of plazas are currently tolled only in one direction and are expected to be converted to bi-directional plazas, which will influence the amount of toll revenue that is generated. Two-way tolling will increase revenue for converted plazas across PR-20, PR-53, and PR-52.
- **Optimization of Tolling Locations:** In addition to two-way tolling, optimizing the location of toll plazas is aimed to reduce the amount of toll evasion and leakage from traffic that exits prior to passing the toll plaza. Together, the optimization of tolling locations to better capture users and two-way tolling is expected to result in additional 2.8% uplift in total revenue over the term compared to the total revenue generated by the base traffic and revenue analysis.

- Tolling System Enhancements: PRHTA is currently in the process of installing new tolling systems at the roadside, simultaneously expanding Open Road Tolling (ORT), and improving its back-office system operations, which is expected to increase toll revenues through greater efficiency, capture rates, and processing. All these measures collectively are expected to result in additional 2.6% uplift in total revenue over the term compared to the total revenue generated by the base traffic and revenue analysis.
- Commercial Leakage: The traffic and revenue study is formulated based on a historical level of traffic and revenue from PRHTA. This historical amount does not include users of the Toll Roads where revenue cannot be collected from the users despite a transaction being generated. In a concession scenario, the collections risk is the responsibility of PRHTA (similar to precedent transactions in Puerto Rico) and thus a concessionaire will be paid on each transaction that is generated irrespective of collection. As such, an adjustment to revenue to account for commercial leakage was made that totals approximately 18% uplift in total revenue over the term compared to the total revenue generated by the base traffic and revenue analysis.

The toll revenue optimization measures described above are anticipated to enhance revenue on the Toll Roads in addition to the traffic and revenue analysis provided by Steer, which did not consider these measures. These measures are anticipated to result in an approximately 30% increase over the term in addition to the base level of toll revenue.

Development of Initial Investment and O&M Inputs

Initial Investment Needs

The Toll Roads are capital assets that require investments and maintenance expenses to maximize their useful life and ensure continuation of services to the public. Previous condition assessments and capital improvement records indicate that the Toll Roads have unmet needs that require capital investments. There are notable differences on how capital investment needs are addressed under the current operation and the P3 options. P3 options consider a private partner will be responsible for conducting and financing capital improvements to achieve state of good repair, implementing preventive maintenance, and efficiently operate the Toll Roads. Furthermore, the P3 options assume that a private partner will implement a strategic and disciplined approach to capital improvements. This approach contrasts with the current Status Quo where PRHTA will continue to face budgetary pressures and remain as a “worst first” repair approach.

Capital investment needs for the Toll Roads can be divided between programmed and unprogrammed capital expenditures. Programmed capital expenditures consist of planned investments for the period between fiscal year 2019 to fiscal year 2028. The programmed capital improvements are estimated to amount to \$370.7 million and have identified sources of funding. Meanwhile, unprogrammed investments are future capital expenditures needed to achieve state of good repair. These unprogrammed capital expenditures have been estimated to range from \$487.3 million to \$521.4 million for the 10-year period starting in 2023 for the Toll Roads.

Initial investment improvements are considered over an initial 10-year period. Thereafter, these improvements are considered ongoing major maintenance expenses; this is consistent with the Fiscal Plan. Initial investments are assumed to be paid with upfront financing in the concession options, whereas ongoing major maintenance expenses are paid with toll revenue.

Concession of all Toll Roads

Under this option it is assumed that all Toll Roads are bundled under a single P3 procurement and agreement. Given that this option represents an extensive scope of work and a significant risk transfer to a concessionaire, the following assumptions were taken in relation to capital expenditures:

- Programmed capital expenditures that amount to \$370.7 million will be deployed as retained capital improvements by PRHTA, which means that PRHTA will proceed as planned with the funding and execution of these projects on the Toll Roads.
- Unprogrammed capital expenditures in pavements and bridges necessary to reach a state of good repair are estimated to average \$49.5 million annually (total of \$494.8 million) in real 2023 dollars from fiscal year 2023 to fiscal year 2032. This level of investment will improve the percentage of pavements in “good” condition to reach the national standard in the late 2020s and will gradually reduce the amount of pavement in poor condition. However, bridge conditions will hover near 10% poor through 2052. This level of investment is equivalent to the Scenario 2 included in the report Analysis of Investment Needs for PRHTA Tolerated and Non-Tolerated Highways commissioned by PRHTA in October 2021.
- Private concessionaire would seek to deploy unprogrammed capital improvements over a minimum period of 10 years.
- When executing the capital improvements, there will be a sequence where PR-52 is addressed first. This will avoid conducting major capital improvements simultaneously.

Concession of PR-52

Under this option, the concessionaire will focus on a discrete toll facility. This option is built on the following capital improvements assumptions:

- Programmed capital expenditures are estimated to total \$206.6 million and will be deployed as retained capital improvements by PRHTA. Capital investment projects already programmed will proceed as planned with PRHTA being responsible for the funding and execution of these projects on PR-52.
- Unprogrammed capital expenditures in pavements and bridges necessary to reach a state of good repair are estimated to average \$27.5 million annually (total of \$275.3 million) in real 2023 dollars from fiscal year 2023 to fiscal year 2032. This level of investment produces the same level of improvements in pavements as the Concession of all Toll Roads but will significantly enhance bridge conditions and reduce the percentage of poor bridges. This level of investment is equivalent to the Scenario 3 included in the report Analysis of Investment Needs for PRHTA Tolerated and Non-Tolerated Highways commissioned by PRHTA in October 2021.
- Private concessionaire would seek to deploy capital improvements over a minimum period of 10 years.

Other Ongoing Major Maintenance Needs

As described above, initial investment improvements are considered over an initial 10-year period. Thereafter, these ongoing required improvements to maintain the Toll Roads in a state of good repair are considered ongoing major maintenance expenses. The major maintenance assumptions described in this section are in addition to the initial investment and ongoing major maintenance assumptions described above.

Concession of all Toll Roads

Besides capital improvements in pavements and bridges, the Toll Roads require a series of investments in other asset components such as safety features, drainage, and lighting. Major maintenance needs for the Toll Roads include investments in these components which are critical for the adequate functioning of the Toll Roads. Under the Concession of all Toll Roads option, it is assumed that the average investment amount needed to address safety, signage, drainage, and lighting totals \$2.7 million annually in real 2023 dollars.

It is important to keep in mind that there are no Federal performance measures for guardrail, lighting, and other components, thus, a state of good repair is not forecasted for these elements. Instead, the level of investment was assumed to stay fixed throughout the concession term.

Concession of PR-52

Similar to the Concession of all Toll Roads option, major maintenance needs include investments in safety features such as guardrails and signage, and other elements including drainage, and lighting. Under the Concession of PR-52 option, an average investment amount of \$1.6 million annually in real 2023 is assumed.

PR-52 is the toll road with the greatest number of lane miles in the bundle of Toll Roads. As a result, PR-52 requires more than half of the major maintenance needs of the total Toll Roads. The estimated investment level of \$1.6 million annually in real 2023 dollars was assumed to remain fixed throughout the term of the concession contract.

Operating & Maintenance Needs

Concession of all Toll Roads

Operations and maintenance refer to the day-to-day efficient functioning and upkeep of the Toll Road. Operations and maintenance play a fundamental role in increasing the commercial value and extending the useful life of transportation assets. Under the Status Quo option, PRHTA is fully responsible for all daily tasks related to operations and maintenance.

Under the concession options, the risks associated to operations and maintenance are transferred to a concessionaire. In the Concession of all Toll Roads option, the following assumptions were considered.

- Toll administration or toll collection costs: these costs were estimated using two major variables: i) the forecasted number of traffic transactions per year and ii) the inflated cost per transaction. The forecasted number of traffic transactions comes from the estimation of future traffic while the inflated cost per transaction originates from the present cost per transaction that PRHTA pays for this service. The product of these two variables yields a total cost of toll collection based on the specific projected traffic transactions for each year. In addition, the estimation of toll administration costs considers a discount provided to PRHTA. Presently, PRHTA contracts with an external vendor the services of toll administration. The vendor provides PRHTA a discount of 4.5% on the total cost due to its large scope of work that covers the majority of the toll roads network in Puerto Rico. Under the Concession of all Toll Roads option, this discount was assumed to be 3% given that the scope of work would not be as extensive compared to the actual vendor scope under PRHTA. Overall, the costs of toll administration services are estimated by the product between projected traffic transactions for each year and inflated cost per transactions less a 3% discount.
- Salaries and benefits: contrary to the Status Quo option, compensation for overtime was eliminated. In accordance with recent trends in private sector compensation in Puerto Rico, salaries were escalated at an annual rate of 1.4% until 2027 then 1% onwards.
- Other operating expenses: based on the premise that private sector will seek efficiencies across different expense components, a 15% savings on third party contracts and suppliers was assumed.
- Maintenance: target safety related needs first, reduce investment in non-essential aesthetics, reduce level of service in non-critical areas.

Concession of PR-52

Under the Concession of PR-52 option, the concessionaire will focus on the longest toll asset. The main operations and maintenance assumptions under this option are the following:

- Toll administration or toll collection costs: similar to the Concession of all Toll Roads option, the toll administration costs were estimated using two variables: i) the forecasted number of traffic transactions per year and ii) the inflated cost per transaction. The forecasted number of traffic transactions comes from the estimation of future traffic while the inflated cost per transaction originates from the present cost per transaction that PRHTA pays for this service. The product of these two variables yields a total cost of toll collection based on the specific projected traffic transactions for each year. Under this Concession of PR-52 option, no discounts on the total toll administration costs were considered. It is assumed that the Concession of PR-52 option represents a reduced scope of work compared to the Concession of all Toll Roads option and the Status Quo. Therefore, it is assumed that a third-party vendor will be limited from providing a discount on a reduced base of traffic transactions. Therefore, the total toll administration costs under the Concession of PR-52 option were estimated using the product of the projected traffic transactions and the inflated costs per transaction per year and no discounts were applied.
- Salaries and benefits: compensation for overtime was eliminated while salaries were escalated at an annual rate of 1.4% until 2027 then 1% onwards.
- Other operating expenses: assumes a 10% savings on third party contracts and suppliers.
- Maintenance: target safety related needs first, reduce investment in non-essential aesthetics, reduce level of service in non-critical areas

Development of Funding Inputs

The availability of public funding is essential for the development of infrastructure. Most public infrastructure is developed with public or government funding. When assessing a P3 project, it is important to consider any available or programmed public funding that may support the proposed project.

A certain amount of public funding has been programmed and identified as part of the capital planning responsibilities of PRHTA for the Toll Roads. Specifically, records from PRHTA indicate that a total of \$370.7 million in capital expenditures is programmed to be publicly funded and executed on the Toll Roads from fiscal year 2019 to fiscal year 2028. These programmed investments are contained in capital improvement planning documents such as the April 2020 version of the Statewide Transportation Investment Program for 2019-2022 ("STIP") and other planning documents from PRHTA. Below is the breakdown of this programmed capital improvements by each toll road.

Figure 6.8 – Programmed Capital Investments by Road

Toll Road	Programmed Capital Investments 2019-2028
PR-52	\$206,591,733
PR-53	\$106,562,576
PR-66	\$33,778,735
PR-20	\$23,804,984
TOTAL	\$370,738,027

This programmed capital investments are to be funded by a combination of sources including appropriations from the Commonwealth's Central Government budget, PRHTA's own funding, and FHWA funding.

Under the P3 concession options, it is assumed for all programmed and planned capital improvements to be publicly funded at the time of the P3 concession and proceed as retained capital improvements by PRHTA. This means that PRHTA will continue to fund and execute the improvement projects as planned on the Toll Roads. These funds are separate from the sources of funds assumed in the Study.

At the time of this Study, the programmed and publicly funded improvements for the Toll Roads amount to \$370.7 million but this amount is subject to change as PRHTA continues to make progress with the completion of such capital expenditures. The initial investment and major maintenance requirements under a concession structure are separate (and the concessionaire's responsibility) from the programmed capital improvements described in this section. Programmed capital improvements have identified sources of funding and are assumed to be implemented by PRHTA outside of this Study. The Study does not assume any additional sources of public funds other than programmed funds for capital improvements (implemented outside of this Study) as discussed above. Future identified public funds may be available and if implemented will ultimately increase the value of the Toll Roads.

The funding assumptions and structure for programmed capital improvements utilized in this Study do not necessarily reflect the transaction structure that the Authority and PRHTA may implement. The Authority, and PRHTA, will revisit the status of its capital improvements and include details and requirements in future solicitation documents.

Financial Model Development

The financial model developed for the quantitative assessment relies on financial inputs and assumptions that are estimated based on market precedent, the future landscape of a potential transaction, investor appetite, general market conditions, and the fiscal situation in Puerto Rico. The financing assumptions utilized reflect a sufficiently marketable deal to the private sector and assume an appropriate level of market liquidity and availability of funds that can be accessed by a concessionaire. At a high-level, the financial model solves each option based on the revenue, cost, and initial investment inputs at a certain gearing level and target range for a concessionaire's IRR. Gearing refers to the ratio of debt relative to equity in the transaction. IRR is used to estimate the return that an equity member expects to receive on its equity in the transaction for assuming a certain level of transaction risks. The financial model is optimized to ensure that standard transaction covenants are not breached and are in line with expectations (repayment requirements, debt service coverage, etc.).

Capital structure assumptions utilized in the financial model are in line with recent precedent transactions in Puerto Rico and consider recent movement in interest rates in the debt market. The debt structure assumes a long-term issuance and includes conservative assumptions to target an investment grade debt rating. The debt matures prior to the end of the concession term (leaving a short tail) and is in line with conservative lender requirements. Given the Commonwealth's current fiscal situation, it is difficult to estimate the interest rate that will be priced under debt repayment terms. As such, a similar interest rate to that of recent Puerto Rico brownfield toll road concessions was assumed.

The model solves to provide the range of concession payments that PRHTA may expect from a concessionaire based on the level of revenue generated by each option, less operations, minor and major maintenance, debt service, and other costs and funding requirements – a generally standard cash flow waterfall. Initial investments to bring the Toll Roads to a state of good repair are considered as required in a future P3 agreement. The range of concession payments is based on a target IRR between 11% and 13%. Any upfront concession payment will be used to pay down outstanding debt.

Figure 6.9 – Key Financing Metrics

Key Financing Metrics	Assumption
Gearing	≤70%
Interest Rate	7%
Tenor	35 years
Minimum debt service coverage ratio	1.60x
Target Pre-Tax Equity IRR Range	11% - 13%
Total Restructured Puerto Rico Debt Payoff Requirement	\$1,245 million
Commonwealth Loan to PRHTA	\$314 million

Quantitative Options Assessment

Concession of all Toll Roads

The Concession of all Toll Roads option is quantitatively assessed in the financial model based on the revenue, cost, financing, and general assumptions as described in this section. Results of this option are presented below based on an IRR of 11-13%. The total sources of funds in the table below is the total capital structure (debt plus equity) a concessionaire can raise based on the toll rate scenario provided. The initial capex investment includes the amount of initial investment costs that is required to bring the Toll Roads to a state of good repair. The debt payoff requirement includes the total amount that is required to be paid on outstanding debt and the additional Commonwealth loan amount.

Figure 6.10 – Concession of all Toll Roads (Option 2)

\$ (in Millions)	11% IRR	13% IRR
Total Sources of Funds	2,254	2,086
Less: Initial CAPEX Investments	(521)	(521)
Less: Other Fees and Reserve Accounts	(73)	(73)
Net Concession Payment to PRHTA	1,660	1,492
Less: Debt Payoff Requirement	(1,245)	(1,245)
Less: Commonwealth Loan to PRHTA	(314)	(314)
Net Proceeds	101	(67)
EBITDA ⁸ Multiple	13x	12x

The results of the Concession of all Toll Roads option based on the toll rate scenario described in this section suggest that a concessionaire can raise between \$2.1 and \$2.3 billion in total sources of funding, which can be used to fund initial capital expenses. The remaining amount after issuance fees and reserve requirements are funded can be used to pay outstanding debt. After making the payoff amount related with the outstanding debt and the Commonwealth loan this option appears to be marginally feasible at the 11% IRR level. This option, however, doesn't appear to be feasible after making the same debt payoff

⁸ Earnings before interest, taxes, depreciation, and amortization.

amount when including higher return requirements. The Concession of all Toll Roads option is feasible at the return requirements shown if the Commonwealth loan is repaid with alternative sources of funds (other than funds derived from the toll revenues).

Concession of PR-52

The Concession of PR-52 is quantitatively assessed in the financial model based on the revenue, cost, financing, and general assumptions as described in this section. Results of this option are presented below based on an IRR of 11-13%. This option assumes a lower debt payoff requirement on outstanding PRHTA debt and the Commonwealth loan given this option is for only PR-52. This debt amount is estimated based on the total amount of debt outstanding and PR-52's revenue in relation to the remaining toll roads. Debt is reduced on a pro rata basis. This assumption is preliminary in nature, only used for analysis and estimation purposes, and does not reflect the potential of a pro rata debt repayment scenario in practice.

Figure 6.11 – Concession of PR-52 (Option 3)

\$ (in Millions)	11% IRR	13% IRR
Total Sources of Funds	1,424	1,309
Less: Initial CAPEX Investments	(291)	(291)
Less: Other Fees and Reserve Accounts	(51)	(49)
Net Concession Payment to PRHTA	1,082	969
Less: Debt Payoff Requirement ⁹	(746)	(746)
Less: Commonwealth Loan to PRHTA ¹⁰	(188)	(188)
Net Proceeds	148	35
EBITDA Multiple	13x	12x

The results of the Concession of PR-52 option based on the toll rate scenario described in this Section suggest that a concessionaire can raise between \$1.3 and \$1.4 billion in sources of funding, that can be used to fund initial capital expenses, issuance fees and reserve funding requirements, as well as pay outstanding debt. This option appears to be marginally feasible in its current form and results in net proceeds to PRHTA of (ranging from \$35 to \$150 million) after funding of initial capital expenses and payment of outstanding debt and the Commonwealth loan (pro-rata).

However, the Concession of PR-52 option requires a private operator to improve, operate, and maintain only PR-52. The remaining Toll Roads (as well as the remaining debt assumed to be associated with these assets) will be the obligation of PRHTA under the Status Quo. Accordingly, PRHTA will receive revenue from the assets but will be responsible for the costs and risks associated with initial capital investments to bring these assets to a state of good repair, ongoing operation, and maintenance costs, as well as outstanding debt service requirements. Additional costs associated with the operation of these remaining Toll Roads under PRHTA control and oversight are not measured in this option but should be considered when assessing this option as a potential path forward.

⁹ Pro rata amount based on the total debt amount and PR-52's amount of revenue compared to the other Toll Roads.

¹⁰ Pro rata amount based on the expected loan amount and PR-52's amount of revenue compared to the other Toll Roads.

7. Conclusion and Recommendation

Conclusion

PRHTA has historically been unable to maintain the Toll Roads in a state of good repair and provide a reliable road network, due to funding constraints, aging infrastructure, rising capital costs, shrinking budgets, and lack of asset management planning, among others. PRHTA has historically followed a “worst-first” asset management strategy that prioritizes needs that require urgent investment instead of a preventative maintenance strategy. This has resulted in subpar condition of the roads and a maintenance backlog. In addition, the Commonwealth’s fiscal situation requires PRHTA to ensure funding is available for outstanding debt that is constraining PRHTA’s ability to serve its road network.

A variety of options are considered in this Study that aim to solve PRHTA’s historical challenges and address its outstanding debt situation. As highlighted in the Fiscal Plan, this Study analyzes the potential for P3 options through which significant level of risk is transferred to the private concessionaire in exchange for compensation via revenue generated by the Toll Roads. This Study aims to assess which of these options are desirable and convenient for the Authority to consider as it makes a go/no-go decision on whether to proceed with a potential procurement.

When assessed qualitatively, the results suggest that most of the potential options under consideration are not feasible without an upfront concession payment to address initial capital investment and outstanding debt repayment needs. The Status Quo option presents significant concerns for PRHTA given the historical challenges to maintain the Toll Roads and PRHTA’s responsibility to retain risks associated with the performance of the Toll Roads. The two concession options, a Concession of all Toll Roads and Concession of PR-52 are deemed feasible from a qualitative perspective.

From a quantitative perspective, both options result in an upfront concession payment that PRHTA can utilize to pay for initial capital investments and outstanding debt secured by toll revenue, though only in certain circumstances depending on the level of return that a concessionaire requires. For instance, the Concession of all Toll Roads option results in a net shortfall at a 13% IRR but appears to be marginally feasible when the return requirements are reduced to 11%. The Concession of PR-52 is marginally feasible across all scenarios, though includes a prorated outstanding debt assumption that has not been negotiated as part of PRHTA’s restructuring.

Recommendation

The results suggest that a Concession of all Toll Roads option appears to be desirable and convenient for the Authority when compared to the Concession of PR-52 and the remaining options within this Study. A Concession of all Toll Roads presents an opportunity for the Commonwealth to generate a concession payment which could be used to address the outstanding debt burden and provide initial capital investment (as shown in Figure 6.10) that significantly enhances the quality of the Toll Roads and achieves state of good repair. Users will benefit from an improved road network that has historically presented challenges under the Status Quo. The expectation is that a best-in-class operator will operate and maintain the Toll Roads at high performance levels and will bring their expertise to enhance and improve efficiency for toll operations. A Concession of PR-52 will result in similar benefits as the Concession of all Toll Roads option.

Despite the quantitative results suggesting the Concession of PR-52 is feasible throughout the IRR range shown, the benefits would only pertain to PR-52. The improvement, operation, and maintenance of the remaining Toll Roads will be delivered under the Status Quo option, which has historically posed challenges for PRHTA and resulted in sub-optimal road conditions. The cost of PRHTA continuing to operate and maintain the remaining Toll Road assets have not been analyzed within this Study.

In terms of feasibility, the Concession of all Toll Roads appears to be marginally feasible at the lower end of the range of return requirements after payoff of the amounts related to the outstanding debt and the Commonwealth loan. Depending on the results obtained in this transaction, the Commonwealth might also consider different alternatives for the repayment of the subordinate debt obligation which will contribute to enhanced feasibility. The assets present an investment opportunity given the current private market appetite for established infrastructure assets that generate steady long-term cash flow, the additional confidence in Puerto Rico as the Commonwealth emerges from bankruptcy, and the Authority's long history implementing public-private partnership projects. However, these considerations have not been validated with the market yet and this may result in different pricing compared to what is assumed in this Study.

Due to the benefits discussed above, it is recommended that the Authority pursue a P3 transaction under a concession model for the long-term improvement, operation, and maintenance of the Toll Roads.

The Authority and PRHTA have included general assumptions around the structure of a potential future transaction for the purposes of developing this Study. The assumptions included in this Study do not necessarily represent the structure of a future transaction, which will be developed by the Authority and PRHTA. Details surrounding the actual structure of the transaction will be provided in future solicitation documents.

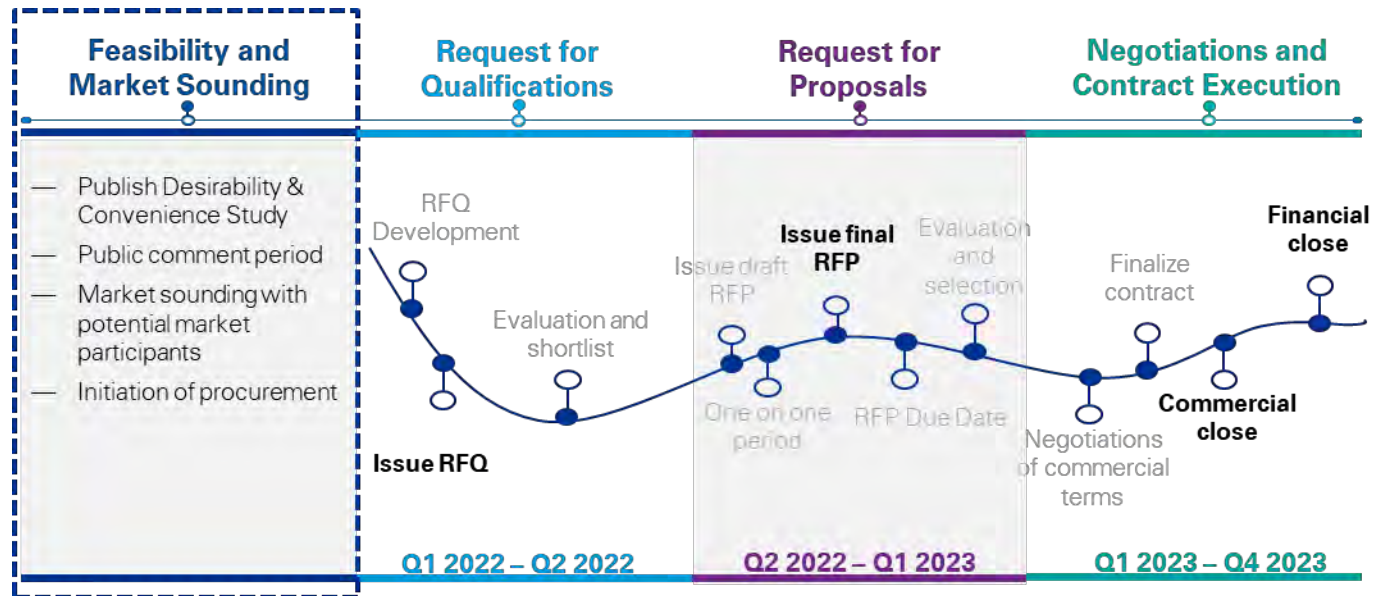
Next Steps

Pursuant to the requirements of Article 7 of Act 29 and Section 5 of the Regulation, the Authority is asking for comments in connection with the Study. The comments must be submitted in writing to the following email: tollroadsproject@p3.pr.gov. The Authority will acknowledge receipt of those comments submitted by email within two (2) business days of receipt. The Authority may also, but will not be obliged to, respond or ask follow-up questions regarding the comments received. The deadline for submitting comments is **April 25, 2022 on or before 5:00pm AST.**

In parallel with the public comment period, the Authority will solicit industry feedback to gauge interest and considerations on the recommended transaction structure from potential industry participants. **The Authority encourages entities that are interested in participating in the Authority's market sounding process to contact the email address provided above.**

Following the adoption of the Study in the second quarter of 2022, a formal procurement is anticipated to commence with the issuance of the Request for Qualifications (RFQ). Shortlisting, issuance of a draft RFP, and one on one meetings will be completed leading up to the publication of the Final Request for Proposals (RFP). This Request for Proposals phase of the procurement is expected between Q2 2022 and Q1 2023. The final steps of the P3 procurement process, project award, and financial close are expected to be reached by the first quarter of 2023 and span throughout the rest of the year. The timeline below summarizes the expected next steps of the transaction. The expected dates for each step are subject to change.

Figure 7.1 – Anticipated Timeline



Appendix B: Request for Qualifications



Request for Qualifications

for the Puerto Rico Toll Roads Monetization Project



Government of Puerto Rico
Puerto Rico Public-Private Partnerships Authority

Issued: August 1, 2022

As amended by:

Addendum No. 1 of September 6, 2022

Addendum No. 2 of September 26, 2022

Contents

1	Overview and Background	1
1.1	Project Description	1
1.2	Background to Puerto Rico's PPP Program	1
1.3	Establishment of PPP Committee	2
1.4	Function of This RFQ	2
1.5	Disclaimer	2
1.6	Limitation of Damages.....	4
1.7	Judicial Review	4
2	Procurement Process	5
2.1	Process Description.....	5
2.2	Procurement Schedule	5
2.3	Questions, Requests for Clarification, Addenda	6
2.4	Withdrawal of SOQ.....	6
2.5	No Liability for Costs	7
2.6	Modification and Termination Rights	7
2.7	Authorization for Further Investigation.....	7
2.8	No Collusion or Lobbying	7
2.9	Restricted Parties.....	8
2.10	Reporting of Material Change	9
2.11	Consortia	9
3	Toll Roads Description	11
3.1	Toll Roads Overview and History	11
3.1.1	PR-52.....	11
3.1.2	PR-53.....	12
3.1.3	PR-66.....	12
3.1.4	PR-20.....	13
3.2	Historical Transactions and Revenue	14
3.2.1	PR-52.....	14
3.2.2	PR-53.....	16
3.2.3	PR-66.....	17

3.2.4	PR-20.....	18
3.3	Historical Toll Rates.....	19
3.4	Status of Toll Roads	20
3.4.1	PR-52.....	20
3.4.2	PR-53.....	20
3.4.3	PR-66.....	20
3.4.4	PR-20.....	21
3.5	Electronic Toll Collection.....	21
3.6	PRHTA Debt Restructuring.....	21
3.6.1	Overview.....	21
3.6.2	PROMESA and Agreement Approval	22
3.6.3	Outstanding PRHTA Debt	22
3.7	Potential Additional Project Scope.....	22
4	Toll Roads Investment Highlights	24
4.1	Long Operating History for Essential Roads	24
4.2	Little or No Competition	24
4.3	Vital Component to Puerto Rico's Commercial Network.....	24
4.4	Operational Efficiencies Possible Across System.....	24
4.5	Market Tested Precedent Concession Agreement.....	24
4.6	Enhanced Counterparty Credit Quality	24
5	Evaluation Process and Criteria	25
5.1	SOQ Evaluation Procedure	25
5.1.1	Responsiveness Review	25
5.1.2	Pass/Fail Criteria.....	25
5.1.3	Evaluation Criteria and Weighting	26
6	SOQ Content and Submittal Requirements	29
6.1	General	29
6.2	Format	29
6.2.1	Number/Type of Copy	29
6.2.2	Limitations	29
6.2.3	Signatures	29

6.2.4	Organization	29
6.2.5	Submittal Requirements.....	29
6.2.6	Communication.....	30
6.2.7	Dataroom Access Information	30
6.3	Confidentiality of SOQ.....	30
6.4	Use of Confidential Information	31
6.5	Conflicts of Interest and Ineligible Persons	32
	Volume 1 – General Information	1
	Volume 2 – Technical Information (Maximum 12 Pages)	2
	Volume 3 – Financial Information (No Page Limit)	3
	Volume 4 – Project Finance Qualifications and Capability (Maximum 11 pages)	7
	Form A-1 – Form of Respondent Certification	1
	Form A-2 – Form of Document Acknowledgment and Contact Information	5
	Form B-1 – Form of Information Regarding Respondent Team	6
	Form B-2 – Form of List of Respondent Team Members	8
Exhibit A.	Defined Terms.....	A-1
Exhibit B.	Organization of Statement of Qualifications	B-1
Exhibit C.	Statement of Qualifications Contents.....	C-1
	Volume 1 - General Information.....	C-1
	Volume 2 - Technical Information	C-2
	Volume 3 - Financial Information	C-3
	Volume 4 - Project Finance Qualifications and Capability	C-7
Exhibit D.	Supplementary Materials	D-1
	Form A-1 – Form of Respondent Certification	D-1
	Form A-2 – Form of Document Acknowledgment and Contact Information	D-5
	Form B-1 – Form of Information Regarding Respondent Team.....	D-6
	Form B-2 – Form of List of Respondent Team Members.....	D-8

1 Overview and Background

1.1 Project Description

The Puerto Rico Public-Private Partnerships Authority (the “Authority”), in collaboration with the Puerto Rico Highways and Transportation Authority (“PRHTA”), hereby requests Statements of Qualifications (“SOQs”) from Respondents interested in becoming the entity responsible for financing, operating, maintaining and improving the following toll roads on the island of Puerto Rico – PR-20, PR-52, PR-53 and PR-66 (collectively, the “Toll Roads”) – pursuant to a long-term concession agreement (the “Agreement”). The Authority is also considering expanding the scope of work of the Project (as defined below), as part of the Request for Proposals (“RFP”) process, to include the development and extension of Dynamic Tolling Lanes (“DTL”) on PR-30, as further described in Section 3.7 of this RFQ (as defined herein).

The Authority is conducting a procurement process whereby PRHTA will ultimately enter into a public-private partnership relating to the Toll Roads, under which a private entity (the “Concessionaire”) will be required to finance, operate, maintain and improve the Toll Roads (the “Project”). In conducting this procurement process, the Authority and PRHTA are seeking to (a) maximize the upfront value for the Toll Roads to allow the PRHTA to reinvest in transportation improvements in Puerto Rico; (b) address outstanding PRHTA debt and (c) improve the Toll Roads’ safety standards, service levels and roadway quality. The Authority intends to continue contracting separately with a private party to collect toll revenues, including for the benefit of the Concessionaire in connection with the Project.

Respondents are encouraged to review the following documents for further background on the Project:

- the Project’s Desirability and Convenience Study, which analyzed potential procurement options for the Toll Roads and recommended a preferred option for the Authority to implement; and
- PRHTA’s Fiscal Plan, certified on February 22, 2022 by the Puerto Rico Financial Oversight and Management Board (“FOMB”).

The Desirability and Convenience Study is available for download on the Authority’s website at: <http://www.p3.pr.gov>.

PRHTA’s Fiscal Plan is available for download at: https://drive.google.com/file/d/1STrf0ksj1Sqc54UkABGcjyrblZvc_JEm/view.

1.2 Background to Puerto Rico’s PPP Program

Act No. 29-2009, also known as the Public-Private Partnership Act (as amended, the “PPP Act”) was approved on June 8, 2009. The PPP Act provides that the public policy of the Commonwealth of Puerto Rico (the “Government”) is to favor and promote the establishment of public-private partnerships (“PPPs”) for the development of certain Priority Projects (as defined in the PPP Act) to, among other things:

- further the development and maintenance of infrastructure facilities;
- share with the private sector the risks involved in the development, operation or maintenance of such projects;
- improve the services rendered by, and the functions of, the Government; and
- encourage job creation and promote Puerto Rico’s competitiveness and socio-economic development.

The PPP Act provides that the public policy with respect to PPPs is to maintain such controls as are necessary to protect the public interest while providing for the profit-making purpose of any private operation. The contractual relationship must be mutually beneficial, ensuring the efficient, effective and affordable provision of public goods and services to Puerto Rico's residents.

The PPP Act created the Authority as a public corporation of the Government affiliated with the Puerto Rico Fiscal Agency and Financial Advisory Authority (known by the Spanish acronym "AAFAF"). The Authority is the sole government entity authorized and responsible for implementing the Government's public policy on PPPs and for determining the functions, services or facilities for which PPPs are to be established.

1.3 Establishment of PPP Committee

As provided for in the PPP Act, the Authority must establish a committee (the "PPP Committee") that will be responsible for (a) qualification, evaluation and selection processes for the PPP; (b) establishment and negotiation of the terms and conditions of the Agreement and (c) reporting on the procedures followed in the PPP process. The PPP Committee has been established for the Project.

Respondents should note that the PPP Committee is vested with the authority to negotiate the terms of the Agreement. PRHTA has been authorized to execute the Agreement negotiated by the PPP Committee, subject to the approval of (i) the board of directors of each of the Authority and PRHTA, (ii) the FOMB and (iii) the Governor of Puerto Rico or his delegate. The Agreement does not require the approval of the Legislative Assembly of Puerto Rico.

1.4 Function of This RFQ

This Request for Qualifications (the "RFQ") is issued pursuant to Section 3 of the PPP Act and Section 4.4 of the Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Public-Private Partnership Contracts under Act No. 29 of June 8, 2009, as amended (the "PPP Regulation"). This RFQ may be amended at any time through the publication of Addenda which will be posted on the Authority's website: <http://www.p3.pr.gov>. Respondents will be responsible for periodically checking the Authority's website for announcements and publication of relevant information concerning this process, including any Addenda.

Respondents should carefully review the PPP Act and the PPP Regulation and should ensure that, in addition to the terms and conditions of this RFQ, they comply with all applicable provisions set out therein. Both the PPP Act and the PPP Regulation may be downloaded on the Authority's website: <http://www.p3.pr.gov>.

The Authority is issuing this RFQ because (i) it has determined that the Project meets the requirements of Article 3 of the PPP Act and (ii) the Desirability and Convenience Study determined that it is advisable to pursue the establishment of a PPP in connection with the Project.

1.5 Disclaimer

The information provided in this RFQ, or any other written or oral information provided in connection with the Project or the selection process (the "Provided Information") is provided for the convenience of Respondents only. Respondents shall make their own conclusions as to the Provided Information. Non-written communications or instructions from officials, employees or consultants of the Authority, PRHTA, the PPP Committee or any Puerto Rico public agency shall not be considered binding on the Authority, PRHTA, the PPP Committee, AAFAF or the Government. The Authority, PRHTA and the PPP Committee, and their respective officers, employees and consultants, make no representation as to the

Provided Information, and the accuracy and completeness of such information is not warranted by any of them and none of them shall have any liability in connection with such information or the selection process. By participating in this RFQ process and, if applicable, the RFP process, Respondents affirmatively and expressly waive any and all current or future liability that might arise from or in relation to the Provided Information.

In connection with the Project, the Authority and PRHTA reserve all rights (which rights shall be exercisable by the Authority and PRHTA in their sole and absolute discretion) available to them under applicable laws and regulations, including, without limitation, with or without cause and with or without notice, the right to:

- modify the procurement process to address applicable law or the best interests of the Authority, PRHTA, AAFAF or the Government;
- carry out the procurement process in any manner that they deem necessary (if the Authority and PRHTA are unable to negotiate the Agreement to their satisfaction with a Respondent, they may negotiate with the next highest ranked Respondent, terminate the process and pursue other alternatives relating to the Project or exercise such other rights as they deem appropriate);
- cancel the procurement process, in whole or in part, at any time prior to the execution by PRHTA of the Agreement, without incurring any obligations or liabilities;
- issue a new RFQ after withdrawal of this RFQ;
- reject any and all submittals and responses received at any time;
- modify all dates set or proposed in this RFQ;
- terminate evaluations of responses received at any time;
- exclude any Respondent from submitting any response to this RFQ, based on failure to comply with any requirements;
- issue Addenda, supplements and modifications to this RFQ;
- require confirmation of information furnished by a Respondent, require additional information from a Respondent concerning its response or require additional evidence of qualifications to perform the work described in this RFQ;
- seek or obtain data from any source that has the potential to improve the understanding and evaluation of the responses to this RFQ;
- add or delete Respondent responsibilities from the information contained in this RFQ or any subsequent process instruments;
- negotiate with any party without being bound by any provision in its response;
- waive deficiencies in a response to this RFQ or permit clarifications or supplements to a response to this RFQ;
- add or eliminate any aspect or component of the Project;
- modify the Project described in this RFQ;
- incorporate Respondent's response to this RFQ as part of the Agreement or any other formal agreement with the selected Respondent;
- decline to issue a notice to proceed after execution of the Agreement or any other formal agreement with the selected Respondent; or
- exercise any other right reserved or afforded to the Authority or PRHTA under the PPP Act, the PPP Regulation or this RFQ.

This RFQ does not commit the Authority or PRHTA to enter into a contract or proceed with the Project as described herein. The Authority, PRHTA, AAFAF and the Government 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 or responding to this RFQ, or in considering or making any submission. All costs shall be borne solely by each Respondent.

In no event shall the Authority or PRHTA be bound by, or liable for, any obligations with respect to the Agreement until such time (if at all) as the Agreement, in form and substance satisfactory to the Authority, PRHTA and the Governor, has been executed and authorized by PRHTA and then only to the extent set forth therein.

1.6 Limitation of Damages

By submitting an SOQ, each Respondent agrees that in no event, and under no circumstances, will the Authority, PRHTA, the PPP Committee, AAFAF, the Government or any of their respective directors, officers, employees, advisors, counsel or representatives be liable for any Claim (as defined herein) or liable for any request to reimburse or compensate Respondent, any Team Member (as defined herein), any Guarantor (as defined herein) or their respective directors, officers, employees, advisors, counsel or representatives, in any manner whatsoever, including, without limitation, any costs of preparation of an SOQ or a response to the RFP, loss of anticipated profits, loss of opportunity or for any other matter.

Without in any way limiting the above, each Respondent, Team Member and Guarantor specifically agrees that it will have absolutely no Claim against the Authority, PRHTA, the PPP Committee, AAFAF or the Government or any of their respective directors, officers, employees, advisors, counsel or representatives if any such person for any reason whatsoever:

- does not select any Qualified Respondents eligible to receive the RFP;
- suspends, cancels or in any way modifies the Project or the solicitation process (including modification of the scope of the Project or modification of this RFQ or both);
- accepts any compliant or non-compliant response or selects a list of one or more Qualified Respondent(s);
- under the terms of this RFQ, allows or does not allow a Restricted Party to advise, assist or participate as part of a Respondent, a Team Member or a Guarantor; or
- breaches or fundamentally breaches a contract or legal duty of the Authority, PRHTA, the PPP Committee, AAFAF or the Government, whether express or implied, and each Respondent, each Team Member and each Guarantor, by submitting an SOQ affirmatively waives any and all Claims whatsoever, including Claims for loss of profits or loss of opportunity, if Respondent is not selected as a Qualified Respondent for any other reason whatsoever.

1.7 Judicial Review

Section 20 of the PPP Act provides for judicial review of the selection and award process for the Project under certain circumstances. Respondents are advised to review the PPP Act for further information. Judicial review of the selection and award process may only be pursued in accordance with Section 20 of the PPP Act.

[Remainder of Page Intentionally Left Blank]

2 Procurement Process

2.1 Process Description

The Authority will evaluate all received SOQs to select a shortlist of Respondents that are eligible to receive the RFP (“Qualified Respondents”) pursuant to the criteria outlined herein. Pursuant to Section 5.4 of the PPP Regulation, the PPP Committee reserves the right to limit in its sole and absolute discretion the number of Qualified Respondents.

The Authority anticipates releasing the RFP after the shortlisting of Respondents. The RFP, as it may be supplemented by Addenda, will include a scope of work, draft Agreement and detailed methodology for determining the Proposal that provides the best overall value. The Authority or PRHTA may schedule one-on-one or group meetings to discuss the RFP with the Qualified Respondents.

Following receipt and evaluation of Proposals, based on a determination of best value, the PPP Committee may begin negotiations with the highest rated Qualified Respondent and recommend the award and execution of the Agreement with such Qualified Respondent. If such negotiations are not successful, the PPP Committee may negotiate with the next highest rated Qualified Respondent. Alternatively, the procurement may be terminated.

The PPP Committee, in selecting Qualified Respondents, may disqualify a Respondent for any of the reasons stated in Sections 8.1 (Disqualifying Events) and 8.2 (Other Grounds for Disqualification) of the PPP Regulation, or if Respondent:

- is ineligible to submit a proposal on one or more grounds specified in the PPP Act or the PPP Regulation;
- fails to satisfy the standards established by the PPP Committee as described in Section 5 of this RFQ; or
- fails to comply with the requirements of Sections 9(a) (Applicable Requirements and Conditions for those who wish to be considered as Proponents) or 9(d) (Consortia) of the PPP Act, as applicable.

2.2 Procurement Schedule

Issue RFQ	August 1, 2022
Deadline for first round of questions regarding this RFQ	August 22, 2022 at 5:00PM AST
Deadline for Authority to respond to first round of RFQ questions	September 6, 2022
Deadline for second round of questions regarding this RFQ	September 14, 2022 at 5:00PM AST
Deadline for Authority to respond to second round of RFQ questions or issue Addenda	September 21, 2022
Deadline for prospective Respondents to provide Dataroom Access Information	September 26, 2022 at 5:00PM AST
SOQ Due Date	October 5, 2022 at 2:00PM AST

This schedule is subject to modification at the sole and absolute discretion of the Authority. Respondents will be notified of any change by an Addendum to this RFQ. The Authority intends to issue the RFP after selection of Qualified Respondents. All times set forth herein shall be Atlantic Standard Time ("AST").

2.3 Questions, Requests for Clarification, Addenda

In order to facilitate receipt, processing and response, Respondents must submit all questions and requests for clarification regarding this procurement (each, an "RFC") in writing to the following email:

tollroadsproject@p3.pr.gov

Respondents are responsible for ensuring that any written communications clearly indicates that it relates to the Project. The Authority may make edits to this RFQ in response to RFCs. Alternatively, the Authority may respond to those questions deemed to be material and not adequately addressed through Addenda to this RFQ.

The Authority will not respond to Respondents' questions or RFCs that are not submitted in accordance with this Section 2.3. The Authority may, in its sole and absolute discretion, provide to all Respondents all submitted questions or RFCs, along with the Authority's answers thereto, without expressly identifying the originator; provided however that, as described below, the Authority will not provide commercially confidential inquiries and responses to all Respondents.

Any response provided by the Authority other than by way of an Addendum issued in accordance with this RFQ will not be binding on the Authority or PRHTA, nor will it change, modify, amend or waive the requirements of this RFQ in any way. Respondents should not rely on any response or information that is not provided by way of a written Addendum.

Respondents may also make inquiries regarding matters they consider to be commercially sensitive or confidential. Respondents must designate such inquiries as "commercially confidential". If the Authority determines, in its sole and absolute discretion, that an inquiry designated as commercially confidential is of general application or would provide a significant clarification to this RFQ or any process or other matter outlined hereunder, the Authority may issue a clarification to all Respondents via Addenda posted to the Authority's website to address such matter. If the Authority agrees with Respondent's designation of an inquiry as commercially confidential, the Authority will provide a response only to Respondent that submitted the commercially confidential inquiry, and such inquiry and response will not be provided to other Respondents.

The Authority reserves the right to amend this RFQ at any time. All amendments to this RFQ will be described in written Addenda. Respondents are encouraged to review the Authority's web page regularly. All Addenda will become part of this RFQ. In the event of any conflict in the wording or any issue of interpretation, an issued Addendum will take priority over the original wording in this RFQ and any wording in any prior Addenda. Each Respondent will, in its SOQ, acknowledge receipt of each Addendum. Each Respondent is solely responsible to ensure that it has received all communications issued by the Authority. A failure to obtain any such communication is at the sole and absolute responsibility of and risk to Respondent, and the Authority and PRHTA accept no responsibility for the failure of any Respondent to receive or obtain all RFQ information (including Addenda). Each response to this RFQ is deemed to be made based on the complete RFQ, as amended by any Addenda.

2.4 Withdrawal of SOQ

A Respondent may withdraw an SOQ by delivering to the Authority a request for withdrawal prior to the SOQ Due Date to the address for delivery of SOQs set forth in Section 6.2.5 of this RFQ. Any such

withdrawal does not prejudice the right of a Respondent to submit another SOQ prior to the SOQ Due Date.

2.5 No Liability for Costs

The Authority, PRHTA, AAFAF, the Government or other agencies and instrumentalities of the Government, and their respective advisors, are not responsible for costs or damages incurred by Respondents, Teams, Team Members, Key Subcontractors (as defined herein), Guarantors or other interested parties in connection with the solicitation process, including but not limited to costs associated with preparing responses, qualifications and proposals, and of participating in any conferences, oral presentations or negotiations. A Respondent will not be entitled to indemnity (including, but not limited to, reimbursement for costs and expenses) from the Authority, PRHTA, AAFAF, the Government or any other agency or instrumentality of the Government, if the Authority or PRHTA decide, in their sole and absolute discretion, to terminate the procurement process for the Project.

2.6 Modification and Termination Rights

At any stage of the procurement process, the Authority and PRHTA reserve the right to modify or terminate this RFQ process or the RFP process for the Project if the Authority or PRHTA determine such action to be in their best interests. The receipt of proposals or other documents at any stage of either this RFQ process or the RFP process will in no way obligate the Authority or PRHTA to enter into the Agreement or any other contract of any kind with any party.

2.7 Authorization for Further Investigation

By participating in this RFQ process, each Respondent specifically authorizes the Authority, PRHTA, the PPP Committee and their respective officers, employees and consultants to make any inquiry or investigation to verify the statements, documents and information submitted in connection with this RFQ, including requesting information from governmental authorities, and to seek clarification from Respondent's officers, employers, advisers, accountants and clients.

2.8 No Collusion or Lobbying

Respondents shall not discuss or communicate, directly or indirectly, with any other Respondent(s) or any director, officer, employee, consultant, advisor, counsel, accountant, other consultant or representative of any other Respondent regarding the preparation, content or presentation of their respective SOQs. SOQs must be submitted without any connection (whether arising through sharing of knowledge, comparison of information, an equity interest in another Respondent (other than an equity interest that does not represent Control of such entity, as determined by the Authority in its sole and absolute discretion), or any other arrangement) with any other Respondent or any director, officer, employee, advisor, counsel, accountant or other consultant or representative of any other Respondent.

By submitting an SOQ, a Respondent, on its own behalf and as authorized agent of each firm, corporation or individual Team Member or Guarantor of such Respondent, represents and confirms to the PPP Committee, with the knowledge and intention that the Authority may rely on such representation and confirmation, that its SOQ has been prepared without collusion with other Respondents, fraud or unfair advantages. The Authority and the PPP Committee reserve the right to disqualify any Respondent that does not comply with this provision.

Except as expressly contemplated by this RFQ or as expressly directed or permitted by the PPP Committee, Respondents, Team Members, Guarantors and their respective directors, officers, employees, advisors, counsel, accountants and other consultants and representatives will not, attempt to

communicate directly or indirectly with any representative of the Authority, PRHTA, the PPP Committee, AAFAF, the Government, the FOMB or the federal government (other than via an RFC or other official communication following the communications protocol indicated herein) in relation to the Project or this RFQ, at any stage of this procurement, including during the evaluation process. The Authority and the PPP Committee reserve the right to disqualify a Respondent that does not comply with this provision.

2.9 Restricted Parties

The following entities will be deemed “Restricted Parties” and neither they nor their respective directors, officers, partners, employees or persons or legal entities related to them are eligible to participate or to otherwise assist any Respondent, directly or indirectly, or participate in any way as a director, officer, employee, advisor, counsel, accountant or other consultant or otherwise in connection with any Respondent. Each Respondent will ensure that it does not use, consult, include or seek advice from any Restricted Party. The following Restricted Parties have been identified:

- Alvarez & Marsal North America, LLC
- Ankura Consulting Group, LLC
- A&S Legal Studio PSC
- Citigroup Global Markets Inc.
- CMA Architects & Engineers, LLC
- CPM P.R. LLC
- Eclipse Management, LLC
- Ernst & Young, LLP
- KPMG LLP
- Gordon Proctor & Associates
- McKinsey & Company, Inc./McKinsey & Company Puerto Rico Consulting, Inc.
- Nixon Peabody, LLP
- O’Melveny & Myers LLP
- O’Neill & Borges LLC
- Pietrantonio Mendez & Alvarez LLC
- PJT Partners LP
- Proskauer Rose LLP
- Starisis Corporation
- Steer
- The Brattle Group, Inc.

At all times during the procurement process, Respondents must comply, and must ensure that all persons engaged to provide any type of assistance in connection with the Project are in compliance, with the Authority’s Guidelines for the Evaluation of Conflicts of Interest and Unfair Advantages in the Procurement of Public-Private Partnership Contracts (the “Ethics Guidelines”), which are available for download on the Authority’s website: <http://www.p3.pr.gov>.

Respondents should be aware that the list of Restricted Parties is not exhaustive and that a person that is not included as a Restricted Party may still be prohibited from participating in the Project pursuant to the provisions of the Ethics Guidelines.

Except as to any Restricted Party, the fact that a person provides or has provided services to the Authority, PRHTA, the FOMB or AAFAF in matters not related to the Project may not automatically prohibit such person from participating in the Project. To the extent any question exists as to whether such a person is a Restricted Party, Respondent should consult with the Authority.

2.10 Reporting of Material Change

Prior to qualification of Respondents or the issuance of the RFP, the Authority and PRHTA may, in their sole and absolute discretion, request that a Respondent confirm that there have been no material changes to the information submitted with respect to Respondent or any Team Member or Guarantor in the relevant SOQ. If there have been any material changes to the submitted information, Respondent must provide details of such changes in accordance with any requirements the Authority or PRHTA may impose at that time. The PPP Committee will evaluate the information submitted by Respondent in accordance with the evaluation criteria set out in Section 5 of this RFQ and may revise the results of Respondent's evaluation as a result of such evaluation.

2.11 Consortia

To the extent that any Respondent has formed or proposes to form a consortium to participate in this RFQ, such Respondent should submit an SOQ jointly setting out the identity and capabilities of all Team Members and Guarantors.

No person or legal entity may join or participate, directly or indirectly, as a Team Member or Guarantor with more than one Respondent. Each person or legal entity who participates as a Team Member or Guarantor must ensure that each other person or legal entity which is a Related Entity (as defined herein) does not join or participate, directly or indirectly, as a Team Member or Guarantor of any other Respondent without the prior written consent of the PPP Committee.

Notwithstanding the preceding paragraph, as the Authority and PRHTA wish to maximize participation from Local Construction Companies, no Respondent (or Team Member or Guarantor thereof) may form any exclusive business arrangement with any Local Construction Company (as defined herein) with respect to the Project unless such Local Construction Company is expected to be an equity investor of at least 10% in the Concessionaire (in which case such Local Construction Company shall be subject to the prohibition in the preceding paragraph).

Respondent, Team Members and Guarantors identified in the SOQ shall remain constant for the duration of the procurement process, including during the RFP process if such Respondent is selected as a Qualified Respondent.

Each Respondent must notify the PPP Committee in writing of any proposed changes to itself or its Team Members or Guarantors. The PPP Committee will review such requests, but shall have no obligation to approve such proposed changes and may approve or disapprove such changes at its sole and absolute discretion. Unauthorized changes to Respondent, Team Members or Guarantors at any time during the procurement process may result in the disqualification of Respondent from further consideration.

Please note that (i) Respondents who are not shortlisted as a Qualified Respondent, and their Team Members and Guarantors, may subsequently be permitted to join a Qualified Respondent team and (ii) Qualified Respondents may also add other Team Members and Guarantors during the RFP process,

provided in each case that the procedure regarding changes to Respondents, Team Members or Guarantors set forth above is followed in each case.

The Authority is entitled to condition the selection of a Respondent as a Qualified Respondent upon such Respondent joining one or more other Respondent(s) for the RFP process if, based on the qualifications of all Respondents, the Authority determines that:

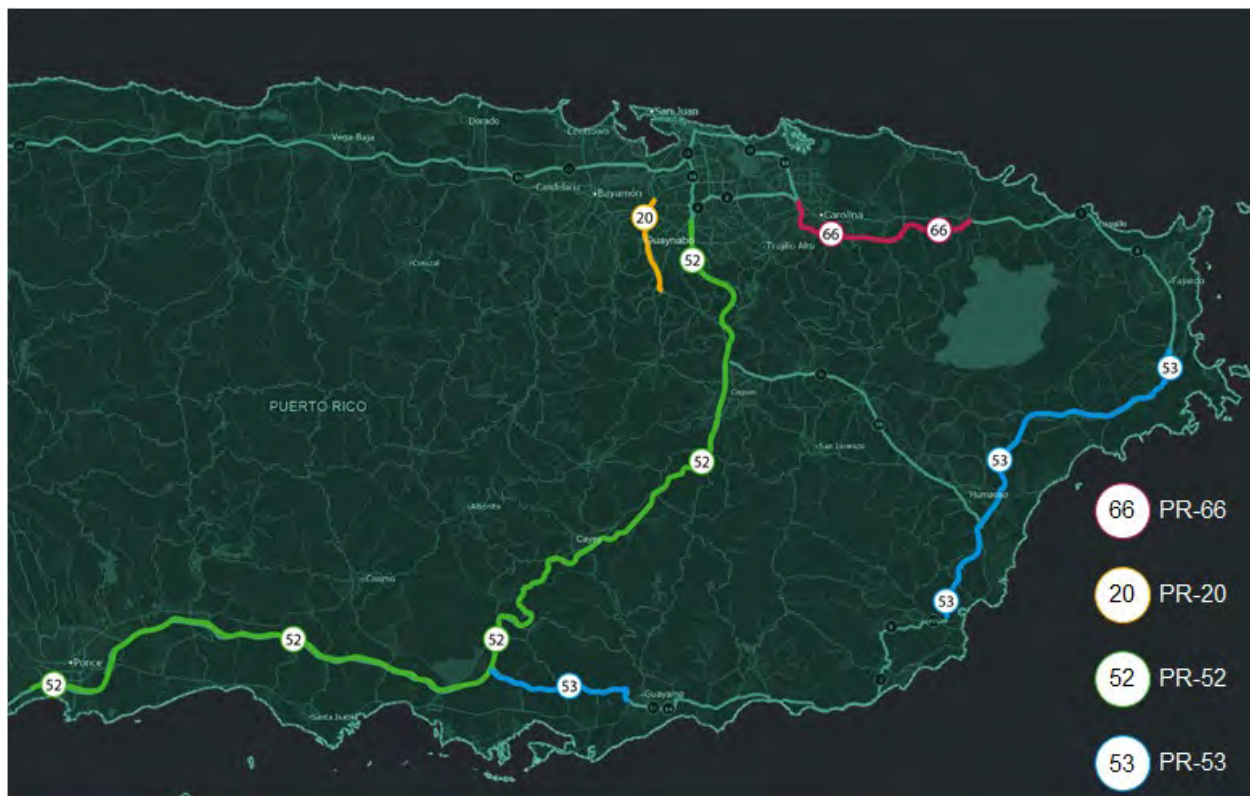
- such action better serves the public interest; or
- the evaluation criteria set forth in Section 9(c) of the PPP Act are better met if such action is taken.

3 Toll Roads Description

3.1 Toll Roads Overview and History

The Toll Roads consist of four toll roads, known as PR-20, PR-52, PR-53 and PR-66. Collectively, the Toll Roads amount to approximately 622.25 lane miles and served nearly 118 million vehicle transactions in fiscal year 2021.

The Toll Roads provide direct links throughout the northeastern, eastern and southern regions of Puerto Rico. PR-52 and PR-66 originate within the San Juan metropolitan area and extend into the southern and eastern municipalities of the island, respectively. PR-53 originates in the municipality of Fajardo, in the island's east coast, and extends towards the south. PR-20 is a critical freeway that increases mobility through the municipality of Guaynabo, which is both part of the San Juan Metropolitan Area and one of the largest cities outside San Juan. The following map provides the location of the Toll Roads.



3.1.1 PR-52

Also known as the “Luis A. Ferré Highway,” PR-52 is the longest toll road on the island and is designated a part of the National Highway System (“NHS”). PR-52 commences at the intersection of PR-18 and PR-1 in the municipality of San Juan and runs southwest for a total length of 108.3 km (67.3 miles). PR-52 connects the municipality of San Juan with the municipalities of Trujillo Alto, Caguas and Cayey, leads into Salinas, Santa Isabel and Juana Díaz, and ends in Ponce in the south of the island. PR-52 directly serves a total of fifteen municipalities with an aggregate population of over one million in 2019. PR-52 is a critical route between San Juan, in the north, and the economic activity that takes place in the southern region of Puerto Rico. Construction of PR-52 began in 1968 and was completed in 1975. In 1993, the

Commonwealth of Puerto Rico enacted Act No. 118-1993, which named PR-52 as the “Luis A. Ferré Highway.”

PR-52 is a 6-lane road between San Juan and the township of Cayey, and a 4-lane road between Cayey and the municipality of Ponce.

Traffic Base	Primarily commuters to the San Juan, Caguas and Ponce urban centers
Vehicle Type	Passenger and Commercial
Toll Collection Method	ETC
Toll Plazas	Eight plazas: Montehiedra, Caguas Norte, Caguas Sur, Salinas, Salinas Sur, Juana Díaz Este, Juana Díaz Oeste and Ponce. Ponce is bi-directional.
Average Daily Transactions (2021)	205,134
Average Toll Revenue per Transaction (2021)	\$1.05
Annual Revenue (2021)	\$78.9 million
Competing Roads	PR-1
Revenue Contribution (2021)	Approximately 55% of the revenue from the Toll Roads

3.1.2 PR-53

Officially named the “José Celso Barbosa Highway,” PR-53 is part of the NHS. PR-53 is 59.3 km (36.8 miles) long and commences in the municipality of Fajardo, passes through the municipalities of Ceiba, Naguabo and Humacao, and ends in Yabucoa where it connects with PR-901. PR-53 directly serves traffic in the eastern most part of the island with direct service to seven municipalities, including the adjacent municipalities of Las Piedras and San Lorenzo, that had a population of approximately 222,050 in 2019. PR-53 runs parallel to PR-3, which travels from Fajardo to Salinas. The construction of PR-53 began in 1988 with its first segment opening to the public in 1994. Construction of PR-53 is incomplete and has intermittent segments in the municipalities of Salinas, Guayama, Arroyo and Patillas.

PR-53 is a 4-lane road for much of its length.

Traffic Base	Mixed Use, connecting Fajardo to Salinas but not passing through urban centers
Vehicle Type	Passenger and Commercial
Toll Collection Method	ETC
Toll Plazas	Five plazas: Ceiba, Humacao Norte, Humacao Sur, Guayama and Hucar
Average Daily Transactions (2021)	57,921
Average Toll Revenue per Transaction (2021)	\$0.89
Annual Revenue (2021)	\$18.8 million
Competing Roads	PR-30 to PR-52 from Humacao to Salinas PR-3
Revenue Contribution (2021)	Approximately 14% of the revenue from the Toll Roads

3.1.3 PR-66

Officially named the “Roberto Sánchez Vilella Highway,” PR-66 travels east-west for 14.1 km (8.8 miles). PR-66 commences at the PR-3 intersection, extends through the municipalities of Carolina and Canóvanas, and ends in the municipality of Río Grande. PR-66 serves the northeastern portion of Puerto

Rico. The three municipalities directly served by PR-66 had a total population of approximately 240,000 in 2019. The municipality of Carolina serves as the home location of Puerto Rico's Luis Muñoz Marín International Airport and is part of the San Juan Metropolitan Area, which makes PR-66 a key corridor within the San Juan metro transportation system. PR-66 was developed to improve connectivity to the eastern region.

PR-66 was developed in two major phases. The first phase, which crosses the municipalities of Carolina and Canóvanas, began construction in 1997 and opened for operations in 2006. This first phase has the widest bridges in Puerto Rico. Subsequently, the second phase extended PR-66 from PR-188 in Canóvanas to PR-3 in Rio Grande. The second phase of PR-66 consisted of an extension of 6.1 km (3.8 miles) that opened to the public in 2012. The competing alternate route, PR-3, is a non-tolled, signaled road with notable congestion.

PR-66 is a 4-lane road for much of its length.

Traffic Base	Commuter
Vehicle Type	Passenger and Commercial
Toll Collection Method	ETC
Toll Plazas	Four plazas: Plaza Carolina, Carolina Norte, Carolina Sur and Rio Grande. Carolina and Rio Grande are bi-directional.
Average Daily Transactions (2021)	80,764
Average Toll Revenue per Transaction (2021)	\$1.34
Annual Revenue (2021)	\$39.5 million
Competing Roads	PR-3
Revenue Contribution (2021)	Approximately 29% of the revenue from the Toll Roads

3.1.4 PR-20

Officially named the “Rafael Martínez Nadal Expressway,” PR-20 is a 9.5 kilometer (5.9 miles) urban expressway entirely located in the municipality of Guaynabo. PR-20 runs from an intersection with PR-2 near San Patricio Plaza Mall in Caparra, Guaynabo, to its convergence with PR-1 near the area of La Muda in Guaynabo. The municipality had a population of 83,728 in 2019, and is located between the two most populous municipalities in Puerto Rico, San Juan and Bayamón, which together had a combined population of approximately 487,710 in 2019.

PR-20 is a 6-lane road from its beginning in the municipality of Guaynabo, then narrows to a 4-lane road near Avenida David Urbina until its end at PR-1 in the municipality of Caguas.

[Remainder of Page Intentionally Left Blank]

Traffic Base	Commuters
Vehicle Type	Passenger and Commercial
Toll Collection Method	ETC
Toll Plazas	One plaza: Martinez Nadal
Average Daily Transactions (2021)	10,622
Average Toll Revenue per Transaction (2021)	\$0.84
Annual Revenue (2021)	\$3.2 million
Competing Roads	PR-1, PR-18
Revenue Contribution (2021)	Approximately 2% of the revenue from the Toll Roads

3.2 Historical Transactions and Revenue

3.2.1 PR-52

PR-52 is one of the busiest toll roads in Puerto Rico and has the most transactions of the four Toll Roads, owing to its length and location through major municipalities. In calendar year 2021, PR-52 registered approximately 74.9 million vehicle transactions, and approximately \$78.9 million in toll revenue. Currently, PR-52 has eight toll plazas including the Caguas Norte toll plaza, the second largest toll station (in terms of transactions) in Puerto Rico and a dynamic toll lane, opened in April 2021, which connects with PR-18.

Calendar Year Annual Transactions (000)

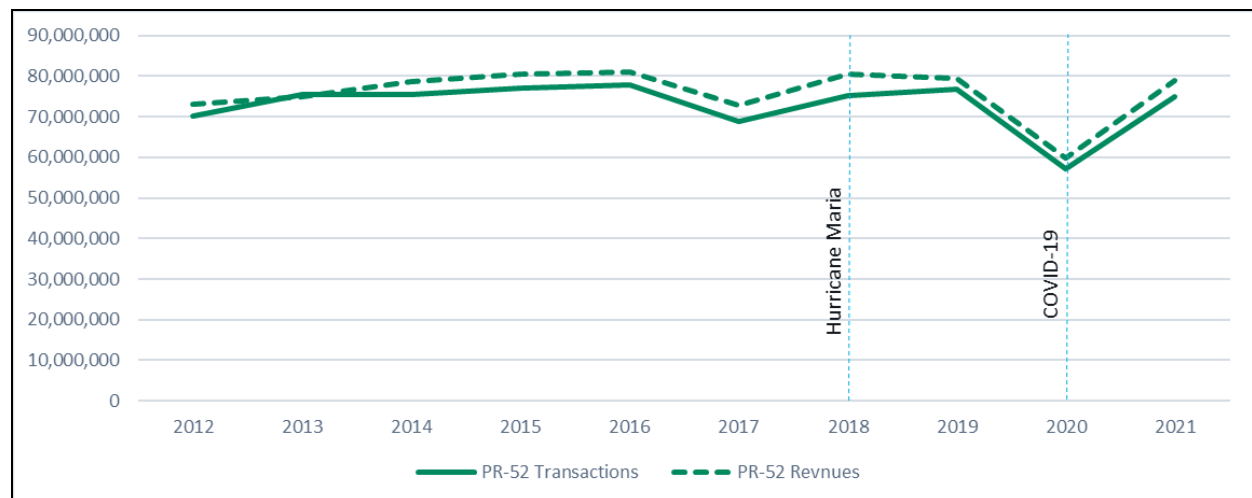
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ¹
Montehiedra	4,066	4,112	4,086	4,049	4,193	3,953	4,338	4,250	3,155	3,947
Caguas Norte	20,330	20,088	19,973	20,152	20,370	18,294	20,173	19,207	14,513	17,672
Caguas Sur	11,681	11,481	11,372	11,656	11,807	10,568	11,134	11,299	8,795	11,231
Salinas	7,253	7,141	7,012	7,212	7,356	6,761	7,263	7,228	5,642	7,363
Salinas Sur	2,759	2,588	2,644	2,696	2,783	2,564	2,928	2,692	2,121	2,605
Juana Diaz Este	6,037	9,894	8,665	9,989	9,854	7,105	8,129	10,129	7,461	9,476
Juana Diaz Oeste	5,298	7,072	8,366	7,552	7,469	5,820	6,333	7,500	5,565	6,897
Ponce	12,728	13,168	13,319	13,802	14,031	13,645	14,891	14,481	9,909	14,150
DTL Caguas Norte	-	-	-	-	-	-	-	-	-	1,033
DTL Montehiedra	-	-	-	-	-	-	-	-	-	346
DTL PR-1 AM	-	-	-	-	-	-	-	-	-	35
DTL PR-1 PM	-	-	-	-	-	-	-	-	-	119
Total PR-52	70,152	75,544	75,436	77,108	77,864	68,710	75,190	76,786	57,161	74,874

¹ DTL Caguas Norte and DTL Montehiedra transaction data is from April to December 2021. DTL PR1 AM transaction data from is October to December 2021 and DTL PR1 PM transaction data is from July to December 2021

Calendar Year Annual Revenue (\$'000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ¹
Montehiedra	1,204	1,293	1,448	1,438	1,489	1,393	1,543	1,517	1,118	1,395
Caguas Norte	29,473	29,919	31,100	31,395	31,721	28,813	31,599	29,953	22,762	27,684
Caguas Sur	11,528	11,709	12,242	12,526	12,665	11,432	12,077	12,167	9,559	12,095
Salinas	13,007	13,083	13,362	13,769	14,016	12,708	13,924	13,786	10,890	14,120
Salinas Sur	868	866	990	1,015	1,043	917	1,103	1,009	795	984
Juana Diaz Este	4,612	4,871	5,222	4,949	5,141	3,644	4,641	5,423	3,934	4,924
Juana Diaz Oeste	3,350	3,394	3,845	4,355	3,898	3,039	3,651	4,124	2,995	3,629
Ponce	9,152	9,773	10,523	10,927	11,101	10,894	11,830	11,437	7,876	11,257
DTL Caguas Norte	-	-	-	-	-	-	-	-	-	3,200
DTL Montehiedra	-	-	-	-	-	-	-	-	-	843
DTL PR-1 AM	-	-	-	-	-	-	-	-	-	36
DTL PR-1 PM	-	-	-	-	-	-	-	-	-	140
Total PR-52	73,193	74,908	78,733	80,374	81,074	72,838	80,367	79,414	59,930	78,913

¹ DTL Caguas Norte and DTL Montehiedra transaction data is from April to December 2021. DTL PR1 AM transaction data from is October to December 2021 and DTL PR1 PM transaction data is from July to December 2021



3.2.2 PR-53

PR-53 runs along the eastern coast of Puerto Rico. In calendar year 2021, PR-53 registered approximately 21.1 million vehicle transactions, and approximately \$18.8 million in toll revenues. PR-53 is an open toll facility with over 20 exits that allow for partial usage along the tollway.

Calendar Year Annual Transactions (000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hucar	3,647	3,480	3,419	3,445	3,582	3,107	3,614	3,491	2,792	3,483
Guayama	6,613	6,224	5,987	5,999	6,182	5,688	6,356	6,198	4,765	5,988
Ceiba	3,327	3,217	3,145	3,193	3,240	3,291	3,332	3,389	2,761	3,487
Humacao Sur	4,681	4,684	4,575	4,688	4,589	3,218 ¹	-	1,753 ²	3,815	4,765
Humacao Norte	3,460	3,290	3,173	3,217	3,331	2,420 ¹	-	1,385 ²	2,731	3,418
Total PR-53	21,728	20,895	20,300	20,543	20,924	17,723	13,302	16,216	16,864	21,141

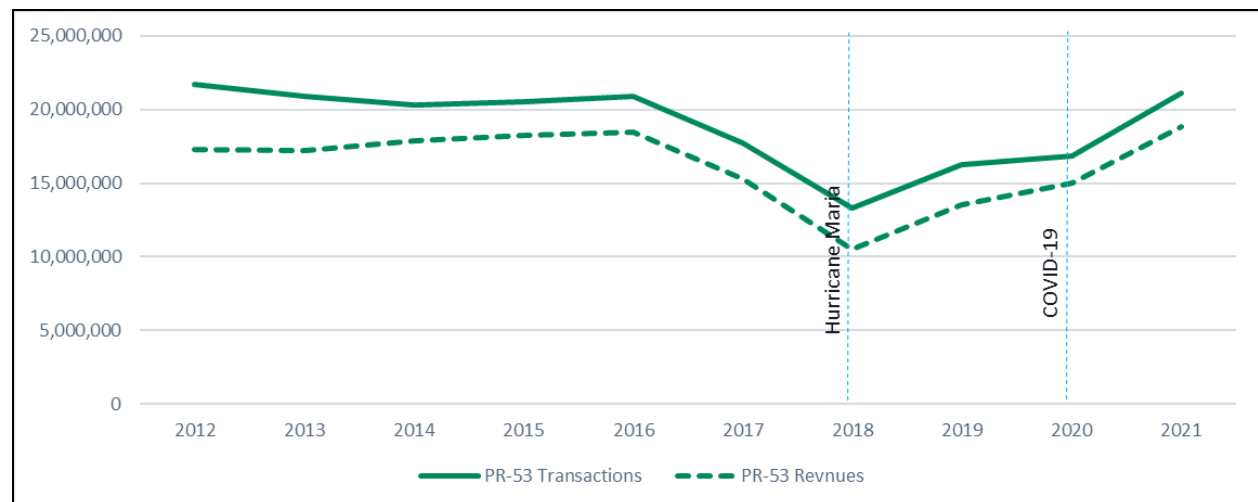
¹ January – September 2017

² August – December 2019

Calendar Year Annual Revenue (\$000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hucar	3,089	3,083	3,207	3,275	3,316	3,379	3,403	3,435	2,789	3,670
Guayama	2,986	2,935	3,082	3,099	3,186	2,942	3,300	3,204	2,456	3,111
Ceiba	3,511	3,449	3,578	3,622	3,752	3,156	3,794	3,666	2,936	3,533
Humacao Sur	3,257	3,190	3,271	3,332	3,441	2,500	-	1,429 ¹	2,815	4,966
Humacao Norte	4,423	4,579	4,726	4,878	4,765	3,350	-	1,831 ¹	3,973	3,518
Total PR-53	17,267	17,236	17,865	18,206	18,461	15,327	10,497	13,565	14,969	18,798

¹ August – December 2019



3.2.3 PR-66

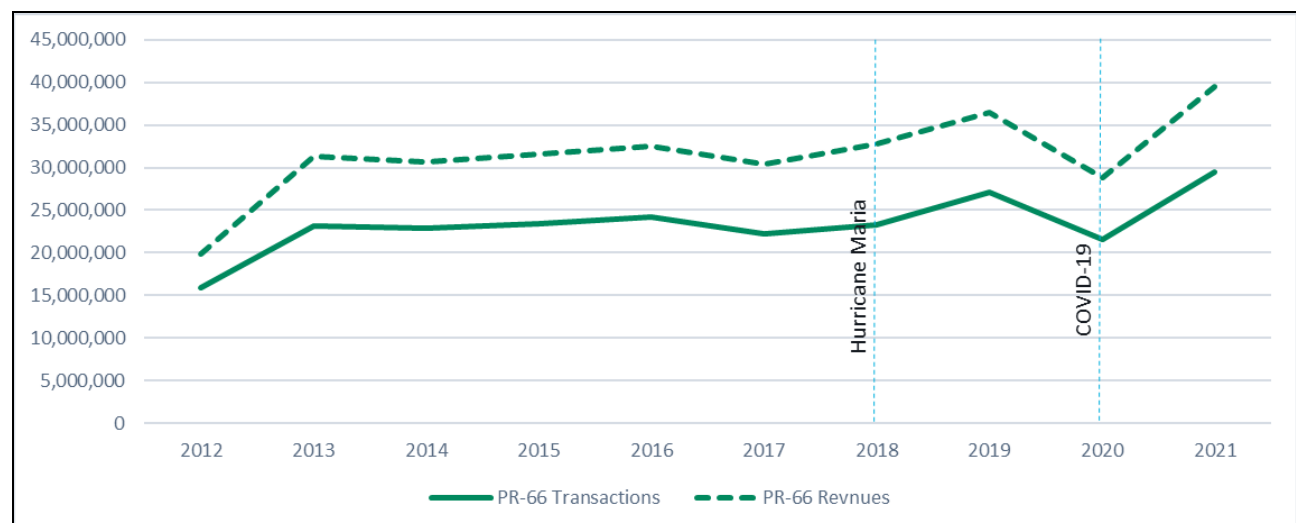
PR-66 is a relatively short toll route in northeastern Puerto Rico. In calendar year 2021, PR-66 registered approximately 29.5 million vehicle transactions and approximately \$39.5 million in toll revenues.

Calendar Year Annual Transactions (000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Carolina	13,659	14,518	14,358	14,693	15,278	14,976	16,076	16,771	13,539	18,414
Carolina Norte	318	412	388	393	409	439	475	466	353	489
Carolina Sur	395	429	405	398	416	434	477	439	302	420
Carolina Este	727	3,804	3,789	3,901	4,061	3,260	3,642	4,576	3,555	4,957
Carolina Oeste	751	3,976	3,932	4,043	4,072	3,183	2,676	4,856	3,785	5,199
Total PR-66	15,850	23,140	22,871	23,428	24,236	22,293	23,347	27,107	21,534	29,479

Calendar Year Annual Revenue (\$000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Carolina	19,349	21,151	22,084	22,678	23,548	23,128	24,857	25,869	20,782	28,399
Carolina Norte	221	293	298	303	312	336	366	362	275	379
Carolina Sur	272	304	311	309	323	335	372	343	237	325
Carolina Este	-	3,904	4,062	4,094	4,163	3,325	4,140	4,802	3,652	5,067
Carolina Oeste	-	5,664	3,933	4,145	4,185	3,251	3,030	5,080	3,886	5,339
Total PR-66	19,842	31,316	30,689	31,529	32,531	30,377	32,765	36,455	28,832	39,509



3.2.4 PR-20

PR-20 is a freeway with a relatively short stretch of toll road in Guaynabo. PR-20 registered a total of 3.9 million vehicle transactions in calendar year 2021, up 13% from the previous year. This level of vehicle transactions generated \$3.3 million in toll revenues in calendar year 2021. PR-20 has only one toll plaza going north from PR-1, but not in the other direction.

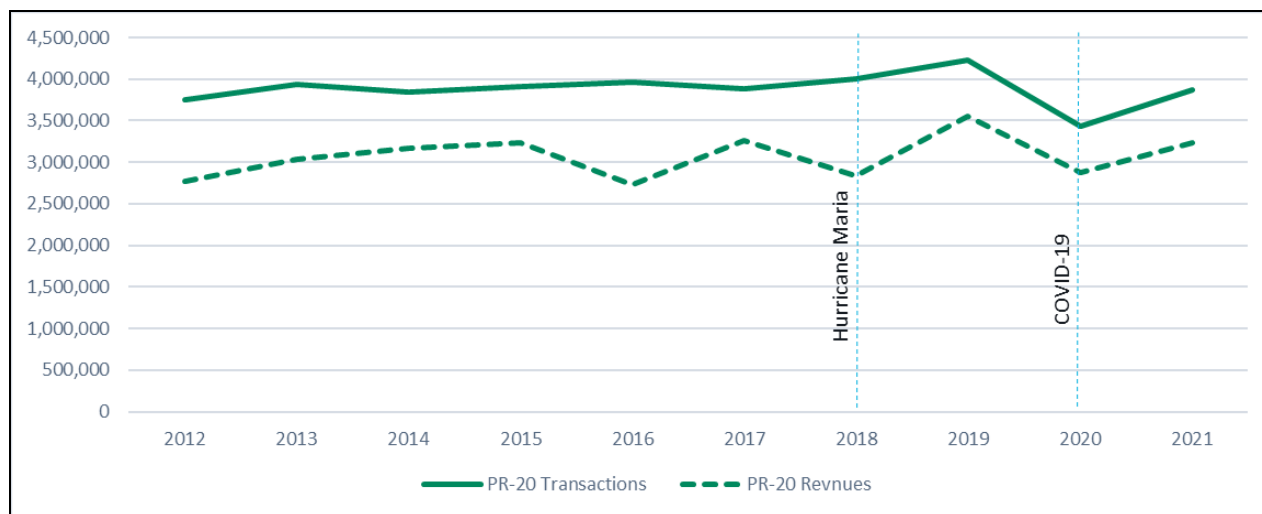
Calendar Year Annual Transactions (000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PR-20	3,746	3,935	3,850	3,911	3,967	3,889	4,008	4,230	3,427	3,877
Total PR-20	3,746	3,935	3,850	3,911	3,967	3,889	4,008	4,230	3,427	3,877

Calendar Year Annual Revenue (\$000)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ¹
PR-20	2,773	3,036	3,163	3,235	2,735	3,266	2,837	3,556	2,880	3,241
Total PR-20	2,773	3,036	3,163	3,235	2,735	3,266	2,837	3,556	2,880	3,241

¹ January – August 2021



[Remainder of Page Intentionally Left Blank]

3.3 Historical Toll Rates

PRHTA has not adjusted the toll rates for the Toll Road toll plazas since 2005. The table below provides a summary of the average toll revenues per transaction, along with transactions and growth in transactions for each plaza.

Plaza	Annual Average Daily Transactions (AADT; 2021)	2-axle toll rates (2021)	Average Toll Revenue per Transaction (2021)	AADT Compound Annual Growth Rate (CAGR 2013-2021)
PR-52				
Montehiedra	10,814	\$0.35	\$ 0.35	-0.51%
Caguas Norte	48,416	\$1.50	\$ 1.57	-1.59%
Caguas Sur	30,770	\$1.00	\$ 1.08	-0.27%
Salinas	20,173	\$1.75	\$ 1.92	0.38%
Salinas Sur	7,137	\$0.35	\$ 0.38	0.08%
Juana Díaz Este	25,962	\$0.50	\$ 0.52	-0.54%
Juana Díaz Oeste	18,896	\$0.50	\$ 0.53	-0.31%
Ponce	38,767	\$0.75	\$ 0.80	0.90%
PR-53				
Hucar	9,542	\$1.00	\$ 1.05	0.01%
Guayama	16,405	\$0.50	\$ 0.52	-0.48%
Ceiba	9,553	\$1.00	\$ 1.01	1.01%
Humacao Sur	13,055	\$1.00	\$ 1.04	0.21%
Humacao Norte	9,364	\$1.00	\$ 1.03	0.48%
PR-66				
Carolina	50,449	\$1.50	\$ 1.54	3.02%
Carolina Norte	1,340	\$0.75	\$ 0.78	2.16%
Carolina Sur	1,151	\$0.75	\$ 0.77	-0.26%
Carolina Este	13,581	\$1.00	\$ 1.02	3.36%
Carolina Oeste	14,244	\$1.00	\$ 1.03	3.41%
PR-20	10,622	\$0.75	\$ 0.84	-0.19%

[Remainder of Page Intentionally Left Blank]

3.4 Status of Toll Roads

3.4.1 PR-52

As the longest toll road and one of the most traveled in Puerto Rico, PR-52 faces maintenance and capital improvement needs. It is estimated that 72.7 lane miles have a poor pavement condition, which represents 23% of total lane miles. Similarly, PR-52 also registered the highest number of lane miles with poor roughness measures.

PRHTA has targeted projects to improve bridges and pavement, especially to correct roughness and cracking prior to the implementation of the Agreement that will be completed prior to the execution of this Agreement. Programmed capital improvements for PR-52 are estimated to total approximately \$65.2 million, scheduled to occur between fiscal years 2021 and 2023.

Improvements	Length (km)	Construction Start Date	Construction End Date	Construction Costs (\$)
Pavement Rehabilitation	4	8/23/2021	4/14/2023	17,698,411
Pavement Rehabilitation	3	11/9/2020	7/31/2022	12,297,327
Transportation Intelligent Systems	0	11/20/2021	4/19/2022	14,354,708
Pavement Rehabilitation	9	11/12/2020	4/28/2022	14,226,153
Rehabilitation of Bridges #2018 & #2039	0	10/28/2019	8/12/2022	6,975,693
Total				65,225,292

3.4.2 PR-53

It is estimated that 29.17 of PR-53's lane miles are in poor condition, which equates to 21.5% of total lane miles. As a result, PR-53 is the toll road with the second-most lane miles in poor pavement condition after PR-52. In addition, PR-53 reflects many lane miles with poor roughness and cracking conditions.

PRHTA has a series of programmed capital improvements totaling approximately \$48.4 million to be deployed between fiscal year 2021 and 2022.

Improvements	Length (km)	Construction Start Date	Construction End Date	Construction Costs (\$)
Illumination Upgrade	43.9	2/24/2022	3/19/2023	6,835,741
Pavement Rehabilitation	8	11/22/2021	11/11/2023	15,500,000
Pavement Rehabilitation	6	11/1/2023	10/31/2023	9,892,300
Traffic Sign Improvements	14	3/19/2021	5/6/2022	989,000
Safety Improvements	1	10/13/2020	4/15/2022	15,174,862
Total				48,391,903

3.4.3 PR-66

PR-66 is a relatively new roadway, and as such its level of capital improvement needs has remained low by comparison. Only 0.40 lane miles are in poor condition, which accounts for less than 1% of the roadway. Similarly, PR-66 ranks the highest in terms of smoothness.

PRHTA has programmed capital improvements primarily addressing safety totaling approximately \$13.3 million, expected to be completed in fiscal year 2022.

Improvements	Length (km)	Construction Start Date	Construction End Date	Construction Costs (\$)
Safety Improvements	20	1/8/2019	6/13/2022	13,271,243
Total				13,271,243

3.4.4 PR-20

It is estimated that 32.1% of the bridge deck area of PR-20 is fair but nearing poor conditions. Historical capital improvements aimed to address repair of bridge bearings, flood emergency repairs, improvements at different intersections and security related enhancements.

PRHTA has programmed capital improvements primarily addressing safety totaling approximately \$23.2 million, expected to be completed between fiscal year 2022 and fiscal year 2023.

Improvements	Length (km)	Construction Start Date	Construction End Date	Construction Costs (\$)
Safety Improvements	10	8/12/2019	12/30/2022	23,251,010
Total				23,251,010

3.5 Electronic Toll Collection

AutoExpreso refers to the name registered to the electronic toll collection system in Puerto Rico, currently utilized by the Service Recipients for transaction processing. The AutoExpreso system uses prepaid transponders and prepaid toll cards (known as MovilCash) to collect payment from users at the toll plazas operated and maintained by the Service Recipients.

Transponders are purchased by users at authorized retailers in Puerto Rico, with two types of prepaid toll accounts available: (1) registered (includes name, contact info and vehicle information) and (2) standard (unregistered anonymous accounts). As Puerto Rico's economy is predominantly cash based, transponders purchased by users are primarily prepaid with cash or credit/debit. Users can link their credit or debit account information to the account associated with their transponder for automatic refilling of funds once the prepaid amount needs to be replenished.

Users may utilize the call center or internet, visit the customer service center, utilize automatic replenishment, or utilize in-lane replenishment or ILR to replenish their transponder balance. Alternately, users may purchase a new transponder.

The Authority intends to continue contracting separately with a private party to collect toll revenues, including for the benefit of the Concessionaire in connection with the Project.

3.6 PRHTA Debt Restructuring

3.6.1 Overview

Recognizing the delicate fiscal condition of Puerto Rico, the U.S. Congress enacted the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), which was signed into law on June 30, 2016. PROMESA provides a method for a covered territory to achieve fiscal responsibility and access to the capital markets. PROMESA also established the FOMB to assist the Government in achieving PROMESA's statutory mandate.

On May 21, 2017, the FOMB commenced a legal proceeding for PRHTA by filing a petition for relief under Title III of PROMESA in the United States District Court for the District of Puerto Rico. On May 5, 2021, the FOMB entered into a plan support agreement with PRHTA's legacy debt monoline insurers to settle claims arising therefrom (the "PSA"). On May 2, 2022, FOMB filed PRHTA's Title III Plan of Adjustment and Disclosure Statement which incorporated the terms of the PSA and, on May 16, 2022, amended such filing. The confirmation hearing for the PRHTA Plan of Adjustment, as amended, is scheduled for August 17, 2022. The PRHTA Plan of Adjustment is expected to be confirmed and become effective by the end of the 3rd quarter of 2022. Therefore, PRHTA is expected to have emerged from its Title III process by the time the Agreement is to be executed.

3.6.2 PROMESA and Agreement Approval

Pursuant to PROMESA, the FOMB is tasked, inter alia, with certifying a fiscal plan and yearly budgets for PRHTA. On February 22, 2022, the FOMB certified PRHTA's Fiscal Plan pursuant to Section 201 of PROMESA. In addition to complying with the applicable Federal and Puerto Rico laws and regulations, the Agreement will require the approval of the FOMB pursuant to Sections 204 and 207 of PROMESA and its Contract Review Policy. The Contract Review Policy is available at:

<https://drive.google.com/file/d/1ujjQKj5z120VJ2TQ07sa8CpR9ATrObsJ/view?usp=sharing>

3.6.3 Outstanding PRHTA Debt

The Authority's ability to proceed with the Project is contingent upon PRHTA's ability to address the payment or satisfaction of all of its outstanding debt.

3.7 Potential Additional Project Scope

The Authority is considering expanding the scope of work of the Project, which if decided upon would be described in more detail as part of the RFP process. The additional scope consists of the development, operation and maintenance of two (2) DTL extensions near the intersection of PR-52 and PR-30. The extensions are anticipated to begin where the current DTL ends (at Caguas Norte), with Extension 1 spanning PR-52 to the Bairoa sector in Caguas and Extension 2 spanning PR-30 to the intersection of PR-181. The extensions are expected to total approximately 11km, and PRHTA's preliminary cost estimate (as of 2021) for the additional scope of work totals approximately \$80-90 million. PRHTA is currently progressing with its preliminary design and environmental processes and will provide additional details during the RFP process if it decides to include all or a portion of such additional scope of work in the Project. The following map provides the location of proposed extensions.



[Remainder of Page Intentionally Left Blank]

4 Toll Roads Investment Highlights

The Authority believes that the Toll Roads represent an excellent investment opportunity and that the private sector can unlock significant additional value and provide enhanced service to the people of Puerto Rico. Some of the key highlights of the Toll Roads are as follows:

4.1 Long Operating History for Essential Roads

The Toll Roads are essential conduits of Puerto Rico's traffic flow serving as principal arteries of transport on the island and as vital commercial byways for manufacturing, services and essential infrastructure services. The importance of these roads is demonstrated by consistently strong traffic levels despite the recently observed decreasing population levels across Puerto Rico. The brownfield nature of this project will facilitate the process of predicting future cash flows based on a historically stable revenue profile.

4.2 Little or No Competition

Other routes present little or no competition to PR-52 and PR-66. PR-52 has no continuous competing routes, making it a critical route between San Juan, in the north, and the economic activity that takes place in the southern region of Puerto Rico. PR-66's only competing alternate route, PR-3, is a non-tolled, signaled road with notable congestion.

4.3 Vital Component to Puerto Rico's Commercial Network

The Toll Roads provide direct links throughout the northeastern, eastern and southern regions of Puerto Rico. Toll roads PR-52 and PR-66 originate within the San Juan metropolitan area and extend into the southern and eastern municipalities of the island, respectively. PR-53 originates in the municipality of Fajardo, in the island's east coast, and extends towards the south. Meanwhile, PR-20 is a toll road within a portion of a critical freeway that increases mobility through the municipality of Guaynabo, one of the largest cities outside San Juan, and which is part of the San Juan Metropolitan Area.

4.4 Operational Efficiencies Possible Across System

The relative geographic proximity of the Toll Roads provides the opportunity to derive significant operational efficiencies and savings across the system.

4.5 Market Tested Precedent Concession Agreement

The Authority currently anticipates using a commercial structure for the Agreement based generally on its precedent PR-22/PR-5 brownfield concession agreement (which originally reached financial close in 2011), with the ultimate transaction structure to be further developed and finalized during the procurement process. The precedent concession agreement remains in place and has been insulated throughout the Government and PRHTA's recent fiscal situation and emergence from Title III.

4.6 Enhanced Counterparty Credit Quality

Negotiations to finalize the new debt structure for PRHTA to replace previously outstanding debt as part of the Government's and PRHTA's debt restructuring are in progress. The Government emerged from its Title III restructuring process on March 15, 2022, and PRHTA is expected to emerge from the Title III restructuring process prior to execution of the Agreement. As such, PRHTA, as counterparty to the Agreement, will benefit from enhanced credit quality for any of its required payment obligations.

5 Evaluation Process and Criteria

5.1 SOQ Evaluation Procedure

As previously mentioned, this RFQ is directed at Respondents who desire to participate in the RFP for the Project. All RFQ submissions will be reviewed based on the requirements set forth in this Section 5. Pursuant to the PPP Regulation, the PPP Committee hereby notifies Respondents of its right to limit the number of Respondents who will be shortlisted. The PPP Committee will only do so if this would be in the interests of the PPP Committee in achieving its objectives.

To provide an objective and transparent evaluation method, the PPP Committee will evaluate SOQs by applying the criteria outlined in this Section 5 ("Evaluation Criteria"). Application of the Evaluation Criteria will assist the PPP Committee in selecting Qualified Respondents.

The SOQ evaluation process will result in a score based on: (1) a review of each SOQ for responsiveness; (2) a review of pass/fail criteria in accordance with this Section 5 and (3) an evaluation of each SOQ in accordance with the evaluation criteria set forth in this Section 5.

5.1.1 Responsiveness Review

Each SOQ will be reviewed for: (a) conformance to the RFQ instructions regarding organization and format and (b) responsiveness to the requirements set forth in this RFQ.

Any SOQ determined by the PPP Committee to be unresponsive will be excluded from further consideration and will not be eligible for further evaluation and shortlisting. The PPP Committee may also exclude from consideration any Respondent whose SOQ contains a material misrepresentation. Should an SOQ be excluded from further evaluation, the PPP Committee will inform Respondent.

The PPP Committee may request written clarifications, confirmations or corrections from any Respondent regarding its SOQ. The PPP Committee reserves the right, in its discretion, to disregard or waive minor informalities, irregularities, omissions, nonconformities, discrepancies and apparent clerical mistakes.

5.1.2 Pass/Fail Criteria

The PPP Committee will initially evaluate each SOQ based upon the following pass/fail criteria:

- (a) Respondent has provided all forms listed in Exhibit C, Volume 1 and all other documents and information required, properly completed and signed (if required) in accordance with the requirements herein.
- (b) Respondent has the financial capability to complete the Project and discharge its obligations therein. In determining financial capability, the PPP Committee will consider the applicable materials provided and any other information that the PPP Committee considers relevant. The PPP Committee's determination of financial capability will be made based on the Respondent's ability to meet future funding and financing commitments that are anticipated to be required in the Agreement. The PPP Committee intends to utilize the Project's Desirability and Convenience Study to estimate the future level of required funding and financing for the Project. The PPP Committee shall determine, at its sole and absolute discretion, whether a Respondent has the financial capability to complete the Project and discharge its obligations therein, either with or without a Guarantor (as defined herein).

5.1.3 Evaluation Criteria and Weighting

Each responsive SOQ passing all of the pass/fail criteria set forth above in Section 5.1.2 will be evaluated and scored by the PPP Committee in the following categories:

- Technical Qualifications and Capabilities (55% weighting)
- Project Finance Qualifications and Capabilities (35% weighting)
- Technical Approach (5% weighting)
- Project Finance Approach (5% weighting)

5.1.3.1 Technical Qualifications and Capabilities (55% weighting)

The qualifications and experience of Respondent and its individual team members in operating and maintaining toll roads and delivering capital improvements on projects of similar scope and complexity will be evaluated in accordance with the criteria in this Section 5.1.3.1.

5.1.3.1.1 Firm Experience

This criterion involves the extent and depth of the experience of Respondent team firms with projects of similar scope and complexity and with similar responsibilities as are anticipated to be within the scope of work for the Project, and including specific experience with toll road concessions, PPP contracting, or any variation thereof. Relevant experience includes:

- experience in long-term operations and maintenance of highway/surface transportation assets with similar size and complexity as the Project;
- experience delivering rehabilitations and capital improvements on highway/surface transportation assets with similar size and complexity as the Project;
- demonstrated understanding of highway aging to assess and determine the applicability of remedial-maintenance action;
- experience with traffic management and maintenance of traffic;
- experience delivering highway transportation projects under the highest service levels measured through KPIs and other related metrics;
- experience with roadside toll operations and maintenance (e.g. implementing toll rate increases, roadside systems improvements and maintenance, etc.);
- experience achieving the highest standards of customer service and satisfaction (specifically, Respondents must highlight their experience and qualifications (i) substantial high-volume, toll-facility maintenance and operation experience while maintaining productive ongoing relationships with government entities and (ii) providing excellent customer service to the traveling public);
- Respondent's commitment and capability to upholding environmental responsibility in fulfilling the terms of the Agreement;
- Respondent's understanding of community relations including users of the Project and other stakeholders; and
- Respondent's ability to address and resolve safety issues, demonstrating:
 - knowledge of highway safety strategies and methodologies;
 - experience in emergency response support; and

- background in relevant traffic engineering standards, specifications, policies, practices and processes.

5.1.3.1.2 Team Management

The extent and depth of the experience of Respondent's team in working together to meet project goals and objectives as an integrated team. Further, the extent and depth to which the proposed team demonstrates stability and is capable of functioning as an integrated team to manage project risks, resolve issues and deliver technical requirements on the Project.

5.1.3.2 Project Finance Qualifications and Capabilities (35% weighting)

Respondent's project finance experience and capability will be evaluated in accordance with the criteria in this Section 5.1.3.2. Demonstrated experience in financing highway/surface transportation projects with substantial demand risk and capability to finance the Project, as described below:

- Equity Members' experience developing and executing a financial plan on a timely basis, including readiness, flexibility and availability to secure debt financing and invest equity;
- extent and depth of the Equity Members' experience in structuring and securing debt financing (tolled and demand-risk projects most preferred);
- extent and depth of Equity Members' experience in structuring and securing equity commitments, including from internal sources, investment funds or other external sources (tolled and demand risk projects most preferred); and
- ability to overcome challenges that may cause delays in securing financing for a brownfield acquisition project.

5.1.3.3 Technical Approach (5% weighting)

The conceptual Technical Approach will be evaluated in accordance with the following criteria:

- demonstration of an understanding of the Project scope and complexity;
- demonstration of an understanding of Project risks and potential solutions (regardless of which party has responsibility for such risks) that may arise (operation, maintenance, capital improvements delivery, etc.);
- articulation of Respondent's approach to PPP contracting;
- articulation of Respondent's approach to project quality (QA/QC) during operations; and
- articulation of Respondent's approach to safety management during operations.

5.1.3.4 Project Finance Approach (5% weighting)

The Project Finance Approach will be evaluated based on:

- proven knowledge and understanding of current financial markets, with specific reference to the availability of project financing for the acquisition of a brownfield toll concession project of the proposed scope and complexity of the Project;
- proven in-depth understanding of the tools, requirements and critical considerations involved in developing and implementing a financing plan for the Project; and
- proven understanding of financing constraints and remedies in case of funding future capex investment needs.

- extent and depth of Equity Members' experience with tax-exempt financing (given that Authority is exploring a potential application for an allocation of Private Activity Bonds (PABs) to support capex investments in connection with the Project).

[Remainder of Page Intentionally Left Blank]

6 SOQ Content and Submittal Requirements

6.1 General

The PPP Committee expects submitted SOQs to provide sufficient and complete information to allow the PPP Committee to evaluate, rank and shortlist Respondents based on the criteria set forth herein.

SOQs shall be submitted exclusively in the English language, including using United States (U.S.) units of measure and provide monetary terms in U.S. dollars.

6.2 Format

6.2.1 Number/Type of Copy

Each Respondent shall submit one digital copy of its entire SOQ in read-only format on a searchable, bookmarked PDF to the email address provided in Section 6.2.6.

6.2.2 Limitations

SOQs must not exceed a total number of 25 pages without exceeding individual section limits. The PPP Committee will not review pages submitted in excess of the maximum number of pages indicated. All pages shall be sequentially numbered. Cover pages, table of contents pages, dividers and tabs, certifications, forms, Volume 1 information and financial statements will not be counted toward the 25-page limitation or any other applicable page limitation.

The font size shall be no smaller than 12-point, except for tables or any Forms, which may be set in type no smaller than 8-point.

6.2.3 Signatures

The PPP Committee will accept electronic (digital) signatures in lieu of original signatures.

6.2.4 Organization

Each Respondent must organize its SOQ in the order set forth in Exhibit B. Each section may be subdivided as needed. Standard corporate brochures, awards and marketing materials should not be included in the SOQ. If a Respondent is compelled to include material in addition to the information specifically requested, Respondent shall append said material to the end of the most appropriate section. Additional material is subject to the 25-page limitation and any other applicable page limitation.

6.2.5 Submittal Requirements

All SOQs shall be individually labeled as follows:

Statement of Qualifications
for the Puerto Rico Toll Roads Monetization Project
[Respondent Name]

6.2.6 Communication

All SOQs, questions or requests for information regarding this RFQ should be directed only to the contact listed below.

Request for Qualifications
Puerto Rico Toll Roads Monetization Project
E-mail: tollroadsproject@p3.pr.gov

Please do not contact any officials or related parties of the Authority, PRHTA, the PPP Committee, AAFAF, the Government or the FOMB. Such contact may serve as grounds for disqualification.

SOQs will be accepted until, and must be received by the Authority by, the SOQ Due Date specified in Section 2.2. All SOQs received after that date and time will be rejected.

Each Respondent is solely responsible for ensuring that the Authority receives its SOQ by the specified delivery date and time. The Authority requires emails larger than 20MB in size to be split as necessary to not exceed that size. The Authority shall not be responsible for delays in email delivery outside of its control. Please allow sufficient time for email delivery prior to the SOQ Due Date.

The PPP Committee will grant Respondents access to a dataroom to facilitate file sharing. Although SOQs must be sent to the email contact above in this Section 6.2.6, Respondents may also upload files (e.g. financial statements) addressing specific elements of the SOQ directly to the dataroom, provided that the Respondent makes clear and specific reference to each uploaded file in the appropriate section of its SOQ.

6.2.7 Dataroom Access Information

No later than the deadline given in Section 2.2, each Respondent shall provide to the Authority contact (as designated in Section 6.2.6) the following information ("Dataroom Access Information"):

- the name, title, mailing address, phone number and email address of Respondent's designated representative (to be consistent with the representative information in Form A-2 and Form B-2); and
- the name, title, mailing address, phone number and email address of no more than one (1) additional Respondent contact.

The Authority will use the Dataroom Access Information for correspondence with Respondent and to grant dataroom access to such Respondent contacts.

6.3 Confidentiality of SOQ

All RFQ submissions will become the property of the Authority, except for documents or information submitted by Respondents that are clearly identified (as detailed below) as trade secrets, proprietary information or privileged or confidential information of Respondents. Respondents are advised to familiarize themselves with the confidentiality and publication provisions contained in Articles 9(i) and 9(j) of the PPP Act and Sections 9.3 and 12.3 of the PPP Regulation to ensure that documents identified by Respondents as "confidential" or "proprietary" will not be subject to disclosure under the PPP Act.

In order to ensure that documents identified by Respondents as "confidential" or "proprietary" will not be subject to disclosure under the PPP Act, Respondents must label such documents as "confidential" or "proprietary," provide a written explanation of why such labeled documents are "confidential" or

“proprietary,” including why the disclosure of the information would be commercially harmful, specifically referencing any legal protection currently applicable to such information and why the disclosure of such information would not be necessary for the protection of the public interest, and request that the documents so labeled be treated as confidential by the PPP Committee according to the process described in the following paragraph.

If a Respondent has special concerns about confidential or proprietary information and desires to discuss such information with the PPP Committee prior to its SOQ submission, such Respondent may submit a written request to the PPP Committee for a meeting to discuss such concerns and provide justification for designating such information as confidential or proprietary. The PPP Committee may request that Respondent make an oral presentation to the PPP Committee staff and legal counsel, and will provide a written response indicating if the PPP Committee agrees to make the requested designation.

The PPP Committee will evaluate all confidentiality requests according to the criteria indicated in the PPP Act and the PPP Regulation. The PPP Committee will determine, in its sole and absolute discretion, whether or not the requested materials are exempt from disclosure. Upon making a determination that such materials are exempt from disclosure, the Authority will endeavor to maintain the confidentiality of any information that a Respondent indicates to be proprietary or a trade secret, or that must otherwise be protected from publication according to law, except as required by law or pursuant to a final court order.

In the event that the PPP Committee elects to disclose the requested materials, it will provide Respondent notice of its intent to disclose, in which case Respondent may request the immediate return of such materials prior to disclosure by the PPP Committee and they will thereafter form no part of Respondent’s submission. In no event will the Government, AAFAF, the Authority, the PPP Committee or PRHTA be liable to a Respondent for the disclosure that the Authority determines is required by law or a court order of all or a portion of an SOQ filed with the Authority.

Failure to take such precautions prior to filing an SOQ may subject confidential or proprietary information to disclosure under Sections 9(i) and 9(j) of the PPP Act or Section 12.3 of the PPP Regulation.

Upon execution of the Agreement, the PPP Committee is required to make public its report regarding the procurement process, which shall contain the information related to the qualification, procurement, selection and negotiation process, and the information contained in the SOQ, except information that qualifies as trade secrets, confidential, proprietary or privileged information of Respondent or its Team Members or Guarantors clearly identified as such by Respondent, or information that must otherwise be protected from publication according to law, as may have been determined by the PPP Committee, unless otherwise required by law or by a court order. Moreover, Respondents should be aware that the information related to the procurement process and any other information or documents in the possession of the Government, AAFAF, the Authority, the PPP Committee or PRHTA may be subject to a request for public disclosure under Act 141-2019, as amended, known as the “Act for Transparency and an Expedient Process to Access Public Information,” or any similar, future, or successor law pertaining to the disclosure of public information, and that such entities may be required to make available such information unless it is otherwise protected by applicable law.

6.4 Use of Confidential Information

Each Respondent must declare, and agree to be under an obligation to declare, that it does not have knowledge of or the ability to avail itself of confidential information of the Government, AAFAF, PRHTA or the Authority relevant to the Project, except to the extent it has been expressly authorized by the Government, AAFAF, PRHTA or the Authority. Such confidential information:

- will remain the sole property of the Government, AAFAF, the Authority, the PPP Committee or PRHTA, as applicable, and Respondent and its Team Members and Guarantors will treat it as confidential;
- may not be used by Respondent or its Team Members or Guarantors for any other purpose other than submitting an SOQ or RFP submission or the performance of any subsequent agreement relating to the Project with the Government, AAFAF, the Authority, the PPP Committee or PRHTA, as applicable;
- may not be disclosed by Respondent or any Team Member or Guarantor to any person who is not involved in Respondent's preparation of its SOQ or RFP submission or the performance of any subsequent agreement relating to the Project with the Government, AAFAF, the Authority, the PPP Committee or PRHTA, as applicable, without prior written authorization from the party in respect of whom the confidential information relates;
- if requested by the Government, AAFAF, the Authority, the PPP Committee or PRHTA, will be returned or destroyed, as appropriate, no later than ten calendar days after such request; and
- may not be used in any way that is detrimental to the Government, AAFAF, the Authority, the PPP Committee or PRHTA.

Each Respondent and its Team Members and Guarantors will be responsible for any breach of the provisions of this Section 6.4 by any person to whom any of them discloses the confidential information. Each Respondent and its Team Members and Guarantors acknowledge and agree that a breach of the provisions of this Section 6.4 would cause the Authority, the PPP Committee, PRHTA, AAFAF and the Government or their related entities to suffer loss which could not be adequately compensated by damages, and that the Authority, the PPP Committee, PRHTA, AAFAF, the Government or any related entity may, in addition to any monetary remedy or relief, enforce any of the provisions of this Section 6.4 by seeking injunctive relief in a court of competent jurisdiction, without proof of actual damage to the Authority, the PPP Committee, PRHTA, AAFAF, the Government or any related entity.

The provisions in this Section 6.4 will survive any cancellation of this RFQ, cancellation of the RFP and the conclusion of this RFQ process and the RFP process.

6.5 Conflicts of Interest and Ineligible Persons

Each Respondent (and each Team Member and Guarantor, as applicable) submitting an SOQ must declare and continue to be under an obligation to declare all Conflicts of Interest (as defined herein) or any situation that may be reasonably perceived as a Conflict of Interest that exists now or may exist in the future.

In connection with its SOQ, each Respondent, each Team Member and each Guarantor will:

- (a) avoid any Conflict of Interest in relation to the Project;
- (b) disclose to the Authority and to PRHTA without delay any actual or potential Conflict of Interest that arises during this RFQ process or at any point in the procurement process; and
- (c) comply with any requirements prescribed by the Authority or PRHTA to resolve any Conflict of Interest.

Each Respondent is responsible for ensuring that all persons engaged to provide any type of assistance in connection with the Project are in compliance with the provisions of the Ethics Guidelines and, to the extent any question exists as to compliance with the Ethics Guidelines, Respondent should consult with the Authority.

In addition to all available rights at law or in equity, the Authority and PRHTA may immediately exclude a Respondent or any of its Team Members or Guarantors from further consideration or remove Respondent or any Team Member or Guarantor from this RFQ process or the RFP process if:

- (a) Respondent knew, or reasonably should have known, and fails to disclose an actual or potential Conflict of Interest;
- (b) Respondent submitting an SOQ or a Team Member or Guarantor of such Respondent fails to comply with any requirements prescribed by the Authority or PRHTA to resolve a Conflict of Interest; or
- (c) Respondent's Conflict of Interest issue cannot be resolved.

[Remainder of Page Intentionally Left Blank]

Exhibit A. Defined Terms

AAFAF has the meaning set forth in Section 1.2 of this RFQ.

Addenda/Addendum means supplemental additions, deletions and modifications to the provisions of this RFQ after the release date of this RFQ.

Agreement has the meaning set forth in Section 1.1 of this RFQ.

Authority has the meaning set forth in Section 1.1 of this RFQ.

CAGR means Compound Annual Growth Rate.

Claim means a demand, liability, damage, loss, suit, action or cause of action, whether arising in contract, tort or otherwise, and all costs and expenses relating thereto.

Covered Party means directors, officers, controlling shareholders, subsidiaries, parent company, partners and any person or entity that may be considered an alter ego or passive economic agent of a Respondent or any Team Member or Guarantor.

Concessionaire has the meaning set forth in Section 1.2 of this RFQ.

Conflict of Interest means any situation or circumstance where in relation to the Project, Respondent submitting an SOQ, or any Team Member or Guarantor of such Respondent, has other commitments, relationships or financial interests that:

- (a) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of the Authority's or PRHTA's independent judgment; or
- (b) could or could be seen to compromise, impair or be incompatible with the effective performance of its obligations under the Agreement.

Control means the capacity of a person or legal entity to determine (whether formally or informally) the decisions or financial and operating policies of another person or legal entity.

Dataroom Access Information has the meaning set forth in Section 6.2.7 of this RFQ.

DTL has the meaning set forth in Section 1.1 of this RFQ.

Equity Member means a member of Respondent team that is: (a) if Respondent is a joint venture, a member of the joint venture; (b) if Respondent is or will be a limited liability entity, an equity owner of Respondent; or (c) if the Respondent is a corporation or other entity, Respondent.

ETC means electronic toll collection for toll transactions.

Evaluation Criteria has the meaning set forth in Section 5.1.3 of this RFQ.

FOMB has the meaning set forth in Section 1.1 of this RFQ.

Government has the meaning set forth in Section 1.2 of this RFQ.

Guarantor means an entity acceptable to the Authority that agrees to guarantee the obligations of an Equity Member in accordance with this RFQ and the Agreement.

Key Subcontractor means each person or legal entity which will be principally responsible for undertaking the operation, maintenance and improvement work on the Toll Roads.

Local Construction Company means a company engaged in construction that is headquartered in Puerto Rico or a majority of whose business is derived from construction projects or supply contracts within Puerto Rico.

Newly-Formed Entity has the meaning set forth in Exhibit C, Volume 3.

NHS means the National Highway System.

PPP Act has the meaning set forth in Section 1.2 of this RFQ.

PPP Committee has the meaning set forth in Section 1.3 of this RFQ.

PPP has the meaning set forth in Section 1.2 of this RFQ.

PPP Regulation has the meaning set forth in Section 1.4 of this RFQ.

PRHTA has the meaning set forth in Section 1.1 of this RFQ.

Project has the meaning set forth in Section 1.1 of this RFQ.

PROMESA has the meaning set forth in Section 3.6.1 of this RFQ.

Proposal means the proposal that will be submitted by Qualified Respondents in accordance with the RFP.

Provided Information has the meaning set forth in Section 1.5 of this RFQ.

PSA has the meaning set forth in Section 3.6.1 of this RFQ.

Qualified Respondent means a Respondent that is selected to be shortlisted for the RFP process as described in Section 2.1 of this RFQ.

Related Entity means a person or company is related to another person or legal entity if (a) one may exercise Control over the other; or (b) each is under the direct or indirect Control of the same ultimate person or legal entity.

Request for Clarification (RFC) has the meaning set forth in Section 2.3 of this RFQ.

Request for Qualifications (RFQ) has the meaning set forth in Section 1.4 of this RFQ.

Request for Proposals (RFP) means any request for proposals issued by the Authority to Qualified Respondents in accordance with this RFQ.

Respondent means a(n) (i) individual, (ii) company, (iii) joint venture, or (iv) consortium of individuals or companies formed (whether formally or informally) to undertake the Project and enter into the Agreement.

Respondent Representative has the meaning set forth in Exhibit C to this RFQ.

Restricted Parties has the meaning set forth in Section 2.9 of this RFQ.

Service Recipients means PRHTA and the concessionaire for the operation of PR-22/PR-5.

SOQ or Statement of Qualifications has the meaning set forth in Section 1.1 of this RFQ.

SOQ Due Date means the deadline, both date and time, for submission of SOQs specified in Section 2.2 of this RFQ.

Team Member means a member of a Respondent. For the purpose of the Project, Team Members shall include each of the following with respect to a Respondent:

- each Equity Member, including (without limitation) the ultimate holding company of any such investor or, in the case of a managed fund or pension plan, the manager of the fund or pension plan; and
- each Key Subcontractor.

Toll Roads has the meaning set forth in Section 1.1 of this RFQ.

[Remainder of Page Intentionally Left Blank]

Exhibit B. Organization of Statement of Qualifications

Each Respondent is required to assemble its SOQ in the order prescribed and following the outline form contained in this Exhibit B.

Volume 1	General Information
	Cover Page
	Cover Letter / Executive Summary
	Table of Contents
	Respondent Certification (Exhibit D, Form A-1)
	Document Acknowledgment and Contact Information (Exhibit D, Form A-2)
	Respondent Information (Exhibit D, Form B-1)
	List of Respondent Team Members (Exhibit D, Form B-2)
Volume 2	Technical Information
	Technical Qualifications and Capability
	(a) Firm Experience
	(b) Team Management
	Technical Approach
Volume 3	Financial Information
	Financial Statements and Credit Ratings
	Material Changes in Financial Condition
	Off-Balance Sheet Liabilities
Volume 4	Project Finance Qualifications and Capability
	Project Finance Qualifications and Capability
	(a) Firm Experience
	Project Finance Approach

Exhibit C. Statement of Qualifications Contents

Volume 1 – General Information

Volume 1 of the SOQ shall include the following:

- A. Cover Page
- B. Cover Letter / Executive Summary (2 pages maximum)
- C. Table of Contents
- D. Executed Respondent Certification from Respondent (including from each Team Member and each Guarantor, as applicable). The form of this must strictly follow the form attached to this RFQ as Exhibit D, Form A-1.
- E. Executed Document Acknowledgment and Contact Information letter from the Respondent (executed by the contact person (“Respondent Representative”) for all future communication between the Authority and Respondent). This letter must strictly follow the form attached to this RFQ as Exhibit D, Form A-2.
- F. Completed Information Regarding Respondent Team (Exhibit D, Form B-1)
- G. Completed List of Respondent Team Members (Exhibit D, Form B-2)

Volume 2 – Technical Information (Maximum 12 Pages)

Volume 2 of the SOQ shall include the following, as applicable, relevant to qualifications of Respondent, its Team Members, and any applicable Guarantors.

- A. Provide a maximum four pages narrative description that best meets the evaluation criteria set forth in 5.1.3.1. of this RFQ. The narrative descriptions shall include a description of the team structure that includes team members proposed on this Project and explain why the experience gained will lead to demonstrated stability and integration on this Project to manage risks, resolve issues and deliver technical requirements.
- B. Provide details for a maximum of three (3) projects that best meet the evaluation criteria set forth in 5.1.3.1 of this RFQ. The SOQ shall include narrative descriptions for each project. Each description should, at a minimum, give an overview of the project and explain why the experience gained on the project is relevant to the evaluation criteria provided in Section 5.1.3.1, highlighting similarities in project scope, complexity and responsibilities. Individual project descriptions shall be limited to two pages each. For Equity Members or any applicable Guarantors that are a managed fund or pension plan, project references may be provided from the manager of the fund or pension plan serving as the Equity Member or Guarantor.
- C. Provide a narrative statement of Respondent's conceptual technical approach to the Project responsive to the evaluation criteria set forth in Section 5.1.3.3 of this RFQ. This conceptual technical approach may be no longer than two pages.

Volume 3 – Financial Information (No Page Limit)

Volume 3 of the SOQ shall contain the following:

A. Financial Statements and Credit Ratings

Provide the financial statements for each of Respondent (if formed), the Equity Members, any Guarantors thereof for the three most recent completed fiscal years, provided consistent with the requirements below, to demonstrate financial capability of Respondent.

Information for each entity should be packaged separately and include a cover sheet identifying the name of the organization and its role as Respondent, an Equity Member, or Guarantor.

Financial statement information must include:

- Opinion Letter (Auditor's Report);
- Balance Sheet;
- Income Statement;
- Statement of Changes in Cash Flow; and
- Footnotes.

Respondents may include a parent company of Respondent, other affiliate company of Respondent or an Equity Member to serve as a Guarantor with respect to such entity's financial capabilities. If Respondent has identified a Guarantor in its SOQ, Respondent must provide the information required below for: (i) Respondent, (ii) any Equity Members for which a Guarantor is not provided and (iii) any Guarantors. The information provided for each such entity shall coincide with the entities provided in Forms B-1 and B-2. In addition, the PPP Committee may, in its sole and absolute discretion based upon the review of the information provided, specify that an acceptable Guarantor or an additional Equity Member is required as a condition of shortlisting, in which case the information required of such Guarantor or additional Equity Member shall be submitted upon the request of the PPP Committee.

In addition, financial statements must meet the following requirements:

- **GAAP** – Financial statements must be prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") or International Financial Reporting Standards ("IFRS"). If financial statements are prepared in accordance with principles other than U.S. GAAP or IFRS, a letter must be provided from a certified public accountant discussing the areas of the financial statements that would be affected by a conversion to U.S. GAAP or IFRS.
- **U.S. Dollars** – Financial statements must be provided in U.S. dollars, if available. If financial statements are not readily available in U.S. dollars, Respondent must convert the Balance Sheet, Income Statement, Statement of Changes in Cash Flow and Current Assets and Non-Current Assets notes to U.S. dollars and provide a summary of the conversion methods and applicable foreign exchange rates used to do so. If Current Assets and Non-Current Assets notes cannot readily be converted to U.S. dollars, Respondent must convert the Short-Term Investments amount to U.S. dollars and provide a summary of the conversion methods and applicable foreign exchange rates used to do so.

- **Audited** – Financial statements must be audited by an independent party qualified to render audit opinions (e.g., a certified public accountant). If audited financials are not available for an Equity Member, any Guarantor, the SOQ shall include unaudited financial statements for such Equity Member, Guarantor, certified as true, correct and accurate by the chief financial officer (“CFO”) or treasurer of the entity.
- **English** – Financial statement information must be prepared in English. If audited financial statements are prepared in a language other than English, translations of all financial statement information, including footnotes, must be provided with the original financial statement information.
- **Newly-Formed Entity /Not-Yet-Formed Entity** – If Respondent is a newly-formed entity or has not yet formed a legal entity and does not have independent financial statements, financial statements for the Equity Members and any Guarantor(s) shall be provided (and Respondent shall expressly state that Respondent is a newly-formed entity or not yet formed entity, as applicable, and does not have independent financial statements). Similarly, if an Equity Member is a newly-formed entity or has not yet formed a legal entity and does not have independent financial statements, financial statements for each individual member of such entity or any Guarantor(s) thereof, as applicable, shall be provided (and Respondent shall expressly indicate which entities are newly formed or not yet formed, as applicable, and do not have independent financial statements for the three most recent completed fiscal years).
- **SEC Filings** – If the team or any other entity for which financial information is submitted hereby files reports with the Securities and Exchange Commission, then such financial statements shall be provided through a digital copy of their annual report on Form 10K. For all subsequent quarters, provide a digital copy of any report filed on Form 10Q or Form 8-K that has been filed since the latest filed 10K.
- **Credit Ratings** – Appropriate credit ratings must be supplied for Respondent and each Equity Member to the extent such entities have credit ratings. Credit ratings shall also be provided for any Guarantor to the extent a Guarantor is included in Respondent’s SOQ or is required by the Authority. If no credit ratings exist, include a statement specifying that no credit ratings exist for that entity.

For Equity Members that are funding equity commitments through use of internal resources (e.g., a corporate entity supplying its own capital), financial statements must be provided as described above for the corporate entity supplying the capital. In addition, Respondent must provide a letter from the chief executive officer, chief financial officer or treasurer of the corporate entity that certifies the following:

- where and how the equity commitment will be sourced;
- a description of how competing allocation and capacity issues are considered between several project opportunities the entity pursues simultaneously;
- the investment amount and type (toll concession) meets all corporate strategy and investment policy requirements; and
- the approval process for such equity investment.

For any Equity Member of Respondent that is an investment fund, the specific fund must be stated. If an Equity Member is a general partner that manages multiple funds, it must specifically identify from which fund it intends to ultimately source the equity investment for the Project and provide the required financial information for that specific investment fund. Additionally, for entities that are fund managers of an

investment fund, financial statements must be provided for the fund manager, the limited partnership(s) constituting the investment fund, and the general partner(s) of the investment fund. In addition, Respondent must provide a letter from the chief executive officer, chief financial officer or treasurer of the investment fund that certifies the following:

- the investment capacity of the fund;
- the ownership structure of the various entities in the hierarchy of the fund;
- the investment criteria of the fund and confirmation that the anticipated investment amount and investment type (toll concession) are permitted under the criteria;
- the approval process for such equity investment; and
- the description of recent material changes in the organization of the fund.

If an Equity Member intends to fully or partially rely on third-party institutional investors to fund the equity investment for the Project and to meet the financial capacity requirements of this RFQ, Respondent must provide either from each third party or, if a fund, the manager of such funds:

- the name of the institutional partners;
- the investment criteria and confirmation that the anticipated investment type and amount are permitted under the criteria;
- the approval process for such an investment; and
- the amount of available funds.

B. Material Changes in Financial Condition

Provide information regarding any material changes in financial condition for Respondent, each Equity Member and any Guarantor(s), for the past three years and anticipated for the next reporting period. If no material change has occurred and none is pending, Respondent, Equity Member or Guarantor, as applicable, shall provide a letter from its CFO, treasurer or equivalent so certifying.

Set forth below is a representative list of events intended to provide examples of what the PPP Committee considers a material change in financial condition. This list is intended to be indicative only.

In the sole and absolute discretion of the PPP Committee, any failure to disclose a prior or pending material change may result in disqualification from further participation in the selection process. In instances where a material change has occurred or is anticipated, the affected entity shall provide a statement describing each material change in detail, the likelihood that the developments will continue during the period of performance of the Project development and the projected full extent of the changes likely to be experienced in the periods ahead. Estimates of the impact on revenues, expenses and the change in equity should be provided separately for each material change as certified by the CFO, treasurer or equivalent. References to the notes in the financial statements are not sufficient to address the requirement to discuss the impact of material changes.

Where a material change will have a negative financial impact, the affected entity shall also provide a discussion of measures that would be undertaken to insulate the Project from any recent material changes, and those currently in progress or reasonably anticipated in the future. If the financial statements indicate that expenses and losses exceed income in each of the three completed fiscal years

(even if there has not been a material change), the affected entity shall provide a discussion of measures that will be undertaken to make the entity profitable in the future and an estimate of when the entity will be profitable.

List of Representative Material Changes

1. An event of default or bankruptcy involving the affected entity, a related business unit within the same corporation, or the parent corporation of the affected entity;
2. A change in tangible net worth of 10% of shareholder equity;
3. A sale, merger, or acquisition exceeding 10% of the value of shareholder equity prior to the sale, merger, or acquisition that in any way involves the affected entity, a related business unit, or parent corporation of the affected entity;
4. A change in credit rating for the affected entity, a related business unit, or parent corporation of the affected entity;
5. Inability to meet conditions of loan or debt covenants by the affected entity, a related business unit or parent corporation of the affected entity that has required or will require a waiver or modification of agreed financial ratios, coverage factors or other loan stipulations, or additional credit support from shareholders or other third parties;
6. In the current and three most recent completed fiscal years, the affected entity, a related business unit in the same corporation, or the parent corporation of the affected entity either: (i) incurs a net operating loss; (ii) sustains charges exceeding 5% of the then shareholder equity due to claims, changes in accounting, write-offs, or business restructuring or (iii) implements a restructuring/reduction in labor force exceeding 200 positions or involves the disposition of assets exceeding 10% of the then shareholder equity; or
7. Other events known to the affected entity, a related business unit, or parent corporation of the affected entity that represents a material change in financial condition over the past three years or may be pending for the next reporting period.

C. Off-Balance Sheet Liabilities

Provide a letter from the CFO, treasurer or equivalent of the entity or the certified public accountant for each entity for which financial information is submitted, identifying as applicable each off-balance sheet liability exceeding \$10 million and its associated dollar amount and providing explanation for off-balance sheet treatment.

Volume 4 – Project Finance Qualifications and Capability (Maximum 11 pages)

Volume 4 of the SOQ shall contain the following:

A. Firm Experience

The SOQ shall provide information on a maximum of three (3) projects total (two pages maximum for each project) for the Respondent team, to demonstrate the experience of Respondent, its Equity Members or any Guarantors (or for Equity Members or any applicable Guarantors that are a managed fund or pension plan, the manager of the fund or pension plan) that best meets the evaluation criteria. Preference will be given to demand risk highway/surface transportation projects (i) for which an Equity Member arranged and closed nonrecourse financing within the past ten years and (ii) in which the Equity Member held a minimum 10% equity interest (not including any shares held by public entities) at financial close. Respondents are encouraged to provide information with respect to experience financing tolled and demand risk projects.

A narrative project description and case study describing the financial experience of the Respondent team shall be provided for each of the above projects. Each description should, at a minimum, give an overview of the project, including the type/sector of transportation infrastructure involved (e.g., road, rail, transit, bridge, or tunnel), and explain why the experience gained on the project is relevant to the evaluation criteria provided in Section 5.1.3.2, highlighting similarities in project financing, scope, complexity, responsibilities and challenges.

B. Project Finance Approach

The Project Finance Approach is intended to provide Respondents an opportunity to demonstrate their knowledge and understanding of the tools, requirements and critical considerations involved in developing and implementing a plan of finance for the Project. Provide a maximum three-page summary of the major factors that will be considered in the development of a finance plan for the Project, including, at a minimum, a brief discussion of the following topics:

- broadly describe the finance plan structure you may develop for the Project, including a discussion of expected debt financing sources and their availability for the Project;
- given the increasing number of infrastructure projects in the U.S. and globally, discuss the sources of equity you intend to secure for the Project, the risks of securing such commitments, and the status of any anticipated or known commitments;
- considering that PRHTA is expected to emerge from its restructuring process by the second half of the year 2022, describe how that enhanced credit quality will contribute to a sustainable debt solution moving forward;
- describe your approach to securing credit ratings and your views on the anticipated key credit strengths and weaknesses of the Project; and
- provide an overview of the key milestones and potential challenges in reaching financial close and proposed strategies to mitigate such challenges.

Exhibit D. Supplementary Materials

Form A-1 – Form of Respondent Certification

[Letterhead of each Respondent, Team Member or Guarantor]

Mr. Fermín E. Fontanés Gómez, Esq. — Executive Director
Puerto Rico Public-Private Partnerships Authority
Puerto Rico Fiscal Agency and Financial Advisory Authority Building, 4th Floor
Roberto Sánchez Vilella Government Center
De Diego Avenue, Parada 22
San Juan, PR 00940-2001 USA

Dear [],

We have carefully reviewed the RFQ dated [], 2022 issued by the Puerto Rico Public-Private Partnerships Authority and any other documents accompanying or made a part of the RFQ. Capitalized terms used in this certification have the meanings given to them in the RFQ.

We acknowledge and agree to comply with all terms and conditions of the RFQ, the attached Statement of Qualifications and all enclosures thereto. Without limitation, we specifically acknowledge the disclaimer contained in Section 1.5 of the RFQ and the limitation of damages contained in Section 1.6 of the RFQ.

We certify that the information contained in the attached Statement of Qualifications is truthful. We further certify that the individual who has signed and delivered this certification is duly authorized to submit the attached Statement of Qualifications on behalf of the Respondent, Team Member or Guarantor, as applicable, as its acts and deed and that we are ready, willing and able to perform if awarded the Agreement.

We further certify that we are [describe the type of entity (corporation, partnership, LLC, etc.)] organized in [indicate the jurisdiction of organization] and that the entity contemplated by the Respondent to be the one that shall execute the Agreement shall be authorized and have no impediment to doing business in Puerto Rico or entering into a contractual relationship with government entities in Puerto Rico, as well as complying with applicable Puerto Rico and U.S. laws and/or requirements in connection therewith.

We further certify that as applicable, our Covered Parties have not been convicted, have not entered a guilty plea and have not been indicted, and probable cause has not been found for their arrest, in any criminal proceeding in Puerto Rico, the rest of the U.S. or any foreign jurisdiction, for:

1. any of the crimes referenced in Articles 4.2, 4.3 or 5.7 of Act No. 1-2012, as amended, known as the Organic Act of the Office of Government Ethics of Puerto Rico;
2. any of the crimes typified in Articles 250 through 266 of Act No. 146-2012, as amended, known as the Puerto Rico Penal Code; or
3. any of the crimes listed in Act No. 2-2018, as amended, known as the Anti-Corruption Code for a New Puerto Rico, or any other felony that involves misuse of public funds or property,

including but not limited to the crimes mentioned in Article 6.8 of Act No. 8-2017, as amended, known as the Act for the Administration and Transformation of Human Resources in the Government, or under the U.S. Foreign Corrupt Practices Act.

We further certify that no Covered Party is under investigation in any legislative, judicial or administrative proceedings in Puerto Rico, the rest of the U.S. or any other jurisdiction, and that we comply and shall continue to comply at all times with laws which prohibit corruption or regulate crimes against public functions or funds, as may apply to the Respondent, whether Federal, state or Commonwealth of Puerto Rico statutes, including the U.S. Foreign Corrupt Practices Act.

We further certify that no officer or employee of the Authority, PRHTA, the PPP Committee, AAFAF or any other public agency of Puerto Rico that participates in the selection process described in, or negotiations in connection with, the RFQ (nor any member of their families) has an economic interest in or is connected with the Respondent or any Team Member or Guarantor, as applicable, and no officer or employees of the Authority, PRHTA, the PPP Committee, AAFAF or any other public agency of Puerto Rico (nor any member of their families) has directly or indirectly participated with the Respondent or any Team Member or Guarantor, as applicable, in the preparation of its SOQ submission.

We further certify that we are in compliance with the provisions of Title III of the Anti-Corruption Code, known as the Code of Ethics for Contractors, Suppliers and Applicants for Economic Incentives of the Executive Agencies of the Commonwealth of Puerto Rico, a copy of which is available at the Authority's website: <http://www.p3.gov.pr>.

We further certify that we are in compliance with the provisions of the Authority's Guidelines for the Evaluation of Conflicts of Interest and Unfair Advantages in the Procurement of Public-Private Partnership Contracts, a copy of which is available at the Authority's website: <http://www.p3.gov.pr>.

We further certify that this SOQ is made without prior understanding, agreement, connection, discussion or collusion with any other person, firm or corporation submitting a separate Statement of Qualifications or any officer, employee or agent of the Authority, PRHTA, the PPP Committee or AAFAF; and that the undersigned executed this Respondent's Certification with full knowledge and understanding of the matters herein contained and was duly authorized to do so.

We further certify that the Respondent, Team Members and Guarantors shall not, other than as permitted in the RFQ, attempt to communicate in relation to the RFQ, directly or indirectly, with any representative of the Authority, PRHTA, the PPP Committee, AAFAF, the Government, the FOMB or any public agency of Puerto Rico, including any Restricted Parties, or any director, officer, employee, agent, advisor, staff member, counsel, consultant or representative of any of the foregoing, as applicable, for any purpose whatsoever, including for purposes of: (a) commenting on or attempting to influence views on the merits of this SOQ, or in relation to this SOQ; (b) influencing, or attempting to influence, the outcome of the RFQ process, or of the competitive selection process, including the review and evaluation of SOQs or the selection of Qualified Respondents; (c) promoting the Respondent, Team Members or Guarantor or their interests in the Project, including in preference to that of other Respondents or their respective Team Members or Guarantors; (d) commenting on or criticizing aspects of the RFQ, the competitive selection process, or the Project including in a manner which may give the Respondent or its Team Members or Guarantors a competitive or other advantage over other Respondents or their respective Team Members or Guarantors; or (e) criticizing the qualifications of other Respondents.

We further certify that neither we nor any Covered Party has made any agreement with respect to this Project to offer any business opportunities to, or to conduct business exclusively with, any Local Construction Company, unless such Local Construction Company is expected to be an equity investor of at least 10% in our Concessionaire.

To the extent the Authority and PRHTA determine to submit any of the costs incurred under the Agreement for federal reimbursement, the Respondent shall be required to comply with all applicable federal certification and requirements.

Federal regulations restrict PRHTA from contracting with parties that are debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs and activities, where the contract is funded in whole or in part with federal funds. We certify that:

1. Neither the Respondent nor any of its principals (defined at 2 C.F.R. § 180.995), or its affiliates (defined at 2 C.F.R. § 180.905), are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935) from participation in this transaction by any federal department or agency.
2. The Respondent agrees to comply with the requirements of 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this proposal is valid and throughout the period of any contract that may arise from this proposal. The Respondent further agrees to include a provision requiring such compliance in its lower tier covered transactions.
3. This certification is a material representation of fact relied upon by the Authority and PRHTA. If it is later determined that the Respondent did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to the Authority and PRHTA, the federal government may pursue available remedies, including but not limited to suspension and/or debarment.

We further certify, to the best of our knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the Respondent, Team Member or Guarantor, to any person for influencing or attempting to influence an officer or employee of an agency, a member of the United State Congress, an officer or employee of the United States Congress or an employee of a member of the United States Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of the United States Congress, an officer or employee of the United States Congress or an employee of a member of the United States Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
4. The undersigned shall require that the language of the foregoing items 1, 2 and 3 be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants and

contracts under grants, loans and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

The undersigned Respondent, Team Member or Guarantor, as applicable, acknowledges that any violation or misrepresentation with respect to the above will prohibit the participation of the Respondent and its Team Members and Guarantors in any procurement process under the PPP Act and other applicable laws of Puerto Rico and, therefore, will be disqualified from participating hereunder.

The attached Statement of Qualifications shall be governed by and construed in all respects according to the laws of Puerto Rico and the terms of the RFQ.

Our business address is:

[Insert business address]

Yours faithfully,

[Insert appropriate signature block for signature by a person duly authorized to bind the Respondent, Team Member or Guarantor]

Form A-2 – Form of Document Acknowledgment and Contact Information

[Letterhead of the Respondent]

Mr. Fermín E. Fontanés Gómez, Esq. — Executive Director
Puerto Rico Public-Private Partnerships Authority
Puerto Rico Fiscal Agency and Financial Advisory Authority Building, 4th Floor
Roberto Sánchez Vilella Government Center
De Diego Avenue, Parada 22
San Juan, PR 00940-2001 USA

Ladies and Gentlemen:

I, [Name of Respondent Representative] in my capacity as [Title] of [Name of the Respondent], acknowledge on behalf of the Respondent and each Team Member that the Respondent (for itself and each anticipated Team Member) was able to access the Puerto Rico Public-Private Partnerships Authority (the “Authority”) web site and downloaded the following documents regarding the Request for Qualifications (“RFQ”) for the Puerto Rico Toll Road Monetization Project (the “Project”), issued by the Authority on [, 2022]. Our contact information for further notifications is included below. We accept the transmission of such additional notifications via electronic communications, but acknowledge and accept that we shall have the responsibility of periodically checking in the Public-Private Partnership Authority website (<http://www.p3.pr.gov>) for any and all official communications regarding the RFQ and other stages of the procurement process for the Project.

Document/File Title:

Date Received/Downloaded:

Respondent Representative Signature:

Date:

Contact Information: [Respondent Representative name, title, company, address, electronic mail, telephone number]

Form B-1 – Form of Information Regarding Respondent Team

INFORMATION REGARDING RESPONDENT TEAM

(for Public Release)

To be completed by each Team Member and each Guarantor

Name of Respondent: _____

Entity (check all applicable boxes for the entity completing this Form B-1):

☐ Respondent ☐ Equity Member ☐ Guarantor

☐ Key Subcontractor _____

Name of Entity Completing Form B-1: _____

Year Established: _____ State of Organization: _____

Federal Tax ID No. (if applicable): _____ Telephone No.: _____

Name of Official Representative Executing Form B-1: _____

Individual's Title: _____

Email Address: _____

Type of Business Organization (check one):

☐ Corporation

☐ Partnership

☐ Joint Venture

☐ Limited Liability Company

☐ Other (describe)

A. Business Address: _____

Headquarters: _____

Office Performing Work: _____

Contact Telephone Number: _____

B. Indicate the role of the entity in the space below.



- C. If the entity completing this Form B-1 is a joint venture or newly-formed entity, identify the names of the members or partners of such joint venture or newly-formed entity in the space below.

Name

I certify that the foregoing is true and correct, and that I am the firm's Official Representative:

By: _____ Print Name: _____

Title: _____ Date: _____

[PLEASE MAKE ADDITIONAL COPIES OF THIS FORM AS NEEDED.]

Form B-2 – Form of List of Respondent Team Members

LIST OF RESPONDENT TEAM MEMBERS

Name of Respondent: _____

Respondent's Official Representative: _____

Title: _____

Address: _____

Phone Number: _____ Email Address: _____

List each Equity Member and its percentage ownership of Respondent:

List each Key Subcontractor and its role:

List each Guarantor and its role:

Appendix C: Qualifications Memo





GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

Qualifications Process Report

Puerto Rico Toll Monetization Project

July 14, 2023



I. Introduction

This Qualifications Process Report (the “**Report**”) summarizes the qualifications procedures and relevant information related to the procurement process conducted for the establishment of a public-private partnership (“**PPP**”) for financing, operating, maintaining, and improving the following toll roads in Puerto Rico: PR-20, PR-52, PR-53 and PR-66 (collectively, the “**Toll Roads**”) pursuant to a PPP agreement to be entered into between the Puerto Rico Highways and Transportation Authority (“**PRHTA**”) and a private operator (the “**Project**”).

Pursuant to Act No. 29-2009, as amended (“**Act 29**”), also known as the *Public-Private Partnerships Act*, and the *Regulation for the Procurement, Evaluation, Selection, Negotiation, and Award of Participatory Public-Private Partnership Contracts Under Act No 29-2009, as amended* (the “**Regulation**”), the Puerto Rico Public-Private Partnerships Authority (the “**Authority**”) performed a Desirability and Convenience Study (the “**D&C Study**”) to determine whether establishing the Project was advisable. The D&C Study considers a variety of PPP delivery options that aim to solve PRHTA’s historical challenges, including the need to pay for required capital investments and to repay PRHTA’s outstanding debts. The D&C Study suggested that most of the potential options under consideration are not feasible without an upfront concession payment and concludes that a concession of all Toll Roads appears to be the most desirable and convenient delivery method when compared to the other options within the D&C Study. A concession of all Toll Roads presents an opportunity for the Government of Puerto Rico (the “**Government**”) to (i) enhance the quality of the Toll Roads by requiring that the private operator make the capital investment necessary to achieve a state of good repair (ii) generate a concession payment to be used to address PRHTA’s outstanding debt burden and.

Following the issuance of a public notice in a newspaper of general circulation in accordance with the requirements of Article 7(c) of Act 29 and Section 5.2 of the Regulation, the D&C Study was published on the Authority’s website on March 24, 2022 and made available for the public to review and submit comments. The Authority did not receive comments to the D&C Study during the thirty (30) day comment period.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

On August 1, 2022, the Authority, in collaboration with PRHTA, issued a Request for Qualifications (as thereafter amended, “RFQ”)¹ as part of the Project’s procurement process. The Authority received Statements of Qualifications (“SOQs”) in response to the RFQ from four (4) prospective proponents (“Respondents”²).

On November 7, 2022, the Partnership Committee established for this Project in accordance with Article 8 of Act 29 (“**Partnership Committee**”³) completed its evaluation of such SOQs and determined which of the Respondents were qualified to participate as Qualified Respondents in the Request for Proposal (“RFP”) stage.

This Report consists of five (5) parts divided in the following sections: (I) Introduction, (II) Project Background; (III) Description of Respondents; (IV) Qualification Process; and (V) Conclusions. Individual SOQ Evaluation forms from the Partnership Committee are included in Appendix A. Appendix B documents changes in a Proponent⁴ team during the RFP phase.

¹ Capitalized terms used but not otherwise defined in this Report shall have the meaning ascribed to them in, as applicable, Act 29, the Regulation, and the RFQ.

² This Report uses “Respondent” to refer to the prospective proponents who participated in the RFQ process. “Proponent” refers to those Respondents who were short-listed (becoming “Qualified Respondents”) during the RFQ process.

³ Authorized and approved by the Board of Directors of the Authority through Resolution 2022-07, dated April 29, 2022.

⁴ The addition of new members to a Proponent, such as the one discussed in Appendix B, team is evaluated as a Proponent Change Request. As part of its evaluation of the Proponent Change Request, the Partnership Committee reassesses whether the Proponent satisfies the legal and regulatory requirements to continue in the process as a Qualified Respondent..



II. Project Background

PRHTA is facing a fundamental challenge as it aims to remain financially sustainable over the long-term while overseeing an adequate transportation network capable of supporting economic growth and development in Puerto Rico. PRHTA has historically been unable to maintain the highway system in a state of good repair, as defined by federal guidelines, which is a requirement to access federal funds. As a result, PRHTA cannot provide a reliable road network due to funding constraints, aging infrastructure, rising capital costs, shrinking budgets, and lack of asset management planning, among other factors. Ongoing budget deficits require PRHTA to follow a “worst-first” strategy that prioritizes needs that require urgent investment while disregarding minor and preventive maintenance. In addition, the PRHTA’s fiscal situation requires innovative solutions to ensure funding is available for outstanding debt that directly affects PRHTA’s ability to serve its road network.

Without a quality transportation network, Puerto Rico will lose competitiveness and the prospects of economic expansion will be diminished. In addition, well maintained roads reduce the costs to maintain vehicles, which costs currently burden residents on the island. Furthermore, poor infrastructure quality increases Puerto Rico’s vulnerability to natural disasters and significantly reduces resiliency. Given that the Toll Roads serve as a catalyst for economic development and prosperity, there is a profound need to enhance the Toll Roads by addressing the quality of the network, safety, and operational issues.

The Project entails the potential establishment of a PPP for the improvement, financing, operation, and maintenance of the Toll Roads under a long-term PPP agreement (the “**Agreement**”) between PRHTA and a private operator. Under the Agreement, the concessionaire will be responsible for conducting capital improvements, financing such improvements, and operating and maintaining the Toll Roads subject to certain performance standards to be included in the Agreement.

In conducting this procurement process, the Authority and PRHTA seek to:

- Receive upfront proceeds sufficient to repay PRHTA’s outstanding debt obligations;



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

- Improve mobility, operational efficiency, accessibility and safety on the Toll Roads;
- Improve the transportation network in a timely basis in order to bring the Toll Roads to a state of good repair and ensure the Toll Roads remain eligible for potential Federal funding; and
- Ensure that the people of Puerto Rico have access to quality roads and modes of transportation that will improve the overall experience of the traveling public and commerce within the surrounding communities.



III. Description of Respondents

What follows below are brief descriptions of the Respondents, listed in alphabetical order. The descriptions provide a summary of each Respondent's principal characteristics and are provided merely for convenience and ease of reference. The full SOQs and the Partnership Committee's evaluations are on the Authority's official records. Respondents were evaluated strictly based upon the information provided in their respective SOQs. Three (3) of the Respondents submitted their qualifications as a consortium⁵, comprised of more than one (1) company contributing their respective experience and expertise. The RFQ required such Respondents to set forth the identity, role, and capabilities of each consortium member individually.

1. Abertis Infraestructuras S.A. ("Abertis")

- Abertis is a leader in infrastructure management globally, managing more than 21,000 lane miles of high capacity and quality roads, 8,000 structures, and 80 tunnels distributed across 34 concessions in the Americas, Europe, and Asia.
- They are the leading national operator of toll roads in countries such as Spain, Chile, and Brazil, and also have a significant presence in Puerto Rico, the U.S. mainland, France, Italy, and Mexico. In Puerto Rico, they operate and manage PR-22 and PR-5 as majority equity partner of Autopistas Metropolitanas de Puerto Rico, LLC ("Metropistas") pursuant to a PPP transaction. As part of that transaction, Metropistas has paid a total concession fee of \$1.245 billion.
- They have demonstrated experience operating critical transportation assets under a PPP delivery model in a safe, well-maintained, and efficiently managed manner and have extensive financing experience, with more than \$30 billion in financings completed in the last 10 years.

⁵ See, Article 9(d) of Act 29 and RFQ at Section 2.11.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

- Key investments include: Metropistas, Elizabeth River Crossings Concession in Virginia, U.S., and A1, A2, A4, A13, A14, A16, A26, and A28 Toll Roads Concession in France.
- Abertis submitted its SOQ by itself, without other equity members.

2. Concesionario Nuevo Puerto Rico (“CNPR”)

- CNPR is a to-be-formed consortium comprised of Plenary Americas US Holdings, Inc. (“**Plenary**”), as 51% Equity Member, and Shikun & Binui Concessions USA, Inc. (“**SBC**”), as 49% Equity Member.
- Plenary is one of North America’s leading developer and financial arranger of critical infrastructure procured using the PPP delivery model. They have approximately 56 PPP projects in North America, have invested over \$760 million in the last 15 years, and their PPP portfolio has a capital value of more than \$17.3 billion. Globally, Plenary’s PPP portfolio includes 76 assets under management worth more than \$38 billion in capital value, including 15 transportation projects with over 150 miles of highway, 115 miles of train tracks, 400 miles of bus lanes, and 57 stations carrying more than 150,000 passengers per day.
- SBC is the U.S. infrastructure development subsidiary of Shikun & Binui Ltd. (“**SBL**”) and, together with SBC, “S&B”), the Parent Guarantor for SBC. SBC has a proven ability to secure financial close for PPP projects under various PPP delivery models in different market conditions, including availability payments and revenue risk concessions. They are the leading equity member of the 52-year design, build, finance, operate, and maintain (“**DBFOM**”) SH 288 Toll Lanes PPP project in Harris County, Texas, an approximately \$1 billion project. They have also recently raised more than \$1.1 billion of debt for their latest PPP DBFOM project in the United States, the Fargo-Moorhead Diversion Channel.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

- As two of North America's leading PPP developers, Plenary and SBC leverage a combined experience of more than 81 PPP projects, including 8 toll road concessions in the last 25 years and over 100 years of experience in the construction of large scale, complex infrastructure projects. They have invested almost \$2 billion in equity and structured more than \$15 billion in debt financing for PPP projects.
- Key investments, as individual firms, include: SH 288 Toll Lanes, US 36 Express Lanes in Denver, and the Cross-Israel Highway, in Israel.

3. Puerto Rico Omega Mobility Group ("Omega Group")

- Omega Group is a to-be-formed consortium composed of (i) Omega Construcciones Industriales S.A. de C.V. ("OCI"), as 85% Equity Member, (ii) Omega Corp., S.A. de C.V., ("Omega Corp"), as 10% Equity Member; (iii) LCA Prestadora de Servicios, S. de R.L. de C.V. & Latam Capital Asesoría e Infraestructura, S.C. ("LCA"), as 5% Equity Member, and CSA Architects and Engineers LLP ("CSA") and Administradora de Carreteras de Omega S.A. de C.V. ("ACO"), as key subcontractors.
- OCI is an industrial operator and equity investor in transportation projects. They have vast experience in Mexico and have a majority stake on PPP brownfield projects, including the operation and maintenance of more than 256 lane miles of highways.
- Omega Corp is one of the leading private developers of highway infrastructure in Mexico, with 40 years in the industry and a market capitalization of \$1.44 billion. Currently, Omega Corp has more than 280 lane miles of highway in its portfolio and manages over \$781.6 million of investments, including three assets with toll road traffic and revenue risk.
- LCA has designed and executed over 25 nonrecourse financial transactions for approximately \$18 billion, including 18 toll road transactions.



GOVERNMENT OF PUERTO RICO

PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

- CSA brings over 35 years of local experience in highway design, construction, and rehabilitation projects. They have served as owner's representative and project manager for various capital improvement projects for PRHTA, including recent reconstruction projects on the Toll Roads.
- ACO is the operating arm of the consortium, incorporating years of experience providing customer service and optimizing operations and management ("O&M") expenses. ACO operates 24 toll lanes with an average annual traffic of over 25,000 vehicles and specializes in information technology systems ("ITS") and electronic tolling solutions.
- Key investments for the individual firms include: MRO Golfo-Centro PPP, San Luis Potosi-Matehuala PPP, and Matehuala Bypass PPP.

4. Vías de Puerto Rico ("VPR")

- VPR is a to-be-formed consortium composed of Sacyr Infrastructure USA LLC ("**Sacyr**"), as 55% Equity Member, and TKO Core Infrastructure Fund, LP ("**TKO**"), a to-be-formed investment fund that will be managed by Star America Infrastructure Partners, LLC ("**Star America**"), as 45% Equity Member. Sacyr Concesiones S.L will act as Sacyr's Guarantor and Tikehau Capital SCA ("**Tikehau Capital**") will support TKO as its Guarantor.
- Sacyr is ranked as the 4th largest PPP developer globally, with a highly diversified and globally distributed portfolio of 75 PPP assets totaling \$18 billion under management. They have structured project financings for large infrastructure projects, including A3 Toll Road in Italy, which was a brownfield toll road concession in which a \$522 million upfront payment was made, and the Pedemontana-Veneta Highways, also in Italy, a project that required a \$3.2 billion investment.
- Star America has made investments in infrastructure projects with a total asset value of more than \$5 billion across 18 investments, 11 of



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

which are PPP projects. Their transportation PPP projects include SH 288 Toll Roads (\$1 billion managed lane project) and the Maryland Purple Line PPP.

- Together, Sacyr and Star America leverage over 45 years of experience delivering over 100 PPP projects in 13 countries, over 5,000 lane miles of highways, \$34 billion accumulated investment, invested \$1.3 billion of equity, and manage \$21 billion of investments.
- Key individual investments include: A3 Toll Road in Italy, Pedemontana – Veneta Highways, SH 288 Express Toll Lanes, Veterans Memorial Highway (Portsmouth Bypass), and Maryland Purple Line PPP.



IV. Qualification Process

Background

The Partnership Committee has the duty and responsibility to evaluate and select qualified teams to participate as Proponents in the RFP stage and to establish and negotiate the terms and conditions it deems appropriate for the corresponding Agreement.

Section 3.1 of the Regulation grants the Partnership Committee ample discretion to engage advisors by authorizing such Partnership Committee to “contract, on behalf of the Authority, advisors, experts or consultants with the knowledge necessary to assist the Partnership Committee and the Authority in the adequate discharge of its functions”. Likewise, Section 3.5 of the Regulation provides:

“The Executive Director may appoint employees of the Authority and contract with consultants, advisors or agents to assist the Authority and the Partnership Committee in the review of the Proposals and the selection and negotiation process for a Partnership and provide any other assistance that is deemed necessary or appropriate in connection with an Award of a Partnership Contract, including participating as nonvoting members of the subcommittees of the Partnership Committee. The individuals or entities providing such assistance must satisfy the conflicts of interest or ethics guidelines adopted by the Authority from time to time and may participate in any evaluation and negotiation process conducted by the Partnership Committee as the Partnership Committee may deem necessary.”

Accordingly, the following advisors have been engaged to give assistance to the Partnership Committee throughout the procurement process, including the Project’s development and RFQ: KPMG LLP, J.P. Morgan Securities LLC, O’Melveny & Myers LLP, Pietrantoní Méndez & Álvarez LLC, and CPM P.R. LLC. In addition, PRHTA’s advisors, Steer and Eclipse Management LLC, and the Financial Oversight and Management Board for Puerto Rico (the “FOMB”) and their advisor, Citigroup Global Markets Inc.⁶, have collaborated with the

⁶ Act 29 provides the Partnership Committee with the authority to negotiate the terms of the Agreement and provides PRHTA with the authority to execute the Agreement negotiated by the Partnership Committee with the private operator, subject to (i) the approval of the Authority’s Board of Directors and PRHTA’s Board of Directors and (ii) the approval of the Governor of Puerto Rico or his/her delegate. In addition, the negotiated Agreement is subject to FOMB’s



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

Partnership Committee during the procurement process; the advisors mentioned herein are collectively referred in this Report as the “**Advisors**”.

Furthermore, the Regulation states that the Partnership Committee may qualify a limited number of Respondents in order to arrive at a shortlist for the Project. It further provides that the RFQ process shall identify Qualified Respondents that satisfy minimum standards of financial condition and technical or professional ability and experience. Accordingly, Section 1.4 of the RFQ provides that “[P]ursuant to the [Authority] Regulation, the [Partnership] Committee hereby notifies Respondents of its right to limit the number of Respondents who will be shortlisted.”

It should be noted, however, that the Partnership Committee may determine in its sole discretion that all of the Respondents are qualified to participate in the RFP process. In other words, such right to shortlist a limited number of Respondents is not mandatory, but rather a discretionary right that the Partnership Committee may utilize when it determines that it serves the best interests of the process.

The RFQ also confers the Partnership Committee ample discretion in evaluating SOQs. Specifically, Section 1.5 of the RFQ provides for the Partnership Committee to “reject any and all submittals and responses received at any time”.

RFQ Procurement Schedule

According to the RFQ, prospective Respondents were required to submit SOQs by no later than 2:00 p.m. AST on October 5, 2022. The Authority received four (4) SOQs on or before the required date and time. The procurement schedule is presented in Table 1.

Table 1. RFQ Procurement Schedule

Issuance of RFQ	August 1, 2022
-----------------	----------------

consent in accordance with the policy established pursuant to Section 204(b)(2) of the Puerto Rico Oversight, Management, and Economic Stability Act of 2016 (“**PROMESA**”), which requires FOMB’s approval before execution of all local Puerto Rico contracts with an aggregate expected value of \$10 million or more.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

Deadline for first round of questions regarding the RFQ	August 22, 2022 at 5:00PM AST
Deadline for Authority to respond to first round of RFQ questions	September 6, 2022
Deadline for second round of questions regarding the RFQ	September 14, 2022 at 5:00PM AST
Deadline for Authority to respond to second round of RFQ questions or issue Addenda	September 21, 2022
Deadline for prospective Respondents to provide Dataroom Access Information	September 26, 2022 at 5:00PM AST
SOQ Due Date	October 5, 2022 at 2:00PM AST

Evaluation Criteria

The Partnership Committee evaluated Respondent SOQs pursuant to Article 8(b) of Act 29 and Section 3.1 of the Regulation, as well as the extent to which Respondents satisfied the requirements of the RFQ, in accordance with the evaluation criteria established in Sections 5 and 6 of the RFQ (collectively referred as the “**Evaluation Criteria**”).

1. Responsiveness Review

Each SOQ was reviewed for:

- a. Conformance to the RFQ instructions regarding organization and format; and
- b. Responsiveness to the requirements set forth in the RFQ.

Any SOQ determined by the Partnership Committee to be unresponsive could be excluded from further consideration and not eligible for further evaluation and shortlisting. The Partnership Committee also had the discretion to exclude from consideration any Respondent whose SOQ contained a material misrepresentation.

As indicated in Section 5.1.1 of the RFQ, the Partnership Committee could also request written clarifications, confirmations, or corrections from any Respondent regarding its SOQ. The Partnership Committee reserved the right, in its discretion, to disregard or waive minor informalities, irregularities, omissions, nonconformities, discrepancies and apparent clerical mistakes.



2. Pass or Fail Criteria

The Partnership Committee evaluated each SOQ based upon the following pass/fail criteria:

- a. **Forms.** Respondent provided all forms listed in Exhibit C, Volume 1, of the RFQ and all other documents and information required, properly completed and signed (if required) pursuant to the requirements of the RFQ.
- b. **Financial Capability.** Respondent has the financial capability to complete the Project and discharge its obligations therein. In determining financial capability, the Partnership Committee considered the applicable materials provided and any other information that the Partnership Committee considered relevant. The Partnership Committee's determination of financial capability was made based on the Respondent's ability to meet future funding and financing commitments that are anticipated to be required in the Agreement. The Partnership Committee used the D&C Study to estimate the future level of required funding and financing for the Project. The Partnership Committee determined, at its sole and absolute discretion, whether a Respondent has the financial capability to complete the Project and discharge its obligations therein, either with or without a Guarantor.

As part of the initial assessment of the SOQs, the Partnership Committee issued Request for Clarifications ("RFCs") to all Respondents, requesting further clarification and/or information as to some of the content of their SOQs. Respondents provided the corresponding clarifications. Upon receiving an RFC, Respondents were given a specified period to respond with additional clarifying information to assist the Partnership Committee in evaluation of the SOQs. All Respondents provided responses to RFCs within the allotted time.

3. Evaluations Criteria and Weighting

Each SOQ passing all of the pass/fail criteria set forth in Section 5.1.2 of the RFQ was evaluated and scored by the Partnership Committee in the following categories:

- a. Technical Qualifications and Capabilities (55% weighting)



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

- b. Project Finance Qualifications and Capabilities (35% weighting)
- c. Technical Approach (5% weighting)
- d. Project Finance Approach (5% weighting)

a. Technical Qualifications and Capabilities

Respondents and their individual team members' qualifications and experience in operating and maintaining toll roads and delivering capital improvements on projects of similar scope and complexity were evaluated pursuant to Section 5.1.3.1 of the RFQ.

1. **Firm Experience.** This criterion involves the extent and depth of the experience of the Respondent with projects of similar scope and complexity and with similar responsibilities as are anticipated to be within the scope of work for the Project, and including specific experience with toll road concessions, PPP contracting, or any variation thereof. Relevant experience includes:
 - Experience in long-term operations and maintenance of highway/surface transportation assets with similar size and complexity as the Project;
 - Experience delivering rehabilitations and capital improvements on highway/surface transportation assets with similar size and complexity as the Project;
 - Demonstrated understanding of highway aging to assess and determine the applicability of remedial maintenance action;
 - Experience with traffic management and maintenance of traffic;
 - Experience delivering highway transportation projects under the highest service levels measured through Key Performance Indicators ("KPIs") and other related metrics;
 - Experience with roadside toll operations and maintenance (e.g. implementing toll rate increases, roadside systems improvements and maintenance, etc.);



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

- Experience achieving the highest standards of customer service and satisfaction (specifically, Respondents must highlight their experience and qualifications (i) substantial high-volume, toll facility maintenance and operation experience while maintaining productive ongoing relationships with government entities and (ii) providing excellent customer service to the traveling public);
 - Respondent's commitment and capability to upholding environmental responsibility in fulfilling the terms of the Agreement;
 - Respondent's understanding of community relations including users of the Project and other stakeholders; and
 - Respondent's ability to address and resolve safety issues, demonstrating:
 - Knowledge of highway safety strategies and methodologies;
 - Experience in emergency response support; and
 - Background in relevant traffic engineering standards, specifications, policies, and processes.
2. **Team Management.** The extent and depth of the experience of Respondent's team in working together to meet project goals and objectives as an integrated team. Further, the extent and depth to which the proposed team demonstrates stability and is capable of functioning as an integrated team to manage project risks, resolve issues and deliver technical requirements on the Project.

b. Project Finance Qualifications and Capabilities

Section 5.1.3.2 of the RFQ sets forth the different elements and aspects to be evaluated in connection with a Respondent's financial capability to undertake the Project. Demonstrated experience in financing highway/surface transportation projects with substantial demand risk and capability to finance the Project, as described below:

- Adequacy and availability of Respondent's current resources to develop and execute a financial plan on a timely basis for the Project, including



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

readiness, flexibility and availability to secure debt financing and invest equity in the Project;

- Extent and depth of the Equity Members' experience in structuring and securing debt financing (tolled and demand-risk projects most preferred);
- Extent and depth of Equity Members' experience in structuring and securing equity commitments, including from internal sources, investment funds or other external sources (tolled and demand risk projects most preferred); and
- Ability to overcome challenges that may cause delays in securing financing for a brownfield acquisition project.

c. Technical Approach

The Respondents' Technical Approach was evaluated following the criteria in Section 5.1.3.3 of the RFQ, which includes:

- Demonstration of an understanding of the Project scope and complexity;
- Demonstration of an understanding of Project risks and potential solutions (regardless of which party has responsibility for such risks) that may arise (operation, maintenance, capital improvements delivery, etc.);
- Articulation of Respondent's approach to PPP contracting;
- Articulation of Respondent's approach to project quality ("QA/QC") during operations; and
- Articulation of Respondent's approach to safety management during operations.

d. Project Finance Approach

The Project Finance Approach was evaluated based on:

- Proven knowledge and understanding of current financial markets, with specific reference to the availability of project financing for the acquisition



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

of a brownfield toll concession project of the proposed scope and complexity of the Project;

- Proven in-depth understanding of the tools, requirements and critical considerations involved in developing and implementing a financing plan for the Project;
- Proven understanding of financing constraints and remedies in case of funding future capital investment needs; and
- Extent and depth of Equity Members' experience with tax-exempt financing (given that Authority is exploring a potential application for an allocation of Private Activity Bonds ("PABs") to support capex investments in connection with the Project).

Evaluation Results

In accordance with the authority granted to the Partnership Committee pursuant to Act 29 and the Regulation, the Authority and the Advisors assisted the Partnership Committee in evaluating each of the SOQs. The Partnership Committee met with the Authority and the Advisors to discuss the SOQs. In particular, the Authority and the Advisors provided the Partnership Committee with an overview of each Respondent and its SOQ and an analysis of the Authority's and the Advisors' observations and recommended scoring pursuant to the Evaluation Criteria.

After the initial review and discussion of the observations, the Partnership Committee determined that, to provide the best possible opportunity to all Respondents, all SOQs would be evaluated and scored on their merits, including those SOQs that failed to comply with the Pass/Fail Criteria or other Evaluation Criteria. The Partnership Committee also agreed that it would shortlist the top three (3) Respondents.

Each member of the Partnership Committee completed the SOQ Evaluation Forms, which are included as part of Appendix A.

Below a summary of the SOQs evaluations.



GOVERNMENT OF PUERTO RICO

PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

a. Responsiveness Review

The SOQs evaluation concluded that all Respondents complied with the requirements set forth under the Responsiveness Review, specifically, those requirements contained in Act 29, as well as all other requirements contained within the RFQ, including format requirements, terms, conditions, and the completion of all Forms.

b. Pass or Fail Criteria

Abertis. Abertis demonstrated its ability to consistently access both debt and equity capital markets to finance its operations and capital projects. Abertis has approximately \$8.3 billion in liquidity and is a wholly owned subsidiary of Atlantia SpA, which has a market capitalization of \$19.5 billion (BIT:ATL). Abertis is rated BBB by Fitch Ratings (“**Fitch**”) and BBB- by Standard & Poor (“**S&P**”).

CNPR. Plenary has \$421 million of cash and approximately \$1 billion in equity. Plenary is owned by Caisse de dépôt et placement du Québec (“**CDPQ**”), one of North America’s largest institutional investors, with approximately \$305 billion of assets under management. Plenary Americas Holding Ltd. (“**PAHL**”), Guarantor to Plenary in its capacity as Equity Member, is 100% owned by CDPQ. SBC owns interests in a portfolio of concession projects involving PPPs and has invested (or is committed to invest) globally in PPP projects a total amount of equity exceeding \$1.1 billion. These equity investments have been or will be sourced from SBC’s own resources, which include over \$1.0 billion in cash and various lines of credit available to fund the Project. SBC is publicly traded on the Tel Aviv Stock Exchange (TASE:SKBN) with a market capitalization of \$1.7 billion and is rated iLA/Stable, the equivalent to an “A” category rating by S&P.

Omega Group. OCI has a working capital deficit for 2021 of approximately \$20 million and cash of \$197,000⁷, while Omega Corp has approximately \$1.4 billion in equity. LCA generated \$162,000 in operating income in 2021 and a net loss of

⁷ On page 1 of Omega’s RFQ submission, the Proponent indicated that “As of December 31, 2021, OCI had a net cash position of USD \$102.5M”. Volume 3 of Omega’s RFQ submission, Note 3 of the Company’s 2021 audited financial statements reports a cash balance of \$197,324. Note 4 of the same reports a Related Parties receivables balance of \$102,522,575 which is a component of the Company’s short terms asset balance of \$122,554,209. No additional details are provided, or reconciliation presented to verify the Company’s assertion that it had a net cash position of \$102.5 million for the most recent reported period provided in Omega’s RFQ submission.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

\$343,000. LCA's current assets are in excess of its current liabilities with \$136,000 in cash on its balance sheet.

VPR. Sacyr Concesiones S.L will act as Sacyr's Guarantor and Tikehau Capital will support TKO as Guarantor. Sacyr's parent company, The Sacyr Group, is publicly traded in the Spain Stock Market Index and has a market capitalization of \$1.9 billion. In 2021, Sacyr had over \$790 million in cash USD in 2021 and operating income of \$515 million. Tikehau Capital's current assets are approximately \$1.6 billion. They have \$1.8 billion in liabilities and \$3.4 billion in equity. They are rated BBB by Fitch.

After reviewing the documents presented, including responses to RFCs, the Partnership Committee determined that Abertis, CNPR, and VPR complied with the requirements assessed under the Pass or Fail Criteria evaluation, whereas Omega Group failed the Financial Capability criteria 5.1.2(b). Specifically, the information submitted by Omega Group indicated that it did not have sufficient financial capability to cover the financial requirements of the Project's entire scope of work. Additionally, the Partnership Committee was concerned that there appeared to be misrepresentations or errors in the presentation of financial data that added to concerns regarding Omega Group's ability to meet the financial obligations with respect to the Project⁸. Notwithstanding, the Partnership Committee decided to evaluate all SOQs on their merits.

⁸ On page 1 of Omega's RFQ submission, the Proponent indicated that Omega Corp, S.A. de C.V. ("Omega") has a "market capitalization of USD \$1.44B". There is no record of Omega having publicly traded equity that would support a market capitalization of \$1.4B. Volume 3 of Omega's RFQ submission, indicates that as of December 31, 2021, Omega's book shareholder equity value was \$1,440,617,675. Market capitalization and accounting equity value are not synonymous especially as it relates to Omega's ability to raise primary equity from third-party sources in order to fund operations and capital projects.

c. Evaluation Criteria and Weighting⁹

Abertis

a. Technical Qualifications and Capabilities

Abertis provided information regarding various concessions under contract, long term O&M strategy, capital delivery strategy, understanding of highway aging and remedial maintenance strategy, traffic management, KPI's implementation, toll operations, environmental responsibility statement, community relations and customer service and satisfaction strategy. Transactions provided in its response as demonstration of its technical qualifications included: Metropistas, Elizabeth River Crossings Concession in Virginia, U.S., and A1, A2, A4, A13, A14, A16, A26, and A28 Toll Road Concessions in France. Based on the Abertis SOQ, since closing the Metropistas transaction, Metropistas has reduced accidents by approximately 75% as a direct result of their investment and has been in 100% compliance with its contractual KPIs.

b. Project Finance Qualifications and Capabilities

Abertis is one of the largest toll road operators and concession owners in the world. It actively manages 21,000 lane miles of high-capacity toll roads through 34 concessions in 15 countries and territories, including Puerto Rico. Over the past 10 years, various Abertis-led consortia have collectively issued \$8.4 billion of debt financing. Abertis demonstrated its ability to access both debt and equity capital markets to finance its operations and has approximately \$8.3 billion of liquidity. Abertis is a wholly-owned subsidiary of Atlantia SpA, which has a market capitalization of \$19.5 billion.

c. Technical Approach

Abertis' technical approach to the Project was comprehensive. Its response demonstrated a clear understanding of risks, including volume risk continuous analysis, natural disasters preparedness and asset degradation evaluation and its effects. They anticipated a PPP contracting solution like Metropistas. They further stated that their policies and procedures will include ensuring market competitiveness and compliance with the concession agreement and that QA/QC will be based on a Quality Management System Plan that concentrates on identifying, defining, creating, implementing, maintaining, following and

⁹ Listed in alphabetical order.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

updating policies and procedures for planning and executing all work activities and complete safety management during operations (including keeping motorists informed, avoidance of work zone accidents, using all necessary personal protective equipment and providing effective traffic control, among others.)

d. Project Finance Approach

Abertis is one of the largest infrastructure owners and investors in the world and has demonstrated its ability to access both debt and equity capital markets to finance its operations. It has long standing relationships with large investment banks and regional financial institutions that support their infrastructure business throughout the world, including its ongoing efforts in Puerto Rico related to Metropistas. Abertis has extensive experience in financing both greenfield and brownfield toll concessions similar to the Project and demonstrated an ability to use various project-level bank and securities products in support of its investments. Abertis brings a clear understanding of the project finance life cycle and core components of its execution, including project development, capital raising and deployment, tax-exempt financing, credit ratings process and toll road operation and renovation. Abertis's Equity Funding Letter indicated an interest in underwriting 100% of the equity investment required for the Project and demonstrated that it has the capacity to support this assertion as well as financial resources to address the long-term capital commitments required by the Project.

CNPR

a. Technical Qualifications and Capabilities

CNPR provided experience with similar projects and relevance of the transactions to the Project, including delivering rehabilitations and capital improvements, ability to address and resolve safety issues, traffic management and maintenance, delivering KPIs, risk management, long term O&M strategy, capital delivery strategy, toll operations, commitment to environmental responsibility, community relations and customer service and satisfaction strategy. Transactions provided in its response as examples of its technical qualifications included: SH 288 Toll Lanes Project in Texas, US 36 Express Lanes Project in Texas and the Cross Israel Highway Toll Concession Project in Israel, the Fargo-Moorhead Diversion Channel PPP in North Dakota and Minnesota and the Belle Chasse Bridge and Tunnel in Louisiana.



b. Project Finance Qualifications and Capabilities

Plenary has over 15 years of experience participating in and closing PPP projects and has invested over \$780 million in PPP projects in North America. Plenary has a portfolio of 56 PPP projects in North America with a total value of more than \$17.3 billion and a team of approximately 120 people who are responsible for managing the business. Plenary is the sole equity investor in the US 36 Managed Lanes Project which includes improvements to US 36 in Colorado. Under a 50-year DBFOM contract, the Plenary-led consortium is responsible for designing, constructing, operating, maintaining, and financing the new US 36 express lanes, and operating and maintaining the existing I-25 Express Lanes segment connecting US 36 to downtown Denver. The project includes the installation of Intelligent Transportation Systems for tolling, transit, traveler information and incident management. Considering its size, this was a complicated PPP financing in the US, with ultimately two tranches of TIFIA¹⁰ loans (\$60 million Phase 2 loan, and assumption of Phase 1 of \$54 million loan), a PABs issuance (more than \$20 million), subordinated debt (over \$20 million) and equity 100% funded by Plenary from available cash. This financing was rated investment grade (BBB-) by Fitch.

SBC owns an interest in a portfolio of concession projects involving PPP transaction and has invested to-date (or is committed to invest) globally in PPP projects a total amount of equity exceeding approximate \$1.1 billion. SBC has invested in over 25 PPP projects globally and has a track record of making significant equity investments in surface transportation projects delivered as a revenue-risk PPP project, including the Cross-Israel Highway (Road 6) – Central Section and Northern Section in Israel, the Carmel Toll Tunnels in Israel, Perimetral Oriental de Cundinamarca project in Colombia, and the SH288 Toll Lanes Project in Texas. SH288 is one of the most recent revenue-risk based PPPs in the U.S. to reach financial close, requiring the development and negotiation of a committed financing package. The capital commitment for the SH288 project is approximately \$815 million. SBC is responsible to self-perform (and therefore assume the risk on) the O&M for the project. The project was financed with approximately \$656 million of debt, split between a TIFIA loan (55%) and tax-exempt PABs (45%) and approximately \$375 million of equity. S&B underwrote a significant amount of the anticipated equity requirement at binding bid (30%) and remained joint largest shareholder at financial close.

¹⁰ Transportation Infrastructure Finance and Innovation Act.



c. Technical Approach

CNPR's technical approach describes the understanding of project consensus and support (including the development of a Public Information and Communications Plan to reflect considerations and sensitivities that come with working with PRHTA), capital improvements projects (performing early and ongoing outreach, pre-qualifying subcontractors and making sure all comply with safety, labor standards, and prevailing wages). CNPR's PPP contracting approach reflects planning, design, construction, and O&M throughout the concession. Its QA/QC approach reflects the use of independent quality inspections and testing, participation of quality staff in regular project development and execution meetings. This approach is based on continued improvement during operations and safety management during operations that emphasizes on Zero Accidents and Zero Time Lost Incidents. While the technical approach provides for some strategies, it is generic in their overall conceptualization of the Project.

d. Project Finance Approach

CNPR's approach addresses the Equity Members' relevant financing experience and their ability to access taxable and tax-exempt debt capital markets, as well as their experience as operators of similar toll road assets. CNPR places an appropriate emphasis on its commitment to work collaboratively to identify equity capital investments that are linked to cashflows over the entire term of the Project, implement projects that deliver operational savings and efficiencies, and translate that long-term value into the maximum upfront value paid to PRHTA. The response highlights the Equity Members' experience in current financial and bond markets, including their familiarity with the nuances that are specific to tax-exempt debt structuring when combined with private sector project delivery, funding, and management. CNPR anticipates using a combination of short-term and long-term financing, including tax-exempt bonds, and internally sourced equity to capitalize the Project. CNPR's response addressed the potential challenges of, and mitigation strategies for, its financing approach, its expected process for securing credit ratings and its views on the anticipated key credit strengths and weaknesses of the Project.

The Equity Funding Letters of Plenary and SBC indicated an interest in underwriting their proportional allocation of the equity investment required for the Project and demonstrated that they have the capacity to support this

assertion as well as financial resources to address the long-term capital commitments required by the Project.

Omega Group

a. Technical Qualifications and Capabilities

Omega Group provided experience with similar projects and relevance of the transactions to the Project, including: delivering rehabilitations and capital improvements, ability to address and resolve safety issues, traffic management and maintenance, delivering KPIs, risk management, long term O&M strategy, capital delivery strategy, toll operations, commitment to environmental responsibility, community relations and customer service and satisfaction strategy. Transactions provided in Omega Group's response as demonstration of its technical qualifications included: MRO Golfo Centro in Mexico. San Luis Potosi – Matehuala in Mexico and Matehuala Bypass in Mexico.

Omega includes a local Design/Engineering firm as part of their group (CSA Architects and Engineers, LLP ("CSA")).¹¹

b. Project Finance Qualifications

Omega currently has more than 280 lane miles of highways in its portfolio and manages over \$781.6 million of investments, including 3 assets with toll road traffic and revenue risk. OCI is a recognized construction contractor in Mexico and owns majority equity interests in brownfield PPP projects, including the operations and maintenance of more than 256 lane-miles. LCA has successfully

¹¹ CSA currently provides project management services under a contract with PRHTA for the extension of the dynamic toll lanes of the PR-52 and PR-30 highways (the "PRHTA Contract"). Pursuant to a letter dated September 13, 2022, CSA notified the Authority that it was interested in serving as infrastructure and engineering technical advisor to a consortium that would participate in the RFQ. Pursuant to the Guidelines for the Evaluation of Conflicts of Interest and Unfair Advantages in the Procurement of Public-Private Partnership Contracts (the "Guidelines") and Section 2.9 of the RFQ, CSA asked the Authority to make any necessary determination under the Guidelines regarding any potential conflict of interest or unfair advantage that could result from CSA's participation as an advisor to a potential proponent and its engagement under the PRHTA Contract. The Authority determined that CSA could serve as an advisor to a potential proponent and continue providing services under the PRHTA Contract, provided that CSA certify in writing to the Authority (i) the names of the CSA employees or staff members that work on the PRHTA Contract (the "PRHTA Contract Staff") and the CSA employees and staff members that would work on the Project (the "Project Staff"), and (ii) the mitigation measures CSA would put in place to ensure that a firewall between the PRHTA Contract Staff and the Project Staff is effectively implemented throughout the term of the PRHTA Contract and the Project procurement process. CSA provided the requested certification.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

designed and executed over 25 nonrecourse financial transactions totaling approximately \$18 billion, including 18 transactions for toll roads, all of which were structured and executed using project finance techniques (the majority with demand risk) and using a variety of relevant debt and equity products. Omega's MRO Golfo-Centro project is a brownfield PPP availability payments agreement (USD \$544M) for the rehabilitation, operations, and maintenance of a tolled highway portfolio. The transaction was financed with bank debt and direct equity investments from Omega. Omega's Matehuala Bypass project is a greenfield, PPP BFOM, 100% revenue risk, tolled highway, in San Luis Potosi, Mexico. The 30-year concession agreement was awarded in 2003 to an Omega owned (98%) special purpose vehicle. The very long-term nature of the asset (which is similar to the Project) allowed a combination of bank debt and multiple tranches of long-term bonds. Once the toll roads reached base case projections, Omega also issued non-recourse inflation-indexed bonds in the local markets.

c. Technical Approach

Omega Group's technical approach includes a value analysis to accelerate actions to increase the Toll Roads' resilience, an analysis of geometric and connectivity improvements, strategies to optimize traffic flow and community engagement, safety priority, long-life asset lifecycle optimization through reactive maintenance, rehabilitation of 104.6 poor condition lane miles, improvement of the International Roughness Index ("IRI") to reach acceptable international standards, operational efficiencies, and maximization of ancillary revenues. Omega Group also described their PPP contracting approach to accelerate the work needed to bring the Toll Roads to acceptable condition. Omega Group's QA/QC will ensure proper compliance with the use of an Integrated Management System, which will include internal audits, measures of compliance and adequate objectives and procedures, and safety management through the use of a Safety and Risk Control Plan (operations, road infrastructure, training, among other elements). However, Omega Group's approach is limited and generic. Their key technical strategies are general in context, mainly stating deficiencies in the highway systems, but not necessarily giving insight to what their approaches will be. Some additional tactics are defined in the Risk Mitigation Strategy indicating understanding of what needs to be achieved.



d. Project Finance Approach

Omega Group's response provided the Equity Members' plan to finance the Project, which it anticipated would include revolving credit facilities to address capital commitments in combination with medium to long-term financing for the upfront concession payment. Omega Group discussed its intention to refinance throughout the term of the Project demonstrating its belief that there is ample liquidity in the U.S. bond market. Omega Group also contemplated the use of tax-exempt PABs, as well as including sub debt in the capital structure as a vehicle for the total cost of capital of the Project and to align the flow of capital investment. Omega Group indicated its intention to structure the Project's financing in order to be rated investment grade. Its response highlighted what it believed would be potential challenges/considerations to the financing of the Project, including social fatigue of CPI and real toll increases, expected decreases in traffic volume, and PRHTA's credit quality, which investors may not consider as credit positive initially despite emergence from bankruptcy. Omega Group provided other relevant experience in raising non-recourse financing through the New Airport project in Mexico, a complex airport rehabilitation project that included approximately \$11.6 billion of equity and debt financing executed over a 4-year period. The structure of that transaction was recognized by 14 industry awards and achieved various financial records.

The Equity Funding Letters of OCI, Omega Group, and LCA indicated a commitment to make the proportional equity investment required for the Project. Omega Group's response, however, did not demonstrate that the Equity Members had the ability to support this assertion or the financial resources, collectively, to address the long-term capital commitments required by the Project.

VPR

a. Technical Qualifications and Capabilities

VPR provided its Equity Members' experience with similar projects and relevant transactions, including experience with: long-term O&M, delivering rehabilitations and capital improvements replacement of ITS and toll systems, relieving congestion and reducing travel times, implementing comprehensive KPI frameworks for O&M and roadside assistance, quality assurance, environmental assurance and health and safety assurance, tolling and ITS management, customer service and environmentally responsibility. VPR's



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

Equity Members have a successful history of delivering large, complex civil infrastructure projects, such as highways, express lanes, bridges, interchanges, railways, and airports, which are described in its response. Transactions provided in the response to the RFQ demonstrate its technical qualifications included: the Veneta Toll Road in Italy, N6 Galloway to East Ballisnaloe Toll Road in Ireland, Valles Del Desierto Ruta 5 Toll Road in Chile as well as 31 other transportation assets that are part of VPR's Equity Members' portfolios and currently under their management.

b. Project Finance Qualifications and Capabilities

VPR is comprised of two Team Members: Sacyr and TKO Core Infrastructure (a to-be-formed investment fund that will be managed by Star America). Collectively, the VPR Equity Members have over 45 years of experience delivering over 100 PPP projects in total. To finance these PPP projects, VPR's Equity Members have raised over \$34 billion in project financing.

Sacyr is ranked as the 4th largest PPP developer globally, with a highly diversified and globally distributed portfolio of 75 PPP assets amounting to \$18 billion under management. Sacyr has structured project financings for large infrastructure projects, including the A3 Toll Road in Italy, which was a brownfield toll road concession in which a \$522M upfront payment was made from the project financing proceeds, and the Pedemontana -Veneta Highway, also in Italy, a project that required a \$3.2 billion investment and was awarded the Project Finance International Award 2017.

Star America has made investments in infrastructure projects with a total asset value of more than \$5 billion across 18 investments, 11 of which are PPP projects. Their transportation PPP projects include the Texas Department of Transportation SH288 Express Toll Lanes, a \$1 billion managed lane project in Texas, as well as the Southern Ohio Veterans Memorial Highway (Portsmouth Bypass) and Maryland Purple Line PPP projects.

c. Technical Approach

VPR's technical approach was very comprehensive. It described their understanding of risks and potential solutions for the Project's scope and complexities (improving efficiency, reduce congestion, enhancing safety, reliable travel times, address PRTHA debt, travel choices and better mobility).

VPR's PPP contracting approach advocates for a holistic approach to ensure all parties foster innovation and deliver the best value solution, with less risk and maximum cost efficiency. Its QA/QC begins with the overall leadership and relationship with PRTHA and focuses on generating an efficient Project Planning, Approach, Execution and O&M Plan, and safety management based on job hazard analysis, Circle of Safety, Seconds of Safety, grew level safety committees, driver program, designated spotters, root cause incident reviews and training.

d. Project Finance Approach

VPR's approach to financing the Project presented comparable case studies with various debt financing vehicles used and provided a perspective on the debt market availability for the Project in 2023. VPR addressed its preferred financial plan, highlighting financial tools that it intends to leverage to support the Project and key considerations for developing the plan further. VPR presented its initial approach to financing structure and highlighted various financing constraints and challenges that it anticipates, including: risk sharing allocation of financing costs, interplay of various financing products (highlighted via anecdotes from precedent transactions and past experience), and securing financing commitments. VPR's initial structure recommendation is based on its experience with similar toll road financings in North and Latin America as well as other PPP concession financings in Puerto Rico. Key features of VPR's proposal included committed acquisition loan facilities, private-placement notes (previously leveraged by Sacyr in a comparable toll road project in 2022) and the potential to leverage tax-exempt PABs if volume cap is available. Star America has executed over \$1.5 billion of tax-exempt PABs and has experience with multiple classes of tax-exempt debt, including in connection with the Purple Line, Drive 288, and Portsmouth Gateway Group State Route 823 projects.

The Equity Funding Letters of Sacyr and TKO Core Infrastructure indicated an interest in underwriting their promotional allocation of the equity investment required for the Project and demonstrated that they have the capacity to support this assertion as well as financial resources to address the long-term capital commitments required by the Project.



V. Conclusions

The review and evaluation process was conducted and completed by the Partnership Committee. As indicated, the five (5) members of the Partnership Committee completed their SOQ Evaluation Forms (see Appendix A). The five (5) sets of scores were averaged into a single set of scores, resulting in an aggregated weighted average score for each of the four (4) Respondents (the “Average Weighted Score”).

Table 2 summarizes the average weighted score for each Respondent.

Table 2. SOQs Average Weighted Scores

Evaluation Criteria	Weight	Abertis	CNPR	Omega Group	VPR
Pass/Fail Section 5.1.2(a)		P	P	P	P
Pass/Fail Section 5.1.2(b)		P	P	F	P
Technical Qualifications & Capabilities	55%	95%	79%	68%	85%
Project Finance Qualifications	35%	89%	83%	48%	79%
Technical Approach	5%	90%	76%	53%	86%
Financial Approach	5%	93%	85%	84%	86%
Average Weighted Score	100%	93%	81%	61%	83%

Based on the results above and in accordance with the authority granted to it in compliance with Act 29 and the Regulation, the Partnership Committee decided to shortlist the following three (3) Respondents to participate in the RFP Phase as “Qualified Respondents”:

- Abertis,
- CNPR, and
- VPR.

The Respondent that was not included in the shortlist presented an SOQ that reflected the lowest score. Omega Group achieved the lowest score mainly because the information it submitted did not demonstrate that it had sufficient financial capability to cover the financial requirements of the Project’s entire scope of work. Omega Group also included a limited description of their PPP

contracting, QA/QC, and safety management approach. The explanation of how it plans to perform was limited to developing systems and included no explanation or tactics of implementation, only very generic concepts.

Based on the information reviewed by the Partnership Committee, the Authority, and the Advisors, the Partnership Committee believes that the Qualified Respondents will provide the RFP process with the necessary competitive bidding environment needed to achieve the objectives of the Authority, PRHTA, and the Government for this procurement process and to meet the public policy considerations set forth in Act 29.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

Appendix A: SOQ Evaluation Forms

Appendix B: Change of Proponent Request

B.1 Overview

Pursuant to Section 8.6.3 of the RFP, the Proponent's organization, as identified in its SOQ, must remain intact for the duration of the procurement process. Any change to the Proponent, Team Members or Guarantors that was not approved by the Partnership Committee in accordance with Section 8.6.3 (including, without limitation, deletion or substitution of any Team Member, Guarantor or any other entity that will guaranty or bear financial responsibility or liability for the performance of the Proponent, and other changes in the ownership or membership of a Proponent) may result in the disqualification of the Proponent, including rejection of its Proposal as unresponsive.

The RFP allows for a Proponent to make changes to itself or any Team Member or Guarantor identified in its SOQ as long as they submit to the Authority a request for approval of the change (a "Proponent Change Request") as soon as possible but in no event later than the deadline set forth in the Schedule of Events. The Partnership Committee is under no obligation to approve such request and may approve or disapprove a portion of the request or the entire request at its discretion.

The Partnership Committee reserves the right to condition the selection of the Preferred Proponent upon the addition or substitution of certain Team Members or Guarantors, based on the qualifications of such party, if the Partnership Committee determines, in its sole and absolute discretion, that:

- such action better serves the public interest; or
- the evaluation criteria set forth in Section 9(c) of the PPP Act are better met if such action is taken.

The RFQ also confers the Partnership Committee ample discretion in evaluating SOQs. Specifically, Section 1.5 of the RFQ provides for the Partnership Committee to "reject any and all submittals and responses received at any time."

B.2 CNPR's Request



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

On February 10, 2023, CNPR notified the Authority that Plenary had decided to withdraw as an Equity Member of the CNPR consortium. CNPR notified the Authority of their intent to bring an additional investor(s) to complement and replace Plenary's proportionate share of its potential holding in CNPR, and to submit a Proponent Change Request with respect to any such additional Team Member(s).

The Partnership Committee was briefed on the request and determined that CNPR's continued participation in the Project was subject to the submittal of the Proponent Change Request by the referenced deadline and the approval thereof by the Partnership Committee.

On April 14 2023, CNPR submitted an official notification related to the withdrawal of Plenary from the CNPR consortium, as previously communicated, and its request for approval for the following changes in the Proposer's composition:

- Substitution of Plenary, a designated Equity Member with a 51% equity ownership in CNPR, for Globalvia Inversiones S.A.U. ("**Globalvia**");
- Permanent removal of Plenary Americas Holdings LTD. as guarantor for Plenary; and
- A change in the equity ownership proportion so that the resulting equity ownership percentages result in 50% equity for Globalvia and 50% for SBC.

The Proponent Change Request submitted by the reorganized CNPR was presented as a modification to the original SOQ initially submitted by CNPR to reflect the replacement of Plenary with Globalvia. . Accordingly, the change request submission addresses the pages, sections or content that had changed from the original SOQ. The specific sections of the SOQ which were submitted are referenced below:

- Volume 1: General Information, Exhibit D, Form A-1: Proponent Certification
- Volume 1: General Information, Exhibit D, Form B-1: Proponent Information



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

- Volume 1: General Information, Exhibit D, Form B-2: List of Proponent Team Members
- Volume 2: Technical Information, Firm Experience & Team, Management Narratives
- Volume 2: Technical Information, Firm Experience: Project Descriptions
- Volume 3: Financial Information, Financial Statements and Credit Ratings
- Volume 3, Financial Information, Exhibit C, Equity Funding Letter - Funding Source
- Volume 3: Financial Information, Material Changes in Financial Condition
- Volume 3: Financial Information, Off-Balance sheet Liabilities
- Volume 4: Project Finance Qualifications and Capability, Firm Experience: Project Descriptions
- Volume 4: Project Finance Qualifications and Capability, Project Finance Approach

On April 26, 2023, the Partnership Committee asked CNPR to provide further clarifications and documentation regarding Globalvia's sourcing for the equity commitment. The Authority received the information on May 1, 2023 and proceeded with its final evaluation.

B.3. Evaluation Results

The Partnership Committee, with the support from the Authority and the Advisors, reevaluated CNPR pursuant to Article 8(b) of Act 29 and Section 3.1 of the Regulation, as well as the extent to which CNPR satisfied the requirements of the RFQ, in accordance with the evaluation criteria established in Sections 5 and 6 of the RFQ.

B.3.1. Responsiveness Review



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

The SOQ sections submitted and the information provided therein, was responsive to the requirements of the RFQ. The evaluation concluded that CNPR complied with the requirements assessed under the Responsiveness Review, specifically, those requirements contained in Act 29, as well as all other requirements contained within the RFQ, including format requirements, terms, conditions, and the completion of all Forms.

B.3.2. Pass or Fail Criteria

Globalvia is currently owned by three (3) pension funds that support the company's growth and provide the funds its investments require. Globalvia's shareholders are: OPTrust, a Canadian pension fund with net assets of \$25Bn worth; PGGM, the second largest pension fund in the Netherlands with €228Bn of AuM; and USS, the largest pension scheme in the United Kingdom with £49Bn of AuM. As a result of having three pension funds of shareholders, Globalvia has a long-term investment strategy and holds to maturity the assets in its portfolio.

After reviewing the documents presented, the Partnership Committee determined that CNPR continued to comply with the requirements set forth under the Pass or Fail Criteria evaluation.

B.3.3. Evaluation Criteria

- a. **Technical Qualifications and Capabilities.** CNPR's new combined technical experience for similar transactions included: SH 288 Toll Lanes Project in Texas, Pocahontas Parkway, and the Cross Israel Highway Toll Concession Project in Israel.

This results in no change in the Partnership Committee's evaluation of CNPR's Technical Qualifications and Capabilities.

- b. **Project Finance Qualifications and Capabilities.** As a long-term equity investor and development partner worldwide, Globalvia offers in-house expertise to maximize the benefits of the PPP delivery model, identifying and mitigating potential risks and making lifecycle repair and replacement optimization decisions. As a leading, global infrastructure assets operator, Globalvia has full



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

responsibility for the direct performance of O&M obligations on all transportation projects. Within the US, Globalvia has established a well-earned reputation for the acquisition and successful operation of relevant infrastructure assets. In 2016, Globalvia acquired the concession for the development, finance, operation, and maintenance of Route 895, Pocahontas Parkway including the design, build, finance, operation, and maintenance of the extension that connects the Parkway to Richmond International Airport.

No changes in the Partnership Committee's evaluation of CNPR's Project Finance Qualifications and Capabilities.

- c. Technical Approach. CNPR's technical approach did not change with the Proponent Change Request. Therefore, no change in the Partnership Committee's evaluation.
- d. Project Financial Approach. Globalvia acts a long-term financial leader providing the most efficient financing structure, having obtained underwriting financing commitments over €2.5 billion in the last 5 years. The Equity Funding Letters for both Globalvia and SBC indicated an interest in underwriting their proportional allocation of the equity investment required for the Project and demonstrated that they have the financial capacity and resources to support and undertake the long-term capital commitments required by the Project.

B.4. Conclusion

The Authority and the Advisors assisted the Partnership Committee in evaluating CNPR's new qualifications and capabilities pursuant to Act 29 and the Regulation. The Partnership Committee met with the Authority and the Advisors to discuss the Proponent Change Request and documents submitted. Based on the information reviewed by the Partnership Committee, the Authority, and the Advisors, the Partnership Committee concluded that CNPR continued to be qualified to participate as Qualified Respondent in the RFP process.



GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

On May 4, 2023, the Authority notified CNPR of the Partnership Committee's decision to approve all of the requests in CNPR's Change of Proponent Request.



PUERTO RICO
**PUBLIC-PRIVATE
PARTNERSHIPS**
AUTHORITY



Roberto Sánchez Vilella (Minillas)
Government Center de Diego Ave. Stop 22 San Juan, PR 00907

www.p3.pr.gov