



REQUEST FOR QUALIFICATIONS

Financial Advisor for the Sale of Property Tax Debts and Associated Tax Liens

April 20, 2017

Introduction

The purpose of this RFQ is to identify possible prospect(s) to serve as financial advisor(s) for the following transaction:

The Puerto Rico Municipal Revenues Collection Center (*Centro de Recaudación de Ingresos Municipales* or "CRIM"), intends to sell and assign certain delinquent tax debts corresponding to fiscal years 1997 through 2014 (the "Offered Tax Debts") and associated real property tax liens (the "Offered Tax Liens") to one or more third parties in accordance with the provisions of the "Sale of Delinquent Tax Debts Act of 1997" (Act No. 21 of June 26, 1997, as amended, "Act 21"), 21 L.P.R.A. §§5921 et seq., and its regulations, subject to the approval of CRIM's Governing Board and the consent of FAFAA. The sale will be conducted as a bulk sale transaction with one or more aggregate proposals for all Offered Tax Debts.

The Offered Tax Debts represent a portfolio of "credits for transferred tax debts", which are defined in Act 21 as those transferable delinquent tax debts that have been sold pursuant to the provisions thereof, including interest, surcharges and penalties accrued up to the date of the sale and an additional fee for the expense of handling the transaction as specified in Act 21. "Transferable delinquent tax debts" are defined as those property taxes in arrears, that have not been paid within the term of one year from the date they became delinquent, and the statute of limitations on which has not expired, including interest, surcharges and penalties applicable to tax debts in default under the "Municipal Property Tax Act of 1991" (Act No. 80 of August 30, 1991, as amended, the "1991 Act").

CRIM will work with the Puerto Rico Fiscal Agency and Financial Advisory Authority ("FAFAA" or the "Authority") to sell and assign the Offered Tax Debts to one or more third parties in accordance with the provisions of Act 21, subject to approval by CRIM's Governing Board. CRIM is responsible for the appraisal, assessment, notice of imposition, and collection of all municipal property taxes, including real property taxes within the Commonwealth of Puerto Rico.

The par amount of the Offered Tax Debts for sale totals approximately \$1.466BB (Ranging from Real Property Tax imposed since Fiscal Year 1997 through Fiscal Year 2014, and representing approximately 62% of CRIM's Real Property Tax Receivables Portfolio). In Fiscal Year 2016 CRIM assessed Real Property Taxes totaling \$770MM, based upon Real Property Assessed Tax Value base on the current assessment methodology of 1957 replacement costs values. This valuation was not adjusted to reflect any applicable real property tax exemptions. All Real Property Taxes are assessed based on the replacement cost of the related property in year 1957, regardless of when such property was constructed. The Offered Tax Debts represent approximately 330,000 individual tax accounts on CRIM's books.



This RFQ will serve as the initial phase of a process that will enable CRIM, with the consent of the Authority, to select a firm or firms that will advise on the sale of the Offered Tax Debts. The responses to the RFQ will be evaluated to determine, among other things, which firms demonstrate: (1) the capability to serve as an advisor for the sale of the Offered Tax Debts, (2) the experience to provide input on how to ensure that Offered Tax Debt purchasers might properly manage and collect on the Offered Tax Debts in accordance with the provisions of Act 21, (3) the managerial, organizational and technical resources to develop a plan to execute the sale of the Offered Tax Debts, (4) the ability to work with CRIM and FAFAA to manage the overall transaction and processes, (5) the ability to provide input on how to adequately manage customer service and community relations, and (6) that the firm has a favorable reputation in the industry. The firm will also have to demonstrate that it has no conflicts of interest that may arise from its existing business activities and relationships in Puerto Rico.

Contents of the Response to the Request for Qualifications

1) Description of the Firm

Provide a brief overview of your firm and its primary areas of business. Also, include any additional team members, partners, advisors or consultants you might work with to advise on the sale of the Offered Tax Debts.

2) Experience and Qualifications Related to the Scope of Work and Required Expertise

Provide a summary of the firm's experience in advising on the sale of tax debts and/or tax liens, or other distressed debt for other governmental entities. Describe your firm's approach and staffing for the assignment. Provide brief case studies of relevant situations in which your firm provided these services to governments, governmental instrumentalities or subdivisions, with discussion of any examples where your firm was instrumental in assisting a governmental entity in realizing full potential of tax debt, tax lien or other distressed debt values. Discuss your technical capability for advising in the areas of: operational expertise, customer service, and ability to work with high volume collections and real estate foreclosure while maintaining customer service standards.

3) Listing of Individuals Assigned to Purchasing Tax Debt or Advising on such Transactions.

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

4) The Firm's Prior Work for Puerto Rico Public Corporations

Responses to the RFQ should also contain a description of any prior work done for the Government of Puerto Rico and/or its Public Corporations in the past five years. Please provide information related to involvement in litigation and/or investigations related to the jurisdiction of Puerto Rico, if any.



5) *Related Activities*

In order to allow CRIM to conduct an initial assessment of potential conflicts of interest, please provide a brief description of any work you have performed for any creditors or guarantors of Public Corporation debt in relation to their activities in Puerto Rico. Indicate whether this activity is ongoing, and if not, when the prior assignment was concluded.

6) *References*

Provide contact information for references for two separate assignments that are directly relevant to those anticipated by CRIM.

Selection Criteria

Financial advisory candidates responding to the RFQ will be evaluated based on the following factors:

- Qualifications on the required areas of expertise.
- Experience with governmental entities, and any focus on distressed governmental entities.
- Experience and credentials of the team staffed for this engagement.
- Understanding of the engagement.
- Conflicts of interest review.
- Completeness and quality of the response to RFQ.
- Presentation and quality of responses throughout the selection process.
- Presence or current plans to establish physical presence in Puerto Rico as evidence of the entity's contribution and commitment to Puerto Rico's economic development.

However, the expected competitiveness of any future proposals, and the overall economic outcome of the sale of the Offered Tax Debts will be of critical importance to CRIM.

RFQ Responses

The response to the RFQ is due no later than 6:00 p.m. Puerto Rico time on May 1, 2017. Please respond in a thorough and timely fashion, but as concisely as possible. Proposals submitted beyond the deadline may not be accepted. CRIM reserves the right not to consider responses to the RFQ or revisions after the response due date.

CRIM prefers that firms submit individual responses and not submit joint proposals. However, if you feel your firm, or group of firms, would only be able to respond fully to the RFQ by joining with other firms, then submit a joint response, including an explanation of why your firm, or group of firms, would not be able to assist the Authority through a sole response to the RFQ. All proposals received shall remain in effect for thirty (30) days from the date of receipt of the proposal. CRIM, with the consent of the Authority will evaluate the responses and make the ultimate selection.



CRIM, with the advises of the Authority, may review the RFQ responses and conduct further discussions with a short list of firms. However, it is possible that CRIM, with the advises of the Authority, could proceed directly to scope and fee negotiations with selected firms based on the RFQ responses.

Responses to this RFQ are to be jointly addressed to CRIM at crimtaxliens2017@crimpr.net. Respondents are encouraged to confirm receipt of responses by either return e-mail or telephone.

Any initial questions concerning the RFQ or responses should be addressed to the email addresses listed above. Any questions or comments, and related responses, may be made public for the benefit of all potential respondents to the RFQ. Under no circumstances should any representative of your firm make any contact concerning the RFQ with any representatives not authorized by CRIM or the Authority, unless instructed to do so by CRIM.