



**Commonwealth of Puerto Rico Plan of Adjustment
Pension Reserve Trust**

Q&A

Re: Request for Proposals- Asset and Withdrawal Management Modeling Study

The purpose of this Q&A is to provide interested parties with information that may be useful in the formulation of their proposals pursuant to the referenced RFP. The answers provided are based on our best interpretation of the questions received. Each applicant should, therefore, continue to conduct its own analysis.

1. This RFP is only for the first asset and withdrawal management modeling study. Would you anticipate another RFP in three (3) years when the second study will be due? **Not necessarily. Once a firm has been retained after the referenced public RFP process, PRT has discretion to retain the same firm or to conduct a new public RFP process.**
2. Has a similar fiscal capacity analysis been performed in the past, or will this be the first one? **This will be the first one.**
3. The RFP makes reference to a services agreement. Can such an agreement be provided? **The services agreement refers to the contract between the selected firm and PRT and will be made public once executed.**
4. Is there a deadline for follow-up questions? **The RFP provides that after the briefing held on April 30, 2025, questions may be submitted in writing to rfp@prtpr.org. However, parties are encouraged to submit questions as soon as possible considering that the deadline to submit proposals is May 31, 2025 and all questions and answers will be posted on the PRT website. Please note that the “Blackout period” states any further communication related to the RFP with PRT Trustees and/or staff is strictly prohibited until after selection of the finalist.**
5. Will PayGo payments be provided to the actuary and considered to be fixed cash flows, or will the actuary be provided with underlying data to replicate and model their own PayGo projection? **The projected PayGo payments will be considered fixed cash flows. However, the actuary must assess alternative scenarios in which the Commonwealth operates on a deficit earlier than expected and such projections are not met.**

6. The RFP indicates that the basic fiscal capacity analysis should consider possible deficits in the Commonwealth's financial projection. Do you anticipate these scenarios to be modeled as alternative "what if" outcomes (e.g., "If the Commonwealth experiences a deficit two years earlier than expected, the result is...") or will information be available to model the Commonwealth's operating surplus to demonstrate when deficits might arise? **Yes, these are part of the "what if" outcomes. Information on the projections shall be provided, however, we would expect the selected firm to provide scenarios or situations that could trigger either earlier or later withdrawals and/or changes in the deposited amounts.**
7. Condition 5.3(C) of the *Guidelines for the Governance and Administration of the Puerto Rico Plan of Adjustment Pension Reserve Trust and Monitoring of Plan of Adjustment Pension Benefits* relates to PayGo fee payers always having paid at least 75% of their PayGo fees since 2017 until the last day of the applicable fiscal year. Does the potential exist for that condition to be triggered? If so, how does that impact the operation of PRT? **Section 5.3(C) provides one of the conditions that the Commonwealth must meet to be able to withdraw funds from PRT beginning on July 1, 2032. As such, this condition does not currently impact PRT's operations but might be triggered after July 1, 2032 and is one of the factors to be considered in the study. At this time, PayGo fee payers are current with such obligation.**
8. Section 5.4(C)(iii) of the *Guidelines for the Governance and Administration of the Puerto Rico Plan of Adjustment Pension Reserve Trust and Monitoring of Plan of Adjustment Pension Benefits* mentions "...that the Cash Flow Deficit is generated by a material negative variance between projected Non-Own Source Revenues and actual Non-Own Source Revenues for such Fiscal Year". Is this a condition that is expected to be modeled based on provided data? If so, can you provide additional information on a situation where "...a material negative variance..." between the two values arises? **Non-Own Source Revenues are defined in the confirmed Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. as "[c]ollectively, the revenues of the Commonwealth received from the United States government or any agencies or instrumentalities thereof." (Case No. 17-03283-LTS (Bankr. D.P.R.), Dkt. # 19784, P. 74). A material negative variance between projected Non-Own Source Revenues and actual Non-Own Source Revenues has not occurred. The study must consider this contingency when evaluating the Commonwealth's fiscal capacity (e.g., the cessation of extra Medicaid payments to Puerto Rico by the US government) and potential cash outflows. If additional information is needed, this data could be requested since the Guidelines allow us to request additional information when needed.**

9. Is there a specific budget or budget range for this project? **Yes, there is a preliminary budget for this study. However, PRT will not disclose such budget in furtherance of a fair and objective RFP process considering that the RFP requires each firm to propose how it should be compensated, including compensation based on total hours worked and the rate for each professional.**