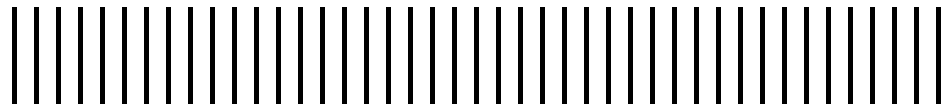


Puerto Rico Public-Private Partnerships Authority

Request for Qualifications

Implementation of Advanced Technologies for the Reduction of Non- Revenue Water for Puerto Rico Aqueduct and Sewer Authority



June 15, 2010



Autoridad de
Acueductos y
Alcantarillados

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Terms not specifically defined in this RFQ take their meaning from the *Public-Private Partnerships Act*, Act No. 29 of June 8, 2009.

1. Overview of RFQ and PPP Process

1.1 INTRODUCTION

The Puerto Rico Aqueduct and Sewer Authority (“**PRASA**”) is interested in entering into a Public-Private Partnership (“**PPP**”) agreement (the “**PPP Contract**”) relating to the implementation of advanced technologies for the reduction of non-revenue water (“**NRW**”) in Puerto Rico. PRASA expects to enter into separate agreements (each a “**PPP Contract**”) to execute the scope of services described in Section 2 of this Request for Qualifications (“**RFQ**”).

The Puerto Rico Public-Private Partnerships Authority (the “**Authority**”) wishes to conduct a tender whereby PRASA will ultimately enter into several PPP Contracts under which a private entity (the “**Contractor**”) will be required to (1) implement, operate, maintain, and finance improvements to PRASA’s customer and distribution water meter system and (2) assume responsibility for performing commercial services in a specified zone through the implementation of advanced technologies including, but not limited to, remote meter reading technology and geo-referencing of customer accounts (the “**Project**”).

The Authority and PRASA (collectively, the “**Sponsors**”) are seeking to achieve their primary objectives of exploring new technologies to:

- i. reduce water losses;
- ii. identify PRASA’s customers and non-customer users geospatially;
- iii. improve water system planning (uses and needs) and water conservation;
- iv. re-engineer the operation of PRASA’s commercial activities;
- v. improve customer satisfaction and the revenue management cycle.

Prospective Proponents are encouraged to review the following documents, which are available for download on the Authority’s website at <http://www.p3.gov.pr>:

- i. the Project’s Desirability and Convenience Study, which discusses the (a) water and sewer system operated by PRASA and the problems caused by NRW, (b) alternatives available to address NRW and the problems caused by NRW in PRASA’s water and sewer system, (c) differences between various alternatives to address NRW, and (d) feasibility of meeting these requirements via a PPP; and
- ii. the Commonwealth of Puerto Rico’s (the “**Commonwealth**”) Financial Information and Operating Data Report, dated May 1, 2010, which presents detailed information regarding the Commonwealth’s economy and the Government’s finances.

1.2 BACKGROUND TO PUERTO RICO’S PPP PROGRAM

The *Public-Private Partnership Act* (“**Act**”) was approved on June 8, 2009. The Act states that the public policy of the Government of Puerto Rico is to favor and promote the establishment of PPPs for the creation of certain “Priority Projects,” and among other things, to further the development and maintenance of infrastructure facilities, share with the private sector the risk involved in the development, operation or maintenance of such projects, improve the services rendered and the functions of the Government, encourage job creation and promote the Island’s socio-economic development and competitiveness.

The Act provides that the new public policy must maintain such controls as are necessary to protect the public interest and temper this need with the profit-making purpose of any private operation. The contractual relationship must thus be mutually beneficial, while ensuring the efficient, effective and affordable provision of public goods and services to all citizens.

The Act created the Authority as a public corporation of the Commonwealth, affiliated to the Government Development Bank for Puerto Rico (“**GDB**”). The Authority is designated as the sole government entity authorized and responsible for implementing the public policy on PPPs and for determining the functions, services or facilities for which PPPs are to be established.

For each proposed PPP, the Authority must create a PPP Committee. The PPP Committee is responsible for the PPP qualification, evaluation and selection processes, for establishing the terms and conditions of the PPP Contract and reporting on the procedures followed.

The PPP Committee has been vested with the authority to negotiate the terms of the PPP Contract, and the Sponsors have been vested with the authority to approve the PPP Contract agreed to with a Proponent, subject to final approval by the Governor of Puerto Rico. For this Project, the PPP Contract does not require the approval of the Legislative Assembly of Puerto Rico.

1.3 FUNCTION OF THIS RFQ

This RFQ document is issued in accordance with 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 (“**Regulation**”). Prospective Proponents are encouraged to review the Regulation, which is available for download on the Authority’s website: <http://www.p3.gov.pr>.

The Authority is issuing this RFQ because it has determined that:

- i. the Project meets the requirements of Article 3 of the Act; and
- ii. it is advisable to pursue the establishment of a PPP in connection with the Project.

This RFQ is being issued, in anticipation of a Request for Proposals (“**RFP**”) for the Project, to identify the prospective Proponents that meet the legal requirements imposed by the Act (as discussed in Section 4 of this RFQ) and the PPP Committee’s standard of the minimum required:

- i. financial condition; and
- ii. technical or professional ability and experience.

The objective of this RFQ is to help the PPP Committee shortlist the best qualified Proponents. The PPP Committee, in making its evaluation of the qualifications of a prospective Proponent, may disqualify a prospective Proponent if the prospective Proponent:

- i. may be treated as ineligible to submit a Proposal on one or more grounds specified in Section 6 of the Regulation;
- ii. fails to satisfy the standards established by the PPP Committee with respect to the prospective Proponent’s required financial condition, or technical or professional ability and experience (as discussed in Section 4 of this RFQ); or
- iii. fails to comply with the requirements of Articles 9(a) (Applicable Requirements and Conditions for those who wish to be considered as Proponents) and 9(d) (Consortia) of the Act, as applicable.

In addition, the PPP Committee reserves the right to qualify a limited number of prospective Proponents in order to arrive at a shortlist of Proponents to allow for an orderly procurement.

1.4 OVERVIEW OF THE CONTENTS OF THIS RFQ

This RFQ requires prospective Proponents to formally express their interest in submitting a proposal to enter into a PPP Contract for the Project. Section 2 of this RFQ provide an introductory description of PRASA’s water and sewer system and includes highlights of the proposed Project. Section 3 discusses qualification requirements and evaluation criteria. Section 4 lists the requirements and procedures for a prospective Proponent’s Statement of Qualifications (“**SOQ**”).

1.5 CONSORTIA

To the extent that any prospective Proponent has formed or proposes to form a consortium to participate in the RFP for this Project, such prospective Proponents should respond to this RFQ jointly setting out the identity and capabilities of all Team Members.

ADDITIONAL RULES WITH RESPECT TO CONSORTIA

For the purposes of this RFQ, the following definitions will apply:

- “Team” or “Proponent” means a(n) (i) individual, (ii) company, (iii) joint venture, or (iv) consortium of individuals and/or companies formed (whether formally or informally) to undertake the Project and enter into the PPP Contract; and
- “Team Member” means a member of a Team or Proponent. For the purpose of this Project, Team Members shall include each of the following with respect to a Team or Proponent:
 - Each person or legal entity who is formally or informally working with a Team or Proponent as potential equity investor in the vehicle that will act as the Contracting Party for that Team or Proponent under the PPP Contract for this Project. This will include (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.
- “Key Subcontractor” means each person or legal entity which will be principally responsible for undertaking the operations, maintenance and improvement work on the one or more zones of the Project.

Please note the following with respect to Teams:

- No person or legal entity may join or participate with, directly or indirectly, as a Team Member in more than one Team or Proponent. Each person or legal entity who participates as a Team Member must ensure that each other person or legal entity which is related to it does not join or participate with, directly or indirectly, as a Team Member in any other Team or Proponent without the prior written consent of the PPP Committee.

A person or company is “related” to another person or legal entity if:

- one may exercise control over the other; or
- each is under the direct or indirect control of the same ultimate person or legal entity.

A person or legal entity exercises “control” of another if it has the capacity to determine the outcome of decisions about the other’s financial and operating policies (whether formally or informally).

- The response of a prospective Proponent to this RFQ in no way limits that prospective Proponent’s ability to add to, substitute, or subtract from, its Team Members later during the procurement process, subject to the matters listed below, provided written notice is given to the PPP Committee and, in the case of any deletion or substitution of a Team Member who is identified in the prospective Proponent’s response to this RFQ, provided the prior written consent of the PPP Committee is first obtained.

Without limiting any other right it may have, the PPP Committee reserves the right to disqualify a Proponent or Team from the procurement if, in the PPP Committee’s sole opinion, a change to a Proponent or Team would render the Proponent or Team materially different to the Proponent or Team that was originally shortlisted.

- To avoid doubt, prospective Proponents and Proponent Members who are not shortlisted will have the ability to join Proponents who were shortlisted, provided the procedure in the paragraph above is followed;

- Proponent Members who are members of Proponents who ARE shortlisted may not join, or participate with, directly or indirectly, another shortlisted Proponent without the prior written consent of the PPP Committee.
- The Authority is entitled to condition the selection of certain Proponents or Teams to having such Proponents or Teams join other shortlisted Proponents when, based on the qualifications of individual Proponents or Teams, the Authority determines that:
 - such action better serves the public interest; or
 - the evaluation criteria set forth in section 9(c) of the Act are better met if such action is taken.

1.6 PROCESS AND SCHEDULE

After the PPP Committee's review of the SOQs, Proponents that are shortlisted by the PPP Committee and who decide to participate in the RFP process will have the opportunity to conduct thorough due diligence through:

- i. Access to a data room – this data room will appear online and provide a high level of information on the Project; and
- ii. Prospective Proponent Meetings (optional)
- iii. Addenda, presentations, and other related documentation.

Shortlisted Proponents will also need to sign a Confidentiality and Process Agreement before they are permitted access to, or participation in, any of the above. A form of this will be provided upon announcement of shortlisted Proponents.

Following this process, final, binding proposals will be requested in accordance with procedures to be provided to the shortlisted Proponents in the RFP. A more detailed description of the negotiation and bidding process for shortlisted Proponents, together with a more detailed timetable, will be provided in the RFP.

The PPP Committee reserves the right to reject any and all proposals, to waive technical defects, irregularities or any informality in proposals, and to accept or reject any proposal at its discretion. The PPP Committee also reserves the right to postpone the date on which proposals are required to be submitted, or to take any other action it may deem in its best interests.

A summary schedule of the major activities associated with the procurement process is presented in Table 1-1. The dates and activities are subject to change and may be revised through the issuance of addenda or the RFP document.

**Table 1-1:
Procurement Schedule**

Date	Activity
June 15, 2010	RFQ issued
July 12, 2010	Last date for submission of questions or requests for clarifications to the RFQ
July 16, 2010	Deadline for issuance of Addenda (if any)
July 30, 2010	SOQs submittals due to the Authority
August 2010*	Notice of shortlisted Proponents issued
August 2010*	RFP issued
October 2010*	Proposals due to the Authority

*Tentative, subject to change. Refer to the Authority's website for additional information. <http://www.p3.gov.pr/>

1.7 RESTRICTED PARTIES

Restricted Parties (as defined below), their respective directors, officers, partners, employees and persons or legal entities related to them are not eligible to participate as Team Members (as defined on Section 1.5 above), or advise any Team Member, directly or indirectly, or participate in any way as an employee, advisor, or consultant or otherwise in connection with any Proponent. Each Proponent will ensure that each Team Member does not use, consult, includes or seeks advice from any Restricted Party. The following Restricted Parties have been identified:

- MP Engineers of Puerto Rico, PSC
- Malcolm Pirnie, Inc.
- ARCADIS
- Pietrantonio Mendez & Alvarez LLP
- Truenorth Corporation
- Cancio, Covas & Santiago LLP

Moreover, prospective Proponents must comply at all times during the procurement process 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**"). Prospective Proponents should review the Ethics Guidelines, which are available for download on the Authority's website: <http://www.p3.gov.pr>.

1.8 DEADLINE

Those interested in participating in the RFP process for the Project must respond to this RFQ no later than 17:00 Atlantic Standard Time on July 30, 2010.

CLARIFICATIONS

Note that a prospective Proponent may request from the PPP Committee, explanation or interpretation via Request for Clarification or Information ("**RFC**" or "**RFI**") of any matter contained in this RFQ up to ten days prior to the due date for the SOQs. Any such RFC/RFI from prospective Proponents must be made in writing via email to the contact person listed below. If the Authority provides any clarification or additional information as a result of an RFC/RFI, it will provide such clarification(s) by means of an addendum to be posted on the Authority's website (as required by the Regulation) at <http://www.p3.gov.pr> and will make reasonable efforts to deliver each addendum to all such interested parties. Prospective Proponents are fully responsible for reviewing the Authority's website and of being informed of any response to RFC/RFI published by the Authority. The Authority makes no guarantee of timely delivery of any addenda to any person or firm.

COMMUNICATIONS PROTOCOL

The Sponsors are committed to a fair, open process for prospective Proponents to receive information about the competitive solicitation process. Prospective Proponents and any Team Members will not discuss or communicate, directly or indirectly, with any other prospective Proponent(s) or any director, officer, employee, consultant, advisor, agent or representative of any other prospective Proponent, including any team member of such other prospective Proponent regarding the preparation, content or representation of their SOQs. SOQs will be submitted without any connection (i.e., arising through an equity interest [other than an equity interest that does not represent a controlling interest in an entity, as determined by the Authority from time to time] in or of a prospective Proponent), knowledge, comparison of information, or arrangement, with any other prospective Proponent or any director, officer, employee,

consultant, advisor, agent or representative of any other prospective Proponent, including any team member of such other prospective Proponent.

Prospective Proponents that anticipate responding to this RFQ shall so indicate as soon as possible by providing contact information to PRASA's representative listed below. Also, all RFCs/RFIs regarding this RFQ should be directed only to the PRASA representative listed below via email. MP Engineers of Puerto Rico, PSC in association with Malcolm Pirnie, Inc. is serving as advisor (the "Advisor") to the Sponsors for this Project and will provide assistance in the RFQ and procurement process. Please do not contact any officials or related parties of the Sponsors via telephone or otherwise. Such contact may serve as grounds for disqualification.

Address questions, comments, RFCs and RFIs to:

PRASA PPP Committee Representative

Request for Qualifications –

Implementation of Advanced Technologies

for the Reduction of Non-Revenue Water for PRASA

E-mail: RFQ-PRASA@p3.gov.pr

2. Introduction

2.1 PURPOSE

The purpose of this RFQ is to identify qualified and interested prospective Proponents capable of executing the scope of services defined herein in any one or more of the zones described below.

Through the implementation of PPP Contracts, the Authority expects to secure substantial technological advancement benefits for PRASA while, at the same time, increasing PRASA's revenues and improving customer satisfaction.

The PPP Contract entails:

- the incorporation of advanced technologies to PRASA's operations that will allow remote water meter reading both at the district and household level;
- the development of a new and enhanced database in the nature of a geo-referenced cadastre (database) capable of identifying all of PRASA's water and sewer customers; and
- the re-engineering, assumption and operation of PRASA's commercial activities to guarantee the effectiveness and benefits of the technological improvements.

The Project results from PRASA's need to dramatically change the way it operates in order to address the root cause of the NRW problem, and increase efficiency and operating revenues through the incorporation of advanced technologies.

The expected benefits of implementing District Metered Areas ("DMAs") and new technologies, such as Automated Meter Reading/Advanced Metering Infrastructure ("AMR/AMI"), include:

- Reduction of NRW
- Reduction of meter reading estimates
- Improvement in water system planning (uses and needs)
- Improvement in meter reading accuracy and billing turnaround time
- Improvement in customer service and increase in customer satisfaction
- Meter reading routes optimization
- Reduction in leak detection time

2.2 BACKGROUND

PRASA, a public corporation of the Government of Puerto Rico, is the sole provider of water and sewer services in Puerto Rico. It serves a population of approximately 4 million residents plus approximately 5 million visitors annually¹; providing water and sewer service to about 97% and 60% of Puerto Rico's population, respectively. As of December 2009, the number of active accounts in the PRASA system amounted to 1,271,448 (748,078 accounts for combined services of water and sewer and 523,370 accounts related to water service only). Residential accounts amounted to 94% of the total number of accounts, as shown in Table 2-1.

¹Source: Puerto Rico Tourism Company statistics for fiscal years 2004 through 2006.

**Table 2-1:
Customer Distribution**

Customer Type	Number of Customers	Percent of Total
Residential	1,197,815	94%
Commercial	61,441	5%
Government	10,918	1%
Industrial	1,274	<1%
Total	1,271,448	100%

Source: PRASA customer database. Numbers may not add up due to rounding.

Puerto Rico is an island with a wide variety of topography, isolated demographic distributions, and a diverse mix of users (rural communities, dense urban areas, and large industrial dischargers) and PRASA has a localized system of water sources, treatment, and delivery. Therefore, there is a higher degree of diversity in its assets in terms of size, technology, and age when compared to systems in the United States (U.S.) and Canada.

PRASA has the very complex challenge of planning for a wide variety of water and wastewater assets and conducting very different types of operations and maintenance activities within the same organization. Most of PRASA's water and wastewater systems were historically developed on a community level and include numerous small treatment plants. These very diverse areas and corresponding needs have resulted in many localized systems, instead of regional. The potable water system consists of 128 water treatment plants that supply an estimated average of 562 million gallons per day ("MGD"). The wastewater system consists of several collection systems that discharge into 59 wastewater treatment plants. The wastewater system treats on average 329 MGD of wastewater. Other elements of the system include over 1,600 pump stations, 7,700 miles of distribution pipelines and 4,050 of sewer pipelines. The magnitude of the system is clear evidence that PRASA manages one of the most complex water and wastewater systems in the world.

The complexity of the system makes it prone to numerous water pipe leaks. PRASA reports that, in FY2009, a total 80,495 leaks were reported. PRASA's average leak occurrence rate is approximately 1,100 leaks per 100 miles of water distribution piping per year, which is much higher than the U.S. median of 49 leaks per 100 miles of water distribution piping per year².

2.2.1 NON-REVENUE WATER

PRASA has embarked on an aggressive effort to strengthen its operating and financial situation. For this, it has recently invested resources in several studies and evaluations to address its NRW problem. Specifically, between 2007 and 2009, PRASA invested in a Water Accountability Pilot Project which included extensive field research, to further identify the sources of PRASA's NRW as well as to understand its causes and estimated magnitudes.

In summary, the main sources of NRW identified through the Water Accountability Pilot include:

- Commercial Losses
 - Theft or unauthorized consumption.
 - Metering deficiencies at plants, wells and at the point of delivery (customer meters).

²Source: American Water Works Association Benchmarking Performance Indicators for Water and Wastewater Utilities: 2007 Annual Survey Data and Analyses Report (2008).

- Use of meter reading estimates and misreads.
- **Physical Losses**
 - Leakage in water mains.
 - Water main breaks.
 - Storage tank overflows and leaks.
 - Hydrant use for firefighting and other authorized, but unmetered uses.

A key initiative currently being implemented by PRASA is the NRW Reduction Program. As shown in Table 2-2, in FY2009 PRASA reported that approximately 63% of the water produced is NRW.

**Table 2-2:
Water Sales and NRW**

Fiscal Year	Water Sales by Client Type (cubic meters)					Estimated Total Water Produced (cubic meters)	Non-Revenue Water (cubic meters)	Volume NRW As Percentage of Total Water Production
	Residential	Commercial	Industrial	Government	Total			
2004	260,734,435	47,181,714	14,309,651	36,766,355	358,992,155	813,719,149	454,726,994	56%
2005	260,443,143	46,198,251	12,479,783	37,046,113	356,167,291	872,179,819	516,012,528	59%
2006	268,407,252	45,949,562	11,988,347	37,465,053	363,810,213	891,855,609	528,045,396	60%
2007	264,819,953	43,403,943	12,016,578	32,749,202	352,989,676	936,697,091	583,707,415	62%
2008	244,623,520	41,160,542	11,952,602	28,867,287	326,603,950	857,109,847	530,505,897	62%
2009	246,561,753	41,628,183	11,575,856	31,058,569	330,824,361	893,225,775	562,401,414	63%
6-Year Average	257,598,343	44,253,699	12,387,136	33,992,097	348,231,274	877,464,548	529,233,274	60%

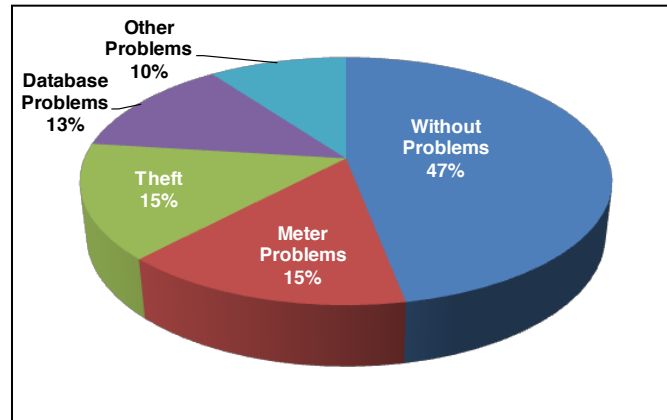
Source: PRASA customer and billing database. Numbers may not add up due to rounding.

Through PRASA's efforts in both the NRW Reduction Program and Infrastructure Master Plan, currently underway, it has been estimated that at least 13% of PRASA's total water produced is non-revenue water due to commercial losses (i.e., losses due to damaged or broken meters, theft, billing problems, etc.). Whereas, approximately 50% of total water produced may be lost due to physical losses in the system (i.e., leaks in the distribution system). It is important to note that only approximately 80% of water produced in WTPs is currently metered prior to entering the water distribution system; the balance of the water produced at WTPs is estimated. Also, PRASA currently estimates (does not meter) the annual volume of water produced and distributed from its 498 wells (approximately 100 MGD).

Field findings have shown that a large percentage of customer accounts have some sort of problem that negatively impacts billing. Through June 30, 2009, PRASA reports to have visited 258,492 service locations through the NRW Reduction Program "Mega Census" initiative³. Close to 53% of visited service locations (principally located in the Metro Region) had problems ranging from meter function issues (i.e. "stuck" or broken meter, broken meter boxes, etc.) to theft, as shown in Figure 2-1.

³ The Mega Census initiative consists in visiting housing units and assessing water meter connection status (i.e., working meter, "stuck" or broken meter, no account information in system, theft, etc.)

Figure 2-1: Mega Census Field Findings Statistics



Source: PRASA NRW Reduction Program.

AMR PILOT PROGRAM

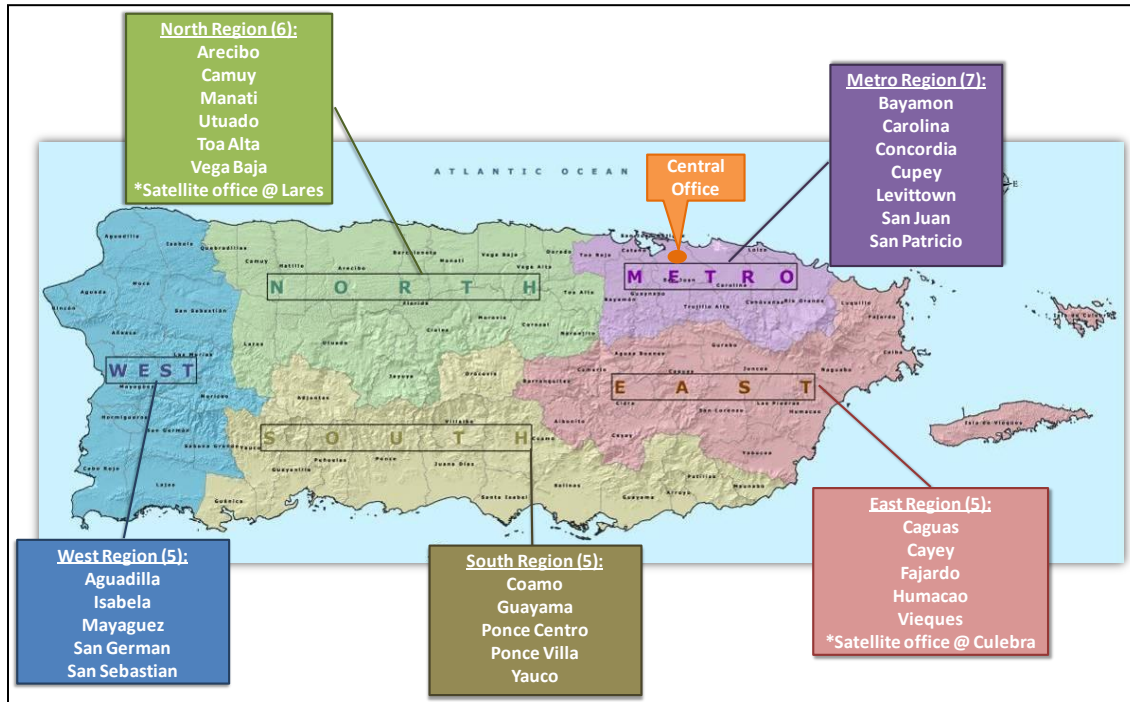
On November 2007, PRASA began implementing a pilot program to convert customer meters from manually-read to mobile radio frequency AMR technology, also commonly known as “drive-by” AMR. Approximately 12,400 accounts in the municipalities of San Juan and Carolina (both located in the Metro Region) had AMR meters installed. The installed system combined Elster-AMCO V100 meter with 2-wire pulse output with MARS Company SmartRF System (VHP Mark II model). The following observations were made by PRASA’s AMR project manager regarding future expansions of the program:

- Some housing unit structures and existing meter boxes may affect radio frequency signal, and, as such, may require relocation or replacement of meter boxes.
- AMR technology (i.e., meters, radios, software, etc.) must be adequately coordinated and integrated with PRASA’s existing SAP ISU database and billing system prior to implementation. This integration is required to ensure the investment in the technology is recovered through reliable billings.
- A strong quality assurance and quality control program, as well as the appropriate personnel training should be in place throughout implementation period.

2.2.2 COMMERCIAL SERVICES STRUCTURE

PRASA’s commercial services are performed by the Customer Service Directorate, which consists of a central administration office located at PRASA’s central administration building in San Juan and 28 customer service offices island-wide. Additionally, there are two satellite customer service offices, which offer limited services to PRASA customers, located in the municipalities of Culebra and Lares. Figure 2-2 shows the distribution of the commercial offices, as of January 2010, in each of PRASA’s five operational regions (North, South, East, West, and Metro).

Figure 2-2: PRASA Commercial/Customer Service Offices



Source: PRASA Customer Service Directorate.

2.3 OVERVIEW OF SERVICES

The Authority is interested in developing a partnership with one or more firms to reduce PRASA's current amount of NRW through the implementation of advanced technologies (i.e. AMR and/or Advanced Metering Infrastructure [AMI]), while simultaneously maximizing PRASA's service revenues. The scope of services will be defined in the RFP and is expected to include the following:

- Planning, design, installation, and operation of AMR/AMI systems
- Database design, development, and management (i.e., geo-referencing of customers accounts and locations, and meter-reading routes)
- Development and implementation of DMAs
- Design, development, and implementation of web-based commercial services platform
- Management and reduction of commercial losses
- Meter reading, installation and replacement
- Customer service line repair or replacement, installation of new connections, etc.
- Invoicing
- Collections
- General customer service efforts (i.e. handling claims, petitions, and others)

It is anticipated that PRASA will maintain its current subcontracts for the operation of the call centers, and invoice printing and mailing. The call center is expected to be responsible for accepting payments over the phone and answering basic questions regarding customer bills, but disputed bills and other billing enquiries that cannot be readily satisfied by the call center will be delegated to the contracted firms for follow up and resolution. Furthermore, customer invoices that are returned as undeliverable due to improper customer account information will be forwarded to the contracted firms for resolution.

Contracted firms will be compensated in U.S. currency based on their performance tracked by predetermined metrics, to be defined in the RFP. These performance metrics are expected to include:

- Percentage of customers converted to AMR/AMI system
- Cubic meters (m³) invoiced
- Collections
- Number of meters read
- Response time for service requests, claims, and petitions
- Reduction in number of consumption-related claims received

The Term of the PPP Contract will be defined in the RFP and is expected to be 15 years.

2.3.1 PROJECT ZONES

PRASA has preliminarily defined the following three zones for the Project and future PPP Contracts:

- Zone 1: Metro Region
- Zone 2: North and West Regions
- Zone 3: South and East Regions

PRASA may re-define these zones in the RFP. Nonetheless, there will at least be three PPP Contracts awarded. A customer profile overview for each Project Zone and PRASA Operational Region is included in Table 2-3.

**Table 2-3:
Customer Profile by Project Zone and Region
(through December 2009)**

Project Zone	Region	Customer Type				Regional Total	Zone Total
		Residential	Commercial	Government	Industrial		
1: Metro	Metro	376,772	22,197	2,519	400	401,888	401,888
2: North-West	North	208,017	9,629	2,050	186	219,882	429,259
	West	195,895	11,335	1,972	175	209,377	
3: South-East	South	178,735	7,754	2,190	175	188,854	440,301
	East	238,396	10,526	2,187	338	251,447	
Total		1,197,815	61,441	10,918	1,274	1,271,448	1,271,448

Source: PRASA customer database. Numbers may not add up due to rounding.

Table 2-4 summarizes the amount of water billed in each Project Zone and PRASA Operational Region in the last six fiscal years.

Table 2-4:
Water Billed by Project Zone and Region – Fiscal Years 2004-2009
(cubic meters [m³])

Project Zone	Region	Fiscal Year					
		2004	2005	2006	2007	2008	2009
1: Metro	Metro	133,120,485	130,363,449	129,430,167	121,785,095	114,078,357	120,296,749
2: North-West	North	57,094,155	56,160,341	57,515,766	57,439,867	53,148,642	53,274,956
	West	52,132,163	52,175,525	54,476,891	54,374,187	48,774,815	47,576,286
3: South-East	South	52,996,135	52,537,196	52,899,986	51,225,945	47,656,615	46,549,949
	East	63,649,217	64,930,780	69,487,403	68,164,583	62,945,522	63,126,420
Total		358,992,155	356,167,291	363,810,213	352,989,676	326,603,950	330,824,361

Source: PRASA billing database. Numbers may not add up due to rounding.

2.3.1 PAYMENT FORM

The Sponsors have preliminarily selected a performance-based contract compensation model. The Sponsors envision a compensation system that aligns the objectives of the Project with the payment to the selected Proponent(s). In order to achieve this, PRASA intends to use a compensation formula that:

- Provides strong incentives for the selected Proponents to reduce commercial losses with the development of a comprehensive geo-referenced cadastre of its customer base, implementation of DMAs and installation of AMR/AMI systems;
- Provides additional incentives for achieving desired revenue collection targets; and
- Provides additional incentives for providing the desired level of customer service and satisfaction.

The Sponsors may also include payment deduction elements along with these incentives to penalize performance levels that fall below defined objectives.

Prospective Proponents are encouraged to download the Study of Desirability and Convenience for the Project published on the Authority's website <http://www.p3.gov.pr/> to obtain additional information.

3. Proponent Qualification Requirements and Evaluation Criteria

This RFQ is available for prospective Proponents who desire to participate in the RFP for the Project. All SOQs will be reviewed based on the requirements set forth in Section 4 of this RFQ.

The Regulation states that:

The PPP Committee reserves the right to qualify a limited number of prospective Proponents in order to arrive at a short list for a particular Project; provided that such right is contemplated in the applicable RFQ or RFP.

The Authority hereby notifies prospective Proponents of its right to limit the number of Proponents who will be shortlisted. The Authority will only do so if this would be in the interests of the Authority in achieving its objectives.

3.1 EVALUATION CRITERIA

Prospective Proponents who submit a response to this RFQ will be evaluated on the basis of the following three sets of criteria:

1. Compliance with Requirements of the Act
2. Technical Qualifications
3. Financial Qualifications

Materially responsive SOQs will:

- Be received at the correct address at or before the specified date and time.
- Include all required submittals described in Section 4, including all required SOQ Forms.

SOQs deemed responsive to these requirements will be evaluated as described below.

COMPLIANCE WITH REQUIREMENTS OF THE ACT

The SOQ will be reviewed to determine whether it satisfies the Act's Section 9 requirements with respect to the following areas:

- The prospective Proponent shall have available such corporate or equity capital or securities or other financial resources that, in the judgment of the Authority and PPP Committee, are necessary for the proper operation and maintenance of the Project;
- The prospective Proponent shall have a good reputation and the managerial, organizational and technical capacities, as well as the expertise, to develop and administer the Project;
- The prospective Proponent shall certify that neither he or she, and in the case of a legal entity, its directors or officers, and in the case of a private corporation, the stockholders with direct or substantial control over the corporate policy, and in the case of a partnership, its partners, and in the case of natural persons or legal entities, any other natural person or legal entity that is the alter ego or the passive economic agent thereof, have been formally convicted for acts of corruption, including any of the crimes listed in Act No. 458 of December 29, 2000, as amended, whether in Puerto Rico or in any jurisdiction of the United States of America or in any foreign country. The prospective Proponent shall certify that it complies 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 prospective Proponent, whether Federal or State statutes, including the Foreign Corrupt Practices Act.

TECHNICAL QUALIFICATIONS

The review of technical capabilities will address whether the SOQ sufficiently demonstrates the prospective Proponent's technical capabilities as listed below.

- Prospective Proponent Team Information
 - i. Suitability of the prospective Proponent's organizational structure to manage and implement the contract operations services.
 - ii. Prior working history of the Team Members.
 - iii. Overall reputation of the prospective Proponent's Team Members.
 - iv. Prospective Proponents' presence and commitment to Puerto Rico in terms of dedicated resources, community investment and involvement of local entities.
- Relevant Project Experience and References
 - i. The breadth of experience providing the scope of services contemplated in the Project.
 - ii. The relevance or applicability of experience to PRASA's organization and situation.
 - iii. The breadth of knowledge and experience with AMR/AMI systems, water loss control (i.e., physical and commercial losses), non-revenue water reduction, water system operations, and establishing and monitoring DMAs.
 - iv. The depth and relevance of experience in transitioning existing employees during the implementation of contract operations, including experience with labor unions.
 - v. Demonstrated cost savings on current and past contract operations projects.
 - vi. Feedback received from references contacted and systems visited, if any, during the evaluation process, including quality of service provided.
- Key Staff/Staffing Plan
 - i. The breadth and relevance of experience of proposed key staff providing the scope of services contemplated in the Project.
 - ii. The proposed approach to transitioning existing staff to either employment with the prospective Proponent or to other work opportunities.
 - iii. The depth and relevance of experience proposed key staff in recruiting/transitioning existing employees during the implementation of the Project.
 - iv. Feedback for proposed key staff received from references contacted during the evaluation process, including responsiveness and quality of service provided.
 - v. The soundness of the proposed hiring plan, including ability to promptly hire and retain qualified staff to perform the proposed scope of services.

FINANCIAL QUALIFICATIONS

The PPP Committee will evaluate the relative financial strength of the prospective Proponent, its Project Guarantor, and Team Members, where applicable. Relative financial strength will be established through the prospective Proponent and Project Guarantor's net worth, profitability, debt to equity ratio, financial liquidity, credit standing, insurance company references, other financial guarantees, and other financial indicators, as applicable. Also addressed will be the prospective Proponent's legal standing with regard to other projects and potential impact of any ongoing or pending litigation. The review of financial capabilities will address whether the SOQ sufficiently responds to the following requirements:

- Financial capacity to execute the scope of services discussed in Section 2 and achieve the goals of the Project
 - i. Prospective Proponents, through its Project Guarantor, must have a Net Worth of at least one hundred million dollars (\$100 million).
- Ability to raise financing for the capital investments
 - i. Prospective Proponents must be able to raise sufficient capital to finance the capital improvements investment which is estimated at over \$200 million per Project Zone throughout Contract period.
- Credit quality to ensure the payment of any ongoing obligations, including, but not limited to, obligations under any PPP Contract
 - i. Prospective Proponents, including its Project Guarantor, to the extent that short-term or long-term obligations have been rated by Moody's Investors Service, Standard & Poor's, Fitch IBCA, or Duff & Phelps, such ratings shall be at least of investment grade. If the Project Guarantor's debt is not rated by rating agencies, the credit standing of the Project Guarantor shall be sufficient to support an investment grade rating if it were to be rated by rating agencies.
 - ii. Prospective Proponents, through its Project Guarantor, should be able to secure a Letter of Credit in the amount of five million dollars (\$5 million) as additional security under the PPP Contract. The conditions for invoking the Letter of Credit requirement will be set forth in the RFP.
- Insurance References
 - i. Prospective Proponents shall be able to meet, at least, the following insurance requirements:
 - a. General liability: (occurrence form) \$10,000,000 minimum combined single limits for bodily injury, personal injury and property damage. If Commercial General Liability Insurance of other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate shall be twice the required occurrence limit.
 - b. Automobile Liability: \$1,000,000 minimum combined single limits per accident for bodily injury and property damage.
 - c. Professional Liability: (errors and omissions) in the minimum amount of \$25,000,000.
 - d. Umbrella Liability Coverage: \$50,000,000 each occurrence and general aggregate for bodily injury and property damage for general and automobile liability.
 - e. Workers Compensation Insurance: As per Puerto Rico statutory requirements

Additional details regarding insurance requirements will be provided in the RFP.

4. SOQ Requirements and Procedure

4.1 SOQ REQUIREMENTS

OVERVIEW OF REQUIREMENTS

SOQ submissions should comply with the format provided under “Format and Required Information for SOQ Submission” below. Additional information not specifically related to the Project or this RFQ should not be included.

NO LIABILITY FOR COSTS

The Sponsors and their advisors are not responsible for costs or damages incurred by prospective Proponents, Teams, Team Members, subcontractors, 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.

MODIFICATION AND TERMINATION RIGHTS

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

AUTHORIZATION FOR FURTHER INVESTIGATION

By submitting a response to this RFQ, each prospective Proponent specifically authorizes the Authority, PRASA, the PPP Committee and their officers, employees and consultants to make any inquiry or investigation to verify the statements, documents, and information submitted in connection with this RFQ, and to seek clarification from the prospective Proponent’s officers, employers, advisers, accountants and clients regarding the same.

4.2 FORMAT AND REQUIRED INFORMATION FOR SOQ

All SOQs should be prepared in English and follow the format outlined below.

Responses should not exceed a total number of **50 single-sided pages**, not including cover letter, SOQ Submittal Forms (see Appendix A), resumes of key project staff, brochures (only if directly applicable to response), financial information, and, if provided, PPP Contract samples.

Responses should comply with the following format:

- Cover Page (to include identification of all Team Members)
- Cover Letter (2 pages maximum)
 - i. The SOQs must include a cover letter containing the name, title, organization, work address, e-mail address, and work, cell and fax numbers of the principal contact person of the prospective Proponent. The cover letter shall also include a complete listing of all companies that comprise the Team Members of the prospective Proponent.
 - ii. Provide a single contact person for all future communication between the PPP Committee and the Team. Please identify the contact person’s name, title, organization, work address, email address, and work, cell and fax numbers.

- iii. Cover letters must be signed in ink by an authorized representative of the prospective Proponent, and the prospective Proponent or such authorized representative will sign his or her initials, in ink, to confirm any alteration or correction to the SOQ.
- Table of Contents
 - i. A table of contents shall be included in the SOQs, summarizing the contents of the SOQs and identifying the location for each of the sections separately.
- An executed Proponent Certification from the prospective Proponent and, in the case of a Team, each Team Member. The form of this must follow the SOQ Form 1 included in Appendix A.
- Executive Summary (2 pages maximum)
 - i. An executive summary shall be included in the SOQ includes a comprehensive scope of work, project understanding, and an overview of the prospective Proponents qualifications and experiences relative to this RFQ.
- Proponent Information
 - i. Description of prospective Proponent: Provide a description of the prospective Proponent, including a description of all Team Members and the anticipated legal relationship (governance and capital structure) among the Team Members (e.g., partners, shareholders, consultants, etc.), as appropriate, and indicate whether the prospective Proponent or any Team Member participates in the World Economic Forum's Partnering Against Corruption Initiative (PACI) or any other similar initiative or program. The contracting party and the Project Guarantor must be clearly identified.
 - ii. Roles of Team Members and Key Personnel: Briefly outline the roles of each Team Member and key personnel.
 - iii. Contact Person: Provide a single contact person for all future communication between the PPP Committee and the Team. Please identify the contact person's name, title, organization, work address, email address, and work, cell and fax numbers.
 - iv. Controlling Interest: Identify the natural persons or legal entities that hold a major or controlling interest in each Team Member.
 - v. Expected Advisors: Identify the natural persons or legal entities that are expected to act as legal, financial, or other advisors for the Team.
- Acknowledgement of Receipt of Addenda
 - i. Receipt of all addenda shall be acknowledged by the prospective Proponent by completing the SOQ Form 2.
- Technical Qualifications:

Prospective Proponents shall demonstrate their ability to undertake the PPP Contract by providing the technical qualifications of the prospective Proponent, individual team members, and principal subcontractors in accordance with Section 3 of this RFQ. The Authority reserves the right to conduct an independent investigation of the prospective Proponent's technical qualifications by contacting project references, accessing public information, inspecting facilities, or by contacting independent parties. Additional information may be requested during the evaluations of technical qualifications.

Prospective Proponents shall describe the nature and depth of the technical, development, and management resources, which will be available to the prospective Proponent in performing its obligations under PPP Contract. The description shall include a discussion of the accessibility of such resources, including whether the resources are under common or affiliated management or are available by contract, license, or other means. Prospective Proponents should address the following with respect to technical capability:

- i. Operations and Maintenance Expertise: Prospective Proponents must provide evidence demonstrating their ability to operate and maintain a project of this nature and scope. Specifically, the prospective Proponent should have:
 - a. Experience with AMR/AMI systems, DMAs, and water loss control and reduction programs (commercial and physical losses).
 - b. All the capabilities necessary to successfully operate and maintain the applicable commercial system, including routine maintenance, operations management, administration and public relations, and emergency operations.
 - c. Experience with collective bargaining agreement and labor relations in the context of assuming the operation of commercial services for a utility.
- ii. Customer Service: Prospective Proponents must demonstrate their relevant experience and commitment to achieving high standards of customer service and satisfaction.
- iii. References: Prospective Proponents shall include a list of clients for which similar or related services have been or are currently being provided. A detailed description of up to five similar projects shall be included, utilizing SOQ Form 3 included in Appendix A.
- iv. Key Staff/Staffing Plan: Prospective Proponents shall describe the prospective Proponent's key project staff and qualifications and describe its approach to staffing. Prospective Proponents shall provide the following information:
 - a. An organizational chart showing key positions. Any portions of the work that will be subcontracted should be identified.
 - b. For each key position identified on the organizational chart, a description of the minimum qualifications required for that position.
 - c. The role that Key Project Staff played in reference projects included in the SOQ.
 - d. Hiring plan to fill all positions.
 - e. Description of the roles and responsibilities of off-site staff, if any, that will support the prospective Proponent in the performance of Project.

■ Financial Qualifications:

Prospective Proponents shall provide company financial information of its Project Guarantor that will demonstrate its financial stability and capacity to implement the scope of services of the Project described in Section 2. Prospective Proponents shall provide full disclosure information regarding its financial strength. Prospective Proponents should address the following areas with respect to financial capability:

- i. If the SOQ is being submitted by a consortium, a joint venture, or a partnership, each member of such a consortium, joint venture, or partnership shall provide full disclosure information regarding their financial strength.
- ii. Prospective Proponents must demonstrate their financial capacity to execute the scope of services described in Section 2 for the term of the PPP Contract. To demonstrate sufficient financial capacity, the SOQ must include copies of the most recent three years of annual reports filed with the Securities and Exchange Commission ("**SEC**") on Form 10-K, and supporting documents, and all quarterly reports filed with the SEC on Form 10-Q since the last 10-K was filed. If 10-K or 10-Q reports reference other reports that describe the prospective Proponent's financial condition, copies of such reports shall be provided. The prospective Proponent may be the Project Guarantor if it sufficiently capitalized to meet the threshold requirements of the RFQ. Otherwise, the financial statements of the Project Guarantor must be provided.

If the prospective Proponent is not required to make periodic filings with the SEC, the prospective Proponent shall submit (a) audited financial statements for the past three fiscal years, including

income statements, balance sheets, and statements of changes in financial position; (b) copies of the latest quarterly financial reports for the prior three months; and (c) a statement regarding any material changes in the mode of conducting business, bankruptcy proceedings, and mergers or acquisitions for the past three years, as well as any disclosure of any potential mergers or acquisitions. Team Members should provide enough financial information to demonstrate that they have the financial resources to successfully execute a project of this nature and scope. Financial factors which will be assessed include:

- a. Adequacy of equity
 - b. Profitability
 - c. Availability of liquid equity
 - d. Debt to equity ratio
- iii. Ability to Raise Financing: Teams must provide specific evidence demonstrating their ability to raise financing for a project of this nature and scope, and ability to meet the requirements set forth in Section 3. Specific factors that will be assessed include:
- a. Capability of raising debt and equity in the current capital market
 - b. The number and size of past relevant transactions
 - c. Specific experiences on past relevant transactions
- iv. Project Guarantor: Prospective Proponent responding to this RFQ must have a single Project Guarantor with a net worth of at least one hundred million dollars (\$100 million), to fulfill all the obligations under the PPP Contract. Utilizing SOQ Form 4, the prospective Proponent shall clearly identify the Project Guarantor. The Project Guarantor may be the contracting party, its parent company, or a sufficiently capitalized general partner that is an integral part of the respondent's team. The prospective Proponent must demonstrate that their Project Guarantor has the capability and legal commitment to guarantee the financial obligations of the prospective Proponent under the PPP Contract. If a special purpose subsidiary is created as the contracting party, the parent company or one or more of the partner firms shall be the Project Guarantor to guarantee performance of the subsidiary's obligations. A subsidiary with limited capitalization and without a full parent company or partner guarantee will not be allowed as the contracting party. If a subsidiary has been formed solely to respond to this RFQ, or if the prospective Proponent expects to develop a special purpose company if selected, the reasons for this existing or proposed action must be fully disclosed.
- v. Current Obligations: Prospective Proponents shall provide detailed information concerning all direct and indirect fixed or contingent liabilities undertaken in connection with other projects by the prospective Proponent, its parents, affiliates, and subsidiaries, whether by way of financial or performance commitments, guarantees, or otherwise that may put limitations on its financial exposure for this Project. Such information shall also be provided for the Project Guarantor.
- vi. Credit Rating (if applicable): If the prospective Proponent, including its Project Guarantor, has short-term or long-term obligations rated by Moody's Investors Service, Standard & Poor's, Fitch IBCA, or Duff & Phelps, such ratings shall be provided.
- vii. Insurance and Credit: Using SOQ Form 5, the prospective Proponent shall provide evidence of coverage, or evidence of the ability to secure insurance coverage at the limits indicated in Section 3. Additional requirements may be provided in the RFP document. The Authority will also require selected Proponents to provide a Letter of Credit as financial security in the amount indicated in Section 3. Using SOQ Form 6, the prospective Proponent shall demonstrate its ability to secure the Letter of Credit anticipated for the Project and demonstrate its willingness to enter into such an arrangement.

- Comments on Project Concepts and Schedule: Prospective Proponents may provide comments concerning the Sponsors' approach, project schedule or other elements of the Project described in this document. Comments provided by prospective Proponents may be considered during selection of firms to be short-listed and will provide the Sponsors with useful information that may be applied for the development of projects. The Sponsors welcomes creative ideas for the RFP process that will maximize savings and provide benefits to both PRASA and the selected Proponent(s).
- Proposed Contractual Arrangements/Sample Agreement: Prospective Proponents may submit examples or samples of preferred PPP Contract formats. The prospective Proponent may submit more than one sample contract, but the sample contracts submitted should be limited to contracts that are relevant to the types of projects that the prospective Proponent is proposing through this RFQ. These sample contracts are for reference purposes only.

4.3 SOQ SUBMISSION INSTRUCTIONS AND NEXT STEPS

One original and six hard copies, as well as an electronic version in portable document format (“PDF”) included on two compact disc (“CD”) of prospective Proponent’s SOQs shall be delivered to the Authority at the addresses shown below no later than 17:00 Atlantic Standard Time on the date listed in Table 1-1. The original of the SOQ must be submitted in a separate, sealed envelope or container identifying it as the original document. The SOQ (original, six copies, and CDs) should then be placed in a package, stating on the outside the Prospective Proponent’s name, address, telephone number, SOQ title (“Statement of Qualifications – Implementation of Advanced Technologies for the Reduction of Non-Revenue Water for Puerto Rico Aqueduct and Sewer Authority”) and submission due date. Facsimile copies and electronic file copies alone will not be accepted. SOQs received after this deadline will not be considered under any circumstances.

Puerto Rico Public-Private Partnerships Authority
PRASA PPP Committee Representative
cc: David Alvarez – Executive Director PPP Authority
Government Development Bank for Puerto Rico Building, 2nd Floor
Roberto Sánchez Vilella Government Center, De Diego Ave
San Juan, PR 00940-2001 USA

4.4 CONFIDENTIALITY OF SOQ SUBMISSION

All SOQs shall become the property of the Authority, except for documents or information submitted by prospective Proponents which are trade secrets, proprietary information or privileged or confidential information of the prospective Proponents. Prospective Proponents are advised to familiarize themselves with the confidentiality and publication provisions contained in Articles 9(i) and 9(j) of the Act and Section 9.3 of the Regulation to ensure that documents identified by prospective Proponents as “confidential” or “proprietary” will not be subject to disclosure under the Act.

If a prospective Proponent has special concerns about confidential or proprietary information that it would desire to make available to the PPP Committee prior to filing its SOQ, such prospective Proponent may wish to:

- Make a written request to the PPP Committee for a meeting to specify and justify proposed confidential or proprietary documents.
- Make an oral presentation to the PPP Committee staff and legal counsel.

- Receive written notification from the PPP Committee accepting or rejecting confidentiality requests.

Failure to take such precautions prior to filing an RFQ submission may subject confidential or proprietary information to disclosure under Articles 9(i) and 9(j) of the Act and/or Section 9.3 of the Regulation.

The Authority will endeavor to maintain the confidentiality of any information that a prospective Proponent 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 by a court order. The PPP Committee shall determine whether or not the requested materials are exempt from disclosure. In the event that the PPP Committee elects to disclose the requested materials, it will provide the prospective Proponent notice of its intent to disclose. In no event shall the Government of Puerto Rico, the Authority, the PPP Committee or PRASA be liable to a prospective Proponent for the disclosure required by law or a court order of all or a portion of an SOQ filed with the Authority.

Upon execution of the PPP Contract, 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 trade secrets, proprietary or privileged information of the prospective Proponent clearly identified as such by the prospective Proponent, or information that must otherwise be protected from publication according to law, unless otherwise ordered by a court order.

4.5 DISCLAIMER

The information provided in this RFQ, or any other written or oral information provided by the Authority, PRASA, the PPP Committee, the Advisor and their officers, employees and consultants in connection with the Project or the selection process is provided for the convenience of the prospective Proponents only. The prospective Proponents shall make their own conclusions as to such information. Oral explanations or instructions from officials, employees or consultants of the Authority, PRASA, the PPP Committee, the Advisor or any Puerto Rico public agency shall not be considered binding on the Authority, PRASA, the PPP Committee, or the Advisor. The Authority, PRASA, the PPP Committee, the Advisor and their officers, employees and consultants make no representation as to such information, 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, all of which liability is expressly waived by the prospective Proponents.

In connection with this proposed Project, the Authority and PRASA reserve all rights (which rights shall be exercisable by the Authority and PRASA in their sole 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 and/or the best interests of the Authority, PRASA, GDB and the Commonwealth.
- Develop the Project in any manner that the Authority, PRASA, GDB and the Commonwealth deem necessary. If the Sponsors are unable to negotiate a PPP Contract to their satisfaction with a prospective Proponent, they may negotiate with the next highest ranked Proponent, terminate the process and pursue other alternatives relating to the Project or exercise such other rights as they deem appropriate.
- Cancel the procurement process, as applicable, in whole or in part, at any time prior to the execution by PRASA of an agreement, without incurring any cost 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 projected in this RFQ.
- Terminate evaluations of responses received at any time.

- Exclude any prospective Proponent from submitting any response to the RFQ or bid, as the case may be, based on failure to comply with any requirements.
- Issue addenda, supplements and modifications to this RFQ.
- Require confirmation of information furnished by a prospective Proponent, require additional information from a prospective Proponent concerning its response and 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 prospective Proponent 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 the RFQ or permit clarifications or supplements to a response to the RFQ.
- Add or eliminate facility expansion to or from the Project.
- Modify the Project described in the RFQ.
- Incorporate the RFQ or any prospective Proponent's response to the RFQ as part of any formal agreement with the chosen Proponent.
- Not issue a notice to proceed after execution of any contract.
- Exercise any other right reserved or afforded to the Authority and PRASA under the Act, the Regulation or this RFQ.

This RFQ does not commit PRASA to enter into a contract or proceed with the Project as described herein. The Authority, PRASA, GDB, and the Commonwealth assume no obligations, responsibilities, or liabilities, fiscal or otherwise, to reimburse all or part of the costs incurred or alleged to have been incurred by parties considering a response to and/or responding to this RFQ, or in considering or making any submission. All of such costs shall be borne solely by each prospective Proponent.

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

Appendix A: SOQ Forms

FORM 1: PROPONENT CERTIFICATION

[Letterhead of each prospective Proponent and Team Member]

PPP Committee Representative
Request for Qualifications –
Implementation of Advanced Technologies
for the Reduction of Non-Revenue Water for PRASA

Dear PPP Committee Representative,

We have carefully reviewed the Request for Qualifications dated [MONTH DAY], 2010 (“**RFQ**”) 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 certificate 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 (“**SOQ**”) and all enclosures thereto. Without limitation, we specifically acknowledge the disclaimer contained in section 4.5 of the RFQ.

We certify that the information contained in the attached SOQ is truthful. We further certify that the individual who has signed and delivered this certification is duly authorized to submit the attached SOQ on behalf of the prospective Proponent as its acts and deed and that the prospective Proponent is ready, willing and able to perform if awarded the PPP Contract.

We further certify that neither we, nor any of our officers, directors, controlling stockholders or partners, as the case may be, have been formally convicted for acts of corruption, including any of the crimes listed in Act No. 458 approved by the Legislative Assembly of the Commonwealth of Puerto Rico on December 29, 2000, as amended, whether in Puerto Rico or in any jurisdiction of the United States of America or in any foreign country.

We further certify 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 prospective

Proponent, whether Federal, state or Commonwealth of Puerto Rico statutes, including the Foreign Corrupt Practices Act.

We further certify that no officer or employee of the Authority, PRASA, the PPP Committee or any other public agency of Puerto Rico who 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 prospective Proponent, and no officer or employees of the Authority, PRASA, PPP Committee or any other public agency of Puerto Rico (nor any member of their families) has directly or indirectly participated with the prospective Proponent in the preparation of its SOQ.

We further certify that we are in compliance with the provisions of Act No. 84 approved by the Legislative Assembly of the Commonwealth of Puerto Rico on June 18, 2002, also 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 proposal is made without prior understanding, agreement, connection, discussion or collusion with any other person, firm or corporation submitting separate SOQ or any officer, employee or agent of the Authority, PRASA or the PPP Committee; and that the undersigned executed this Proponent's Certification with full knowledge and understanding of the matters herein contained and was duly authorized to do so.

The attached SOQ 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 prospective Proponent or Team Member]

FORM 2: ACKNOWLEDGEMENT FOR RECEIPT OF ADDENDA

[Letterhead of each prospective Proponent and Team Member]

PPP Committee Representative
 Request for Qualifications –
 Implementation of Advanced Technologies
 for the Reduction of Non-Revenue Water for PRASA

Dear PPP Committee Representative,

I, [Name of prospective Proponent Representative] in my capacity as [Title] of [Name of the prospective Proponent], acknowledge that our Company was able to access the Puerto Rico Public-Private Partnership Authority (the Authority) web site and downloaded the following documents regarding the Request for Qualifications (the RFQ) for the Implementation of Advanced Technologies for the Reduction of Non-Revenue Water for the Puerto Rico Aqueduct and Sewer Authority, issued on [Date] by the Authority.

<u>Document/File Title</u>	<u>Date Received/Downloaded</u>
_____	_____
_____	_____
_____	_____

Signature

Date

FORM 3: PROJECT REFERENCE FORM

Provide project reference in the format shown below. Individual sections of the form may be resized to accommodate project information. Supplemental sheets may also be attached to this SOQ Form with the project name identified on each sheet. Copy this form as necessary to provide information for each reference project.

Project Name:	Project No.: of
Project Location:	
Client and owner	Client: Owner (if different from client):
Key client/owner contact	Name: Title: Organization: Address: Telephone: Facsimile: E-mail:
Type of Project:	Type of Utility: Number of customers served: _____ List Key Services Provided (e.g. Billings, Collections, Meter Reading, Customer Service, etc.): _____ _____ _____ Technologies / Key Features: _____ _____

Contract Value:	Value of Contract \$ _____ [indicate over what time period] Other Information: _____ _____	
Contract Duration:	Years	Start Date:
Billing Efficiency:	List total annual billings and total annual collections for each contract year.	
Other Contract Performance Metrics and Results		
Prospective Proponent Role:		
A. Applicability and relevance of referenced project:		
B. Current status of project:		
C. Number of people employed for Services by major job category (e.g. management, customer service, meter readers, etc.):		
D. Contract dispute and resolution experience:		
E. Description of any ingenuity and innovation employed on project:		
F. Description of any labor resolution or negotiation experience and employee transitioning:		
G. Prospective Proponent's personnel on project that are proposed to work on PPP Contract (if any):		

FORM 4: PROJECT GUARANTOR ACKNOWLEDGEMENT

[Letterhead of each prospective Proponent and Team Member]

PPP Committee Representative
Request for Qualifications –
Implementation of Advanced Technologies
for the Reduction of Non-Revenue Water for PRASA

Dear PPP Committee Representative,

This letter serves as confirmation that [Name of Company] (the Project Guarantor) is willing and able to provide a company guarantee on behalf of [Name of Prospective Proponent] (the Prospective Proponent) in the event that the Prospective Proponent is selected by the Puerto Rico Public-Private Partnership Authority as the preferred Proponent for execution of a Public-Private Partnership Contract for the Implementation of Advanced Technologies for the Reduction of Non-Revenue Water for the Puerto Rico Aqueduct and Sewer Authority. The Project Guarantor guarantee will not be limited in amount and will cover all of the Prospective Proponent's payment and performance obligations under the contract as agreed and executed by the parties.

Name of Project Guarantor

Name of Authorized Signatory

Signature

Title

FORM 5: INSURANCE COMPANY LETTER OF INTENT

[Letterhead of each prospective Proponent and Team Member]

PPP Committee Representative
Request for Qualifications –
Implementation of Advanced Technologies
for the Reduction of Non-Revenue Water for PRASA

Dear PPP Committee Representative,

[Name of prospective Proponent] has submitted herewith a Statement of Qualifications in response to the Request for Qualifications (the RFQ) for the Implementation of Advanced Technologies for the Reduction of Non-Revenue Water for the Puerto Rico Aqueduct and Sewer Authority, issued by the Puerto Rico Public-Private Partnership Authority (the Authority) on [DATE].

The Insurance Company hereby certifies that it intends to provide all required insurance set forth in the RFQ in the event the prospective Proponent is selected by the Authority for approval and execution of an Agreement in response to the future Request for Proposal.

Name of Insurance Company

Name of Authorized Signatory

Signature

Title

FORM 6: LETTER OF INTENT FOR CREDIT

[Letterhead of each prospective Proponent and Team Member]

PPP Committee Representative
Request for Qualifications –
Implementation of Advanced Technologies
for the Reduction of Non-Revenue Water for PRASA

Dear PPP Committee Representative,

This is to advise that [Name of Company], who is authorized to do business in the Commonwealth of Puerto Rico, is prepared to provide a Letter of Credit in the amount of [Insert Amount] as described in the Request for Qualifications issued by the Puerto Rico Public-Private Partnership Authority (the Authority) on [DATE] for the Implementation of Advanced Technologies for the Reduction of Non-Revenue Water for the Puerto Rico Aqueduct and Sewer Authority, should [Name of the prospective Proponent] be awarded a Public-Private Partnership Contract pursuant to a future Request for Proposals for the Project.

Name of Company

Name of Authorized Signatory

Signature

Title

Date