

Request for Qualification cum Proposal

Selection of the Developer for Integrated Sports Complex at Tirupati in Andhra Pradesh on Public Private Partnership Basis

Authority's response to queries (16 Nov 2015)

Sl. No.	Reference Clause No.	Page No.	Description / Existing Clause	Clarification / Modification sought	Authority's Response
RFQCP Volume-I					
1.	2.13.3	24	<i>"... .. The financial model in the form of an unlocked, editable Microsoft® Excel workbook / similar software shall be furnished in a Compact Disc. The financial model shall contain the justification of the annuity quoted and shall be used by the Transaction Authority to seek any clarifications, if required."</i>	<p>Kindly remove the requirement of submission of financial model at the bid stage itself.</p> <p>As a standard practice, the financial model is submitted to the Authority at Financial Close stage along with financial package and financing documents.</p>	<p>Since this is an annuity based project and bid parameter is the lowest annuity sought by the bidder, the authority would require the financial model at bid submission stage to understand the basis on which the annuity amount was calculated.</p> <p>Hence this requirement cannot be removed.</p>
2.	3.2.3 (d)	32	<i>"the entity claiming experience shall, during the last 10 (ten) financial years preceding the Bid Due Date, have (i) paid for development of the project (excluding the cost of land), and/ or (ii) collected and appropriated the revenues"</i>	<p>We understand that for Eligible Projects under Categories 1 and 2, The Experience Score would be the eligible payments and/or receipts during the last 10 financial years preceding the Bid Due Date.</p> <p>However, under Annexure IV, <i>format for Certificate from the Statutory Auditor regarding PPP projects</i>, following is mentioned:</p> <p><i>"We further certify that the total estimated capital cost of the project is Rs. cr. (Rupeescrore), of which</i></p>	<p>Accepted.</p> <p>Corrigendum 3 Sl. No. 1</p>

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				<p><i>Rs. cr. (Rupees crore) of capital expenditure was incurred during the past five financial years as per year-wise details noted below</i></p> <p>Kindly modify the format to maintain consistency with clause 3.2.3.</p>							
3.	3.2.9	33	<p><i>The bidders shall make a presentation on the proposed means and ways of using the facilities and generating revenue streams backed up by the market study and financial model. The following aspects of the presentation would be evaluated as per the weightages given below ("Presentation Score")</i></p> <table border="1" data-bbox="506 841 995 1052"> <thead> <tr> <th data-bbox="506 841 877 878"><i>Categories</i></th> <th data-bbox="877 841 995 878"><i>Factor</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="506 878 877 987">Means of promoting and conducting Sporting events in the facilities</td> <td data-bbox="877 878 995 987">15%</td> </tr> <tr> <td data-bbox="506 987 877 1052">Plans for Non – sporting/commercial events</td> <td data-bbox="877 987 995 1052">5%</td> </tr> </tbody> </table>	<i>Categories</i>	<i>Factor</i>	Means of promoting and conducting Sporting events in the facilities	15%	Plans for Non – sporting/commercial events	5%	<p>Kindly let us know upon what criteria will the two mentioned aspects be evaluated? Are there any specific areas the Authority looking for?</p> <p>Kindly elaborate to bring in more subjectivity.</p>	<p>A committee of the Authority would evaluate the presentations based on the bidder's plans/ideas for attracting events to the facility. It may include marketing strategies , tie-ups with sports/event management companies etc., and other plans to maximize the revenues from Sporting activities at the Facility</p> <p>These marks are solely based on evaluation of the tender evaluation committee.</p>
<i>Categories</i>	<i>Factor</i>										
Means of promoting and conducting Sporting events in the facilities	15%										
Plans for Non – sporting/commercial events	5%										
4.	3.5.2	34	<p><i>"The Bidders shall then be ranked on the basis of their respective Aggregate Experience Scores and short-listed for opening of Financial Bids. The Transaction Authority expects to short-list up to 6 (six) Qualified Bidders"</i></p>	<p>To increase the competition, we kindly request the Authority to remove the shortlisting of only 6 qualified bidders.</p>	<p>This is as per the model RFP guidelines provided by the Planning Commission.</p> <p>The authority is of the view that six is an optimum number of bids that can be shortlisted for financial bidding round. Hence not accepted.</p>						

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RFQCP Volume-II					
5.	4.1.2 (b)	12	<i>“Execute Lease Deed as per the Schedule S with the Concessionaire to provide Vacant Possession of the Project Site, in accordance with the terms and conditions of this Concession Agreement, provided that the Concessionaire shall have given to the Authority, the Performance Security;”</i>	As per clause 4.1.3, providing Performance Security is a Condition Precedent for Appointed Date. As such, request the authority to remove the condition of providing Performance Security for execution of Lease Deed.	Execution of lease deed would transfer the rights on the land to the concessionaire as per the terms of lease agreement. It is only natural as per contract norms that the authority is expecting a performance security in order to secure its interests. Hence, this cannot be changed.
6.	9.3	30	Release of Performance Security <i>“The Performance Security shall remain in force and effect for the entire period of concession agreement (18 years)... ..”</i>	It is requested to release the Performance Security upon COD, with the provision of annual renewal of the Bank Guarantee, as banks generally do not provide Bank Guarantees beyond one year validity.	This has already been addressed. Please refer Corrigendum 1 S.No 50
7.	14.3.2	44	<i>“The Parties hereto expressly agree that a Provisional Certificate under this Clause 14.3 may, upon request of the Concessionaire to this effect, be issued for operating part of the Project, if at least 75% (seventy five per cent) of the Project has been completed... ..”</i>	Kindly clarify how will 75% of the Project be determined? Further, in the event of Provisional Completion, how will be the annuity amount calculated?	75% of the Project means that the facility is fit-to-use for the designated sporting event / commercial utility. Annuity amount will be based solely on the COD.
8.	28.1	67	<i>“Subject to the provisions of this Agreement and in consideration of the Concessionaire accepting the Concession and undertaking to perform and discharge its obligations in accordance with the terms, conditions and covenants set forth in this Agreement, the authority agrees and undertakes to pay to the</i>	The Annuity amount shall be as per the financial bid submitted by the bidder. Accordingly, kindly clarify the clause as per the following: <i>“Subject to the provisions of this Agreement and in consideration of the Concessionaire accepting the Concession and undertaking to</i>	Accepted. Refer to Corrigendum 3 Sl. No.2

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			<i>Concessionaire, on each Annuity Payment Date, <u>an annuity sum that is agreed upon by both the parties</u></i>	<i>perform and discharge its obligations in accordance with the terms, conditions and covenants set forth in this Agreement, the authority agrees and undertakes to pay to the Concessionaire, on each Annuity Payment Date, <u>Rs. _____ (as per the financial bid of the selected bidder/Consortium).</u></i>	
9.	28.2.1 & 28.2.2	67	<p><i>Clause 28.2.1 states that:</i></p> <p><i>“... .. For avoidance of doubt the number of such Annuities shall not exceed 15, during a period of 15 (Fifteen) years from the Scheduled Project Completion Date... ..”</i></p> <p><i>Clause 28.2.2. states that</i></p> <p><i>“The first Annuity Payment Date shall be the date falling after 12 (twelve) calendar months from COD or Scheduled Project Completion Date whichever is later. Each Annuity payment period shall be deemed to be a period of 12 (twelve) calendar months from the preceding Annuity Payment date (“Annuity Payment Period”)”</i></p>	<p>In the event of project being completed ahead of schedule / beyond the Scheduled Completion Date, how will be the Annuities paid.</p> <p>For illustration, assume if the Appointed Date is 1-Apr-2016, then accordingly Scheduled Project Completion Date would be 31-March-2019 and concession would end on 31-Mar-2034.</p> <p>Now, even if the project gets completed by, say, 31-Dec-2018, the 1st annuity payment, as per existing clause, would still be on 31-Mar-2020 and last annuity payment would be on 31-Mar-2034. Under such scenario, what would be the payment for the period 1-Jan-2018 till 31-Mar-2019?</p> <p>Similarly, if the project gets completed by, say, 30-Jun-2019, the 1st annuity payment, as per existing clause, would be on 30-Jun-2020 and last annuity payment would be on 30-Jun-2034, which would be beyond the end of Concession Period. Under such scenario, how will be the last annuity paid?</p>	<p>Accepted.</p> <p>Refer to Corrigendum 3 Sl. No. 3</p>

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				Kindly Clarify.	
10.	General		Bonus for Early Completion	Kindly include provision of bonus for early completion as an incentive to the Concessionaire, based on the pro-rata basis.	There will not be provision of bonus for early completion of project. However the annuity payments can commence earlier based on actual COD.
11.	General		Payment Security Mechanism	<p>As a standard practice, for Annuity projects, there is provision of a revolving letter of credit in favor of the Concessionaire. This is an additional security required by the lenders during financial close stage.</p> <p>Accordingly, kindly include an additional clause as provided below:</p> <p><i>“The Authority shall as security for payment of Annuity, provide to the Concessionaire an Irrevocable Revolving Letter of Credit from a Scheduled Bank in India for a sum equal to _____ (one annuity payment amount). Such Letter of Credit shall be established within 30 days from the expected date of COD as intimated by the Concessionaire. The Irrevocable Revolving Letter of Credit shall be equivalent to one annuity payment amount at all times during the remaining Concession Period.”</i></p>	<p>Not Accepted.</p> <p>The Authority is a Government entity and as such the existing conditions prevail.</p>
12.	General		Payment Security Mechanism	Kindly provide us the Credit Rating of the Authority, as assessed by any external Credit	The authority is a government entity and as of now there is no credit rating done for the same.

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				Rating Agency. The same is required by the lenders during financial close stage.	
13.	General		The average water demand for the Integrated Sports Complex from the date of COD will be about 500 KLD. This quantum of water per day needs to be provided by Municipal Corporation of Tirupati at a point within the site.	We request you to kindly confirm this	<p>The authority will provide external infrastructure up to boundary of the site including</p> <ul style="list-style-type: none"> • Approach Road • Power Connection • Water Connection and • Drainage Facility <p>Any additional infrastructure development works have to be carried out by the concessionaire at its own cost.</p> <p>The quantum of the utility requirements will be approved during the Detailed Project Report stage.</p>
14.	Definitions	126	<p>“Total Project Cost” means the lowest of:</p> <ol style="list-style-type: none"> (1) the capital cost of the Project, as set forth in the Financial Package; (2) the actual project cost upon completion of the Project and (3) a sum of Rs. ***** crore (Rupees ***** crore) <p>This amount can be indicated on the basis of project – specific cost estimates, including financing charges and this amount shall after bidding be reduced by a sum equivalent to</p>	<p>The cost as mentioned in the document, which is indicative in nature is Rs 3.10 bn. This cost is on the lower side based on the estimate undertaken from our end and highlighted accordingly in the pre-bid meeting</p> <p>Also, the debt due and termination payments are linked to the Total Project Cost, which as highlighted above is on the lower side. This aspect has been critically highlighted by the</p>	<p>The definitions are based on the Model Concession Agreement of the Planning Commission, and has been consistently used in all the Projects. The Authority, therefore, cannot change the definition.</p> <p>The total project cost may be elaborated and finalized during the DPR preparation stage with prior approval of the Authority as</p>

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			<p>the equity support. In determining this amount, the estimated cost of construction shall be increased by 25% thereof to account for contingencies, risk premia and financing cost. These costs shall be reviewed and firmed up during pre-bid consultations</p> <p>provided that in the event WPI increases, on an average, by more than 3% (three per cent) per annum for the period between the date hereof and COD, the Parties shall meet, as soon as reasonably practicable, and agree upon revision of the amount hereinbefore specified such that the effect of increase in WPI, in excess of such 3% (three per cent), is reflected in the Total Project Cost; provided further that in the event of Termination, the Total Project Cost shall be deemed to be modified to the extent of variation in WPI or Reference Exchange Rate occurring in respect of Adjusted Equity and Debt Due, as the case may be, in accordance with the provisions of this Agreement</p>	<p>lenders from the funding perspective and is a major cause of concern. As in case of termination, the lenders would receive debt due, which would be linked to the Total Project Cost and there would be a difference in the exposure by the lenders based on the actual project cost incurred by the bidder as per the financial closure document and the Total Project Cost as per the definition in the agreement</p> <p>In view of the foregoing, we request that the definition of the Total Project Cost shall be modified and it shall be linked to actual capital cost incurred or as per financial closure, whichever is higher. If the above mentioned change is not incorporated in the Bid Document, the Project will not be able to achieve financial closure and hence it will not be possible for us to obtain the approval of the Board for bidding</p>	<p>recommended by the Independent Engineer.</p>
15.	27.2	65	<p>Usage of the Project Facility</p> <p>Subject to the provisions of this Agreement, the Concessionaire is entitled to levy, demand and collect fees from the users of the Project facility at the rate agreed with or approved by the Authority. The jogging</p>	<p>In clause 27.2, it is mentioned that the Concessionaire is entitled to levy, demand and collect fees from the users of the Project facility at the rate agreed with or approved by the Authority</p>	<p>The Concessionaire can decide on the rates to be charged for the facilities based on market demand.</p> <p>However, the concessionaire needs to get the rates approved by the Authority on an annual or event basis.</p>

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			track in the facility shall be made available for public with no fees charged on them for using the facility.	The Concessionaire shall have complete freedom to decide on the rates and the same would be market and / or demand driven. This condition shall be relaxed and the Concessionaire shall be free to decide the rates	
16.	General		Bid Due Date extension	We would request you for a bid date extension by 10 days	Accepted. Refer to Corrigendum 3 Sl. No. 4