Airports Limited

REQUEST FOR PROPOSALS

FOR AN
ADVERTISING CONCESSION AT SANGSTER INTERNATIONAL AIRPORT
(INDOOR & OUTDOOR)
QUESTIONS & ANSWERS

SANGSTER INTERNATIONAL AIRPORT
MONTEGO BAY, JAMAICA

November 4, 2015

1.0 Introduction

MBJ Airports Limited ("the operator") opened a Request For Proposal (RFP) process on October 1, 2015 inviting proposals for the Development, Operation and Management of an Advertising Concession at Sangster International Airport ("MBJ").

This Question and Answer report is intended to provide responses to queries regarding the RFP sent to the operator.

Question 1 In regards to page 14, Section 3.9, a Bid Guarantee in the amount of US$100,000.00 in the form of a Manager's Cheque, Bank Guarantee or via wire transfer is required. Would the Authority accept a bid bond for the Bid Guarantee?

Answer *MBJ will not accept a Bid Bond. The options available are Manager's cheque, Bank Guarantee, Letter of Credit or Cash.*

Question 2 The document "MBJ Advertising Approval Process" was published under the name "Schedule F". We understand that the aforementioned document is in fact "Schedule D - Advertising Approval & Installation Process" mentioned in section 2.1 of the Request for Proposals.

Could you please confirm that our understanding is correct?

Should this not be the case, could you please share Schedule D - Advertising Approval & Installation Process?

Answer *Your understanding is correct. Please refer to Schedule F for MBJ's Advertising Approval & Installation Process*

Question 3 We understand that the document published under the name "Schedule A – Total Advertising Terminal Space SIA" is in fact the document referred to in section B4 of Appendix B as "Proposed Locations for installation of Advertising Works" and it should be read together with Appendices C(1) and C(2).

Could you please confirm that our understanding is correct?

Answer *This is correct*

Question 4 According to the RFP Documents, the duration of the contract is of five (5) years, with an option for the Licensor to extend the duration for two (2) additional years.

We require that the license term be extended to 10 years (instead of the 5 years currently established in the RFP Documents), with the possibility for the Parties to renew the Licence by mutual agreement.

Answer *MBJ is not opposed to offering a 10 year license; an initial period of 6 years + an option to extend for 4 years. However, the terms proposed would have to reflect a minimum investment greater than 800K and gross sales above US$1.6m/annum. All proponents may present the financial and capital expenditure for 2 scenarios, 5+5 years and 6+4 years. The final decision regarding the tenure will be based on MBJ's assessment of the proposals.*

Question 5 We consider that it is in the best interest of the Licensor to have the Licensee retain the ownership of the advertising equipment at the end of the contract.

Answer *The licensee will be allowed to take all advertising equipment at the end of the license* ***with the exception of the equipment used to display the Terminal Map.***

Question 6 We understand that the Licensee will have the exclusive right to operate Advertising activities on the Licensed Premises, nevertheless the Licensee will not be granted exclusivity over the entire territory of the Airport.

Answer *The Licensor shall have the exclusive use of the Licensed Premises for the purpose of advertising as of the Commencement Date. Should any other areas of the existing Airport infrastructure be made available by the Licensor to the Licensee for display advertising use, same shall be added to Schedule A and Schedule E, subject to the terms hereof by way of a supplemental agreement signed by both parties hereto. If at any time during the Term, the Licensee is not utilizing any part of the Licensed Premises for an advertising display, the Licensor reserves the right to use the said location for an advertising display upon the expiration of thirty (30) days' notice to the Licensee without compliance on the part of the Licensee. For the avoidance of doubt, the Fees payable herein shall remain unaffected by the exercise of this right on the part of the Licensor.*

The Licensee shall have the right of first refusal to operate an advertising concession in any new premises such as terminals or airport extensions commissioned into operation by the Licensor at the Airport, provided that the Licensee is not in breach of this License.

Question 7 We kindly request that the **Annual Minimum Guaranteed Fee be payable as from 1st June 2016** (the "Operation Start Date" defined as the day subsequent to the term of the Transition period), instead of 1st December 2015, as to previously enable the Successful Proponent to achieve a full operating revenue once all the advertising displays have been installed and brought into service.

However, during the Transition Period of works (comprised between the signing of the contract and **31 May 2016**) the Licensee shall pay to MBJ Airports the Percentage Rate of Gross Revenue (revenue share resulting from a percentage of the Turnover generated by the operation of those displays which have been progressively installed).

Answer *The license is to be signed no later than Friday November 27, but may be signed before. Once an advertisement is submitted for approval, MBJ will commit to providing feedback within 8 working hours (9am- 5pm).*

Payments commence on December 1, 2015. There will be no "Transition period" during which there is an abatement of any license fees, whether MAG or Percentage fees. This is standard operating procedure for a start-up and forms part of the any business. We anticipate that each proponent will factor all start-up costs, including contractual fees payable as of the Commencement Date into their business model in order to assess the opportunity and present a proposal in response to this offer.

Question 8 We understand that the Proponents must indicate the amount of the proposed Minimum Annual Guarantee according to Schedule 3.1:

- in letters in column n°2 - Minimum Annual Guarantee in US$ (Rate per Passenger) written in words) and
- in figures in column n° 3 - Dollar amounts in US$

Could you please confirm that our understanding is correct?

Answer *Correct. e.g. US Seventeen cents - $0.17*

Question 9 The Request for Proposal establishes that the proponents must a Minimum Annual Guaranteed Fee based on the annual passenger traffic at Sangster International Airport. The Minimum Annual Guaranteed Fee for the first Licence year commencing on December 1st 2015 must be based on the passenger traffic of 2014. Nevertheless, the Request for Proposal provides contradicting information about the number of passengers who visited the Airport in 2014:

The executive summary indicates 3.63 million passengers while according to Table 15.1 the total number of passengers in 2014 was 3 570 576 (of which 1,777,005 arriving and 1,793,571 departing). In order for all the proponents to formulate their Financial Offers

according to the same parameters, and therefore allow an accurate assessment of the proposals, could you please specify the number of passengers the year 2014 that should be considered for the preparation of the financial offer?

Answer *The table excludes Transit passengers and passengers using the Private Jet Centre while the Executive summary includes ALL passengers. The passenger numbers shown in Section **11.2** are the relevant passengers to be used for calculating annual MAG.*

Question 10 Considering that the amount of the Minimum Annual Guaranteed is based on the number of passengers, and that a yearly increase of 5% is mandatory, could you please share MBJ Airports' previsions of passenger traffic for the next 10 years?

Answer *We do not provide forecasts to proponents for RFP's. Proponents are expected to conduct their own independent research for completion of proposals.*

Question 11 We kindly suggest that the Minimum Annual Guaranteed Fee be a global amount determined by each Proponent according to its own estimation of revenue, instead of a minimum amount based on the passenger traffic.

Answer *MBJ is not amenable to this proposal. The Minimum Annual Guaranteed Fee established in the RFP is not subject to change.*

Question 12 Section 1.0 (c) of the Form of Proposal requires the Proponent to provide a Letter of Credit, certified cheque or cash in the amount specified in section 4.0 of the Request for Proposal. We understand that there is an error in Section 1.0 (c) mentioned above, and that the "Letter of Credit, certified cheque or cash" is in fact the Bid Guarantee specified in section 3.9 and not section 4.0 of the Request for Proposal. Could you please confirm that our understanding is correct and modify Section 1.0 (c) of the Form of Proposal accordingly?

Answer *You are correct. The amendment has been made to the RFP.*

Question 13 According to section 3.9 of the Request for Proposals the Bid Guarantee will be returned to the successful Proponent once the Licence agreement is signed and the Security Deposit comes into effect. Therefore we understand that the Bid Guarantee must be in force until the date of signature of the Licence agreement.
Could you please confirm that our understanding is correct?

Answer *That is correct.*

Question 14 According to section 3.5 point (a) of the Draft Licence agreement the breach by the Licensee of its covenants and obligations under the Contract can trigger the exercise of the guarantee. The exercise of a Guarantee should be limited to a material breach that would endanger the performance of the contract. In consequence, we kindly request to modify the text of section 3.5 point (a) as follows:
*(a) On or before the first day of the Term, the Licensee shall deposit with the Licensor a certified cheque or irrevocable letter of credit in the amount identified as "security deposit" in the amount of US$XXXXXX to be held by the Licensor without interest as a Security Deposit (the "Security Deposit"), for the due performance of all the Licensee's **essential** covenants and obligations under the License and not to be applied on account of fee except as otherwise provided in this section.*

Answer *The Security Deposit will be used to secure all financial or non-financial performance obligations on the part of the Licensee for the duration of the License.*

Question 15 Would it be possible to provide an annual Security Deposit which would be renewed every year thirty (30) days before the end of each year?

Answer *You may, if cash will be used as the security deposit. However, a letter of credit must be evergreen.*

Question 16 The Schedule of the tender selection process states that the Concession Licence will be awarded on November 23, 2015 and the Licence will be signed by the parties 4 days later, on November 27, 2015. This schedule is not consistent with section 1.0 (b) of the Form of Proposal which provides that the Licence will be signed 10 days after the date of the award.

In order for the successful Proponent to comply with the section 2 of Schedule 2 which requires the Proponent to create an independent entity dedicated to the Concession, we kindly request that the successful Proponent be granted a delay of at least 30 days from the reception of the Licence in order to obtain the Deposit Security and incorporate the dedicated entity that will execute and perform the Licence, and that the Concession Start Date be January 1st 2016.

Answer *The License is to be signed **within** 10 days, therefore 4 days is not inconsistent. Incorporation in Jamaica can be done in one day. The bid guarantee will be held until it is replaced by the security deposit, which can be after December 1, 2015.*

Question 17 We understand that a foreign tender participant not registered in Jamaica is enabled, once it is designated as the successful Proponent, to enter into the Licence agreement with its subsidiary newly incorporated for this purpose in Jamaica or to transfer the contract after its signature to a subsidiary newly incorporated for this purpose in Jamaica after the award of contract, and that the Licensor's approval is not necessary in these situations. Could you please confirm that our understanding is correct?

Answer *Your understanding is correct. There is no issue with transfer of license to subsidiary.*

Question 18 According to the Form of Proposal, in case of changes of the Licenced Premises that have a material and adverse impact on the Proponent's business, the Proponent can either accept the changes or terminate the contract.

This provision is inconsistent with section 5.19 point (3) of the Advertising Concession Licence which states that in case of renovation works or alteration of the plans, the Licensor must offer to the Licensee "a replacement location of at least equal passenger exposure and commercial advertising value". Failure to do so will entitle the Licensee to a reduction of the Concession Fee in the amount corresponding to the loss of revenue.

Section 7.8 of the Request for Proposals provides that the executed Advertising Concession Licence prevails over all the other tender documents.

Therefore we understand that in case any changes of the Licensed Premises become necessary due to renovation projects of the Building, and these changes have a negative material impact on the successful Proponent, the Licensor shall, whenever possible, provide replacement locations for the Advertising Displays of equal passenger exposure and commercial value as the original locations, and when equivalent locations cannot be offered the Licensee will be entitled to a deduction of the Concession Fee in the amount corresponding to the loss of revenue, as provided by section 5.19 point (3) of the Advertising Concession Licence.

Answer *The license is correct and the RFP has been modified to reflect same.*

Question 19 The Licensee is required to propose and implement an integrated master plan for the advertising at Sangster International Airport. The Proponent will be able to use in his proposed master plan all areas included in the concession as well as additional locations, displays and media.
The implementation of this master plan may require the removal or replacement of some of the existing advertising displays installed in the framework of the existing concession contracts, assumed by the successful Proponent as provided by section 2.1 c) of the Concession license. We understand that the removal of the existing advertising displays will be at the sole cost and expense of the Licensor.

Could you please confirm that our understanding is correct?

Answer *Should any advertising displays remain at the end of the existing license, the removal of these would be at the sole cost and expense of the existing licensee. However, if the new licensee enters into an agreement with the advertisers in said locations, the ad would remain and any removal thereafter will be at the cost of the new licensee.*

Question 20 According to section 2.1 of the Draft Licence, as from the Commencement Date the Licensee will assume all existing contracts.

Answer *The license has been amended to delete from 2.1 (c) the following: "the Licensee shall be required to take an assignment of the existing advertising contracts".* ***(Kindly see attached revised License)***

At the end of the existing license, all advertising contracts would have ended. However, Static ads will remain in the current positions as at December 1, 2015.

Question 21 In case the answer to the previous question is affirmative and considering that the Minimum Annual Guarantee Fee is due from the Commencement Date, in order for the Proponents to assess the economic value of the existing contracts and present a viable financial offer, could you please provide us with copies of all existing contracts that will be assumed by the successful Proponent?
If it is not possible to communicate copies of the contracts at this stage of the selection process, could you please provide information about the type and number of the existing advertising displays, the concessionaires operating the existing displays and the contract's expiration date, according to the following table?

Answer *We cannot share copies or substantial details of existing contracts but please find attached selected information related to the current advertisements which should assist in your assessment.*

Question 22 We understand that the current concessionaire will continue to be liable for all its obligations under the existing contract, and that in no circumstance will the Licensor be rendered liable for acts and/or omissions of the current concessionaire that occurred before the Commencement Date, even when the act and/or omission is discovered or produces its effects after the Commencement Date. Could you please confirm that our understanding is correct?

Answer *This is correct.*

Question 23 We understand that the successful Proponent will be allowed to use the existing network infrastructure of the airport and install its own hardware components (routers, network switches, servers…).

Answer *This is a misunderstanding. Please note all electrical, data and telecommunication wiring required between the Licensor's equipment room and the Licensee's Premises including wall plates and wiring termination shall be installed at Licensee's expense.*

Question 24 Could you please specify whether the current advertising concessionaire(s) and/or the internet provider operate the advertising business on the access page of the WI-FI service provided at the Airport?

Answer *The current advertiser does not have WI-FI installed in the airport as part of its advertising program. Digicel, the company which provides WI-FI for passenger use does not advertise the Advertising concession or any part of the program on its access page.*

Question 25 Considering that the Request for Proposal allows proponents to recommend other types of advertising media or displays, we understand that the proponents can include in their

Question 25 Considering that the Request for Proposal allows proponents to recommend other types of advertising media or displays, we understand that the proponents can include in their offer as an additional advertising activity the advertising on the access page of the WI-FI service provided at the Airport.

Answer *The current WI-FI agreement does not contemplate advertising in the form being suggested. We, however would consider the advertising concession installing its own WI-FI access points which it would use for advertising.*

Please be reminded that the final date for Questions is on Friday November 6 at **12:00 p.m. UTC/GMT (– 5:00 hours)** and the deadline for submission of the proposal is November 16, 2015.

Regards,

Sitara English-Byfield
Chief Commercial Officer (Acting)