PREQUALIFICATION, BIDS AND AWARDS COMMITTEE

General Bid Bulletin No. 04-2013

Project: MACTAN-CEBU INTERNATIONAL AIRPORT NEW PASSENGER TERMINAL PROJECT

TO ALL PROSPECTIVE BIDDERS:

Please find attached the Powerpoint Presentation presented during the Pre-Qualification Conference held on 13 February 2013.

For your guidance and information.

Issued this 18th day of February 2013.

ATTY. JOSE PERPETUO M. LOTILLA
Undersecretary for Legal Affairs
Chairman, Pre-Qualification Bids and Awards Committee
MACTAN-CEBU INTERNATIONAL AIRPORT (MCIA) PROJECT

Pre-Qualification Conference
13 February 2013
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Outline of Presentation

1. Development Objective
2. Background of MCIA
3. Project Description & Scope
4. Bidding Process
5. Instructions to Prospective Bidders
6. Timelines
Project Development Objectives

- To undertake passenger terminal capacity augmentation (including a new world-class passenger terminal) to handle the increasing air traffic demand, ensure passenger convenience, and promote operational efficiency

- To contribute towards meeting the socio-economic development goals of the Government of Philippines and enhancing the visibility of Mactan-Cebu islands on the global tourism map
Airport Sector Background in Philippines

- An archipelago of 7,107 islands spread over a total land area of 299,764 square kilometers

- Aviation sector has largely moved in tandem with economic growth

- Air passenger traffic in Philippines has grown at a CAGR of 8.33% for the period 2001 – 2010
Mactan Cebu International Airport

- Mactan Cebu International Airport is the second most important airport for the Philippines in terms of passenger traffic.

- Located on Mactan Island in province of Cebu. It is connected to Cebu City, the provincial capital, 20 kilometers due southwest, through the Mactan-Mandaue bridge.

- Cebu City unique in being a hub for industrial and tourism sectors and attracting business as well as leisure tourists from across the world.
## Existing Facilities

<table>
<thead>
<tr>
<th>Existing Terminal Space</th>
<th>Domestic: 18,575 square meter</th>
<th>International: 19,950 square meter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Terminal Capacity</td>
<td>4.5 Million Passengers</td>
<td></td>
</tr>
<tr>
<td>Existing Passenger Traffic</td>
<td>6.77 Million Passengers in 2012</td>
<td></td>
</tr>
<tr>
<td>Runway</td>
<td>3,300 x 45 m (04 / 22)</td>
<td></td>
</tr>
<tr>
<td>Critical operating aircraft</td>
<td>Code E – B 747, A 330</td>
<td></td>
</tr>
<tr>
<td>Taxiway</td>
<td>Parallel taxiway of 3300 m length, at a distance of 315m from the runway</td>
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</table>
Over the last decade, passenger traffic at MCIA registered double digit growth rates.

Significant growth in passenger traffic has impacted the level of convenience and service to passengers in the existing terminal as well as the general ability to handle more passengers, especially in peak hours.

The Government has recognized the need to augment terminal capacity at the airport in view of the growth potential at MCIA.
Project Description: Scope of Work

- Construction of the new passenger terminal, along with all associated infrastructure and facilities
- Construction of apron for the new passenger terminal
- Renovation and expansion of the existing terminal along with all associated infrastructure and facilities to handle domestic operations
- Installation of the required IT and other equipment and other associated facilities commensurate with operations
- Operation and maintenance of both the passenger terminals (new and the existing terminal) during the entire concession period
### Project Description: Contractual Framework

<table>
<thead>
<tr>
<th>Legal Framework</th>
<th>Republic Act No. 6957, as amended by Republic Act No. 7718 (&quot;BOT Law&quot;), and its 2012 Revised Implementing Rules and Regulations (&quot;Revised IRR&quot;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP Structure</td>
<td>Build-Operate-Transfer (&quot;BOT&quot;)</td>
</tr>
<tr>
<td>Implementing Agencies</td>
<td>Department of Transport and Communications and Mactan Cebu International Airport Authority</td>
</tr>
<tr>
<td>Concession Period</td>
<td>20 years with terminal creation/ expansion envisaged across 2 Phases with design years of 2023 and 2033</td>
</tr>
<tr>
<td>Right of Way and Possession of Airport Land</td>
<td>MCIAA will grant „right of way“/usufructuary right/ possessory rights over the project site and relevant existing assets</td>
</tr>
</tbody>
</table>
Bidding Process

- Competitive public bidding pursuant to a two-stage process

- Instructions to Prospective Bidders (ITPB) issued for Pre-Qualification

- Bid Proposals, including technical and financial proposals, to be invited from Pre-Qualified Bidders by issuing Instructions to Bidders

- Highest ranked Bidder based on financial proposal to be declared as Winning Bidder for signing the Concession Agreement
### ITPB: Key Definitions

<table>
<thead>
<tr>
<th>AFFILIATE</th>
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<tr>
<td>A person which, alone or together with any other person, is effectively Controlled by or Controls or is under common Control with another person</td>
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<table>
<thead>
<tr>
<th>ELIGIBLE PERIOD</th>
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<tr>
<td>A period of last 10 years ending on 31st December 2012</td>
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</table>

<table>
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<tr>
<th>ELIGIBLE PROJECTS</th>
</tr>
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<tbody>
<tr>
<td>Projects in the Infrastructure Sector with minimum development costs of One Billion Pesos</td>
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<tr>
<th>INFRASTRUCTURE SECTOR</th>
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<tbody>
<tr>
<td>Airports, highways, expressways, power, ports, railways, metro rail, industrial parks/ estates, logistic parks, and real estate development</td>
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<tr>
<th>FACILITY OPERATOR</th>
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<tr>
<td>Entity designated by the Winning Bidder that will undertake Operation and Maintenance of the Project, in accordance with the Concession Agreement</td>
</tr>
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</table>
For purposes of defining an Affiliate, the power to direct or cause the direction of the management policies and actions of a body corporate whether through:

i. ownership of at least fifty percent (50%) plus one share of the outstanding voting shares, or

ii. ownership of at least twenty percent (20%) of the outstanding voting shares and
   a) possession of at least fifty percent (50%) plus one share of the voting rights through voting trust or other voting agreements entered into at least one year before the Qualification Documents Submission Date, or
   b) ability to elect a majority of the members of the Affiliate’s board of directors, or

iii. a legal agreement entered into at least one year before the Qualification Documents Submission Date.

In determining ownership of the shares in a corporation, shares held both directly and indirectly will be counted.
Airline is an individual, partnership, corporation, or any other juridical entity that is a holder of any of the following permits issued by the Civil Aviation Board ("CAB")

- A valid and effective Permit to Operate Scheduled International Air Transportation Services; or
- A valid and effective Permit to Operate Scheduled Domestic Air Transportation Services; or
- A valid and effective Foreign Air Carrier's Permit and providing scheduled passenger services; or
- A valid and effective Permit to operate International Non-Schedule (Charter) Air Transportation Services; or
- Authority to Operate Non-Schedule Domestic Air Transportation Services (Charter and / or Taxi Operators).
AIRLINE-RELATED ENTITY

- An individual, partnership, corporation, or any other juridical entity that: (1) Is an Airline; or (2) Is an Affiliate of an Airline
Legal Qualification Requirement

Technical Qualification Requirement

- Development Experience,
- Design and Engineering Experience,
- Operations and Maintenance Experience, and
- Qualified Key Personnel

Financial Qualification Requirement
Legal Qualification Requirement

- **Legal Qualification Requirement** – A Prospective Bidder must be
  - An individual, partnership, corporation or any other juridical entity; or
  - A Consortium whose members are individual(s), partnership(s), corporation(s) or any other juridical entity(ies)

- **Participation of an Airline-Related Entity in the SPC**
  - A Prospective Bidder (not a consortium) or its Affiliate cannot be an Airline-Related Entity
  - If Prospective Bidder is a Consortium:
    - **A Consortium Member or its Affiliate being an Airline-Related Entity cannot hold more than 33% equity in the Consortium**
    - **If more than 1 Consortium Member is an Airline-Related Entity, such Consortium Members cannot hold an aggregate of more than 33% equity in the Consortium**
    - **An Airline-Related Entity cannot have more than 33% of the total equity in the Project SPC for the duration of the Concession Period.**
    - **If there are more than 1 Airline-Related Entity in the Project SPC, they cannot own an aggregate of more than 33% of the total equity in the Project SPC for the duration of the Concession Period.**
Legal Qualification Requirement

- Participation of an Airline-Related Entity in the Facility Operator
  - An Airline-Related Entity shall not be designated as or shall not own any equity in the Facility Operator
  - When an Airline-Related Entity is the entity fulfilling the Operations and Maintenance Experience, such Airline-Related Entity can own or be proposed to own no more than 33% of the total equity in the Facility Operator
  - An Airline cannot directly own or be proposed to directly own any equity in the Facility Operator
  - Participation of Airline-Related Entity in the Board of Directors shall be limited to its proportionate share in the equity of the Facility Operator
  - Management, operation, administration or control of the Facility Operator cannot be vested, directly or indirectly, in the Airline-Related Entity
Development Experience: designing, engineering, and construction of Eligible Projects during the Eligible Period, such that

- Sum total of such capital costs incurred for Eligible Projects is more than PhP 10.0 Billion; and
- At least one Eligible Project for which the capital costs incurred are more than PhP 2.0 Billion

Entities which fulfill this requirement

- An individual, partnership, corporation, or any other juridical entity, or its Affiliate; or
- In case of a Consortium, a Consortium Member having at least thirty-three and one third percent (33 1/3%) interest in the Consortium or such Consortium Member’s Affiliate.

Must propose at least one, and at most five, Construction Contractors
Design and Engineering Experience

- **Design and Engineering Experience**: undertaken detailed architectural design and engineering, including airport planning and construction planning and phasing in implementing projects, for airport terminal facilities and associated infrastructure
  - For at least one airport terminal having a capacity of handling at least five (5) million passengers per annum, AND with area of at least 20,000 square meters (sq. mt.) during the Eligible Period.

- **Entities which fulfill this requirement**
  - An individual, partnership, corporation, or any other juridical entity, or its Affiliate or a nominee Design and Engineering Contractor; or
  - In case of a Consortium, a Consortium Member or its Affiliate or a nominee Design and Engineering Contractor.

- If fulfilled by a contractor, at least one and at most five, Design and Engineering Contractors to be proposed
Operation and Maintenance Experience

- **Operation and Maintenance Experience**: experience of
  - O&M of an International Airport for at least a period of three (3) consecutive calendar years during the Eligible Period
  - Such International Airport having handled an Annual Passenger Throughput of at least five (5) million passengers per annum during such three (3)-year period

- **Entities which fulfill this requirement**
  - An individual, partnership, corporation, or any other juridical entity, or its Affiliate; or
  - In case of a Consortium, a Consortium Member having at least ten percent (10%) interest in the Consortium or such Consortium Member’s Affiliate.
Financial Qualification Requirement

Financial Qualification Requirements:

- Net Worth of at least PhP 2.0 billion, or its equivalent as of its latest audited financial statements,
  or
  A Set-Aside Deposit equivalent to the same amount.
- A letter testimonial from a domestic universal/commercial bank or an international bank with a subsidiary/branch in the Philippines or any international bank recognized by the BSP, for good financial standing

Entities which fulfill this requirement

- An individual, partnership, corporation, or any other juridical entity, or its Affiliate; or
- In case of a Consortium, the combined net worth of Consortium Member(s) having an equity share of at least twenty-five percent (25%) each in the Consortium.
Lock-Up During the Bidding Process

- **Prospective Bidder is a Corporation, Partnership or Other Juridical Entity**
  - No restrictions imposed on the ownership structure; Provided, the Prospective Bidder ensures its continued eligibility with respect to the individual Technical and Financial Qualification Requirements as provided in the ITPB

- **Prospective Bidder is a Consortium**
  - Lead Member and the Consortium Member proposed to meet the Development Experience may not withdraw or reduce their interest in the Consortium after pre-qualification
  - Other members of the Consortium may withdraw/ be substituted prior to the Bid Proposals Submission Date
  - In case of substitution, the Prospective Bidder has to ensure its continued eligibility with respect to the individual Technical and Financial Qualification Requirements as provided in the ITPB
Why Invest?

- **Government commitment**
  Focus on development of the country's transport infrastructure through private sector participation

- **Strong Legal Framework – BOT Law**
  Enunciates the policy of the state recognizing the role of the private sector as main engine for national growth and development

- **Strong project fundamentals**
  Attractive location of the airport with significant business and tourist potential

  - **NEDA* Board-approved project**
    with a project cost of PhP 17.5 Billion

  - **Optimal PPP structuring**
    balanced risk sharing and competitive returns to private sector proponents

  - **PPP Agreement for 20 years**
    scope for long term investment & returns

- **Award through competitive bidding**
  transparency and equality for all prospective private sector bidders/investors

- **Possibility for support**
  (if required) tax benefits & ancillary support from domestic implementation support agencies

*NEDA - National Economic & Development Authority*
<table>
<thead>
<tr>
<th>Activity</th>
<th>Timeline</th>
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<tbody>
<tr>
<td>Qualification Documents Submission Date</td>
<td>27 February 2013</td>
</tr>
<tr>
<td>Result Notification of evaluation of Qualification Documents</td>
<td>24 March 2013</td>
</tr>
<tr>
<td>Issuance of Instructions to Bidders, Draft Concession Agreement &amp; Draft MPSS</td>
<td>11 April 2013</td>
</tr>
<tr>
<td>Bid Proposals Submission Date</td>
<td>11 August 2013</td>
</tr>
<tr>
<td>Issuance of Notice of Award</td>
<td>26 September 2013</td>
</tr>
<tr>
<td>Signing Date of Concession Agreement</td>
<td>30 October 2013</td>
</tr>
</tbody>
</table>

Bid submission:

27 February 2013, Before 1:00 PM
Department of Transport and Communications, Unit 167, 16/F, The Columbia Tower, Barangay Wack-Wack, Ortigas Avenue, Mandaluyong City, Manila, Philippines

Note that these timelines are tentative and may be subject to change. The final timelines shall be communicated at the appropriate time, as necessary.
THANK YOU!