



## Pakistan Tourism Development Corporation

No. PTDC/TAS-ML/2020 / 459

Dated: February 8, 2022

### Clarifications to Bidders

“Request for Proposal (RFP) for leasing out of PTDC properties in Gilgit-Baltistan”

S.N	Query of Bidder	Clarification by PTDC
1	This Company genuinely thinks that the annual increment at the rate of 10 percent is outrageously towards the higher side.	The annual increase in rent @ 10% is based on inflationary adjustment as per trend of consumer price index determined by the SBP and highest and best use study. This rate was also discussed and duly approved by the Board of Directors of PTDC. Therefore, the same is final and needs no amendment in RFP.
2	Additionally, the bidder requested for extension in the bid submission deadline by at least <b>2 weeks</b> .	Considering the repeated requests of bidders for extension in closing date, the management has decided to extend the <b>closing date &amp; time for submission</b> of proposals up to <b>22.02.2022 at 1530 hours</b> enabling the bidders to visit the sites and carryout necessary due diligence prior to submission of proposals.
3	As the open competitive financial bidding will be held after the technical scoring is complete, so please confirm our understanding that the Form Fin-1 Bid security Submission Form (Page 78/80) Fin-2 Financial Bid Submission Form (Page 79/80) will be submitted by the technically qualified bidders at later stage or the bidders have to submit both of these forms at this stage? Whether the bidders should make the pay order/ bank draft favouring Pakistan Tourism Development Corporation or PTDC (P&D), please confirm?	As mentioned in Para 12 and Para 25 of Section II: Instructions to Bidders, it is clarified that the bidders shall furnish as part of the technical proposal a bid security of 5% of the reserve price and non-submission of the requisite bid security may lead to rejection of bid. The financial bid form shall be submitted only by the successful bidder who have quoted the highest financial bid in the open competitive financial bidding.  It is confirmed that all pay orders and bank drafts may be made and drawn in the name of <b>PTDC (P&amp;D)</b> .
4	Keeping in view that PTDC's Motel at Ramalake, Astore is closed from past 1 or 2 years and open land at Naltar does not have any demarking, access and all the development work has to be carried out at Naltar site. As you are also aware of the fact that construction season at both of these sites is 5 to 6 months and for rest of the year construction activities can't be performed. In our point of view every bidder should be given some grace period and reserve price should be waived off for mutually decided time period depending upon the renovation and development plan.	The reserve prices of properties have been determined on the basis of prospective earning potential of the properties and duly approved by the Board of Directors of PTDC. Payment of rent/ annual utilization fee is in consideration of the leasehold rights to the property i.e. exclusive possession rights over the property including without limitation the rights to use, uninterrupted access etc. As such, exclusive possession to the property and right to commence development work thereon can only take place once consideration has been paid by the company. Further, payment of the rent/ annual utilization fee upfront shall incentivize the company to undertake the development work as expeditiously as possible so that it may start generating revenue from the property. Therefore, no grace period/ waiver in rent for development work or renovation work is allowed.
5	Bidder suggested that those properties for which no bidder get qualified, the current bidders that are shortlisted by PTDC should be allowed to participate in these properties as well keeping in view the same EOI condition that one bidder can get maximum of 2 properties only.	The process of leasing out of PTDC properties emphasize to provide equal opportunity to maximum eligible investors and to make available quality facilities through healthy competition in the sector. Therefore, the matter of leftover properties will be decided by PTDC in accordance with its policy.
6	The bidder reviewed the RFP documents thoroughly and confirmed its understanding that Joint Venture (JV) Role/ Responsibilities clauses/ conditions submitted at EOI stage are still applicable at RFP stage because the bidder could	The conditions of JV as mentioned in Prequalification document will be applicable to those bidders who were pre-qualified as joint ventures in the prequalification stage.

	not find any clause related to JV role/ responsibilities/ conditions at the RFP stage?	
7	Para 31.1 Performance Guarantee: Bidder suggested that submission of 5% performance guarantee in shape of 'Insurance Guarantee' should be permitted?	As mentioned in clause 8 of the lease agreement, performance guarantee @ 5% of the total cost of the development plan should be issued by a scheduled bank in Pakistan as per prescribed format.
8	Para 32.1 Duration of lease term: It is requested that 'grace period' of six months for constructed properties for renovation purposes and 'one year' for construction of PTDC land should be given and duration of lease of the property should commence after grace period.	As clarified above, no grace period/ waiver in rent for development work or renovation work is allowed.
9	Para 33 Security Deposit: Bidder suggested that successful bidder should be permitted to deposit the security deposit in shape of 'bank guarantee' after a grace period of six months thereby giving some financial relief to the successful bidder.	Bid security as well as performance guarantee shall be submitted in accordance with instructions to bidders in RFP document. Bids received without a valid bid security shall be rejected.
10	Para 34 Reserve Price: The minimum reserve price/ rent of first year of PTDC land Gilgit (TFC) is Rs.5,775,000/-, which does not go with the prevailing market rates of lease lands situated in the same vicinity. The adjacent hotel to this land having 14 Kanals land and fully furnished 13 rooms is available for long lease in less than a reserve price of PTDC TFC plot. Therefore, reserve price of Gilgit land needs review.	Reserve prices have been calculated based on the prospective earning potential of the property, as per the Highest and Best Use market study conducted by an independent consultant. This was also duly approved by the Board of Directors of PTDC. Therefore, this needs no amendment in RFP document.
11	Please provide us copies of the plan of all building i.e. Guest rooms, reception, shops, restaurant etc. required to evaluate the renovation and retrofitting cost of existing building and master plan for costing of new developments?	All bidders are advised to visit the office of Assistant Engineer (Planning & Development), PTDC at Tourist Information Center, F-6 Markaz, Super Market, Islamabad (Cell: 0315-5500700) during office hours (9:00 am to 5:00 pm) before closing date to have detail overview of the buildings plan and master plans of the applied properties and to obtain copies thereof, if needed. Regarding development plan for construction of new facilities, the bidders are advised to visit the properties at their own cost. For coordination of visit, please contact with Mr. Liaqat Ali, Field Coordinator at Cell No.0345-5252870 & 03555554611 OR Mr. Ashfaq Ahmad, GM (Motels) on Cell No. 0300-6820644.
12	What is basis of the listed minimum reserve prices? Some of the centrally located properties with similar land and similar or more built-up area/ infrastructure as compared to the remote properties which are not easily accessible, have lower reserve prices; for example, PTDC Hunza and PTDC Skardu vs. PTDC Motel Sadpara. Properties in Hunza and Skardu are more centrally located, have similar land and more built-up area but have less reserve price as compared to Sadpara. Are these based on any market studies/ surveys? Should PTDC share such reports and <b>criteria with the bidders?</b>	The reserve prices of properties have been determined on the basis of prospective earning potential of the properties as per highest and best use study conducted by an independent consultant. The same are duly approved by the Board of Directors of PTDC. The Highest and Best Use study of each property has already been shared with the Bidders.
13	Will PTDC provide detailed building drawings? Bidders require such details for developing renovation/ development plans. Bidders will appreciate if PTDC can provide any assessment of the condition of the buildings and infrastructure including reports on stability of the building structures, reports on water, soil, sewerage and environmental assessment etc.	Yes of course. All bidders are advised to visit the office of Assistant Engineer (Planning & Development), PTDC at Tourist Information Center, F-6 Markaz, Super Market, Islamabad (Cell: 0315-5500700) during office hours (9:00 am to 5:00 pm) before closing date to have detail overview of the buildings plan and master plans of the applied properties and to obtain copies thereof, if needed.  Regarding development plan for construction of new facilities, the bidders are advised to visit the properties at their own cost. For coordination of visit, please contact with

		Mr. Liaqat Ali, Field Coordinator at Cell No.0345-5252870 & 0355-5554611 OR Mr. Ashfaq Ahmad, GM (Motels) on Cell No. 0300-6820644.
14	Similarly, there is no information in the RFP on the equipment, furniture/ fixture or inventory of any other items that are currently available with the properties. Bidders will require list and description of condition of such assets for assessing requirement for refurbishment and/ or acquisition of additional assets.	For detailed inventory lists of Motels, please visit PTDC Motels Office at Kohsar Block, Ground Floor, Pak Secretariat, Islamabad during office hours (9:00 AM to 5:00 PM). Furthermore, the inventory report of each property will be shared with the respective bidder through their email. The bidders are also advised to visit the properties and physically see the existing facilities, equipment, machinery, furniture and fixture installed on the sites. For coordination of visit, please contact with Mr. Liaqat Ali, Field Coordinator at Cell No.0345-5252870 & 0355-5554611 OR Mr. Ashfaq Ahmad, GM (Motels) on Cell No. 0300-6820644.
15	Bidders require information on availability of electricity, water, gas, telephone, sewerage connections and their validity.	The utilities were most probably available at all motels. These issues will be discussed at the time of signing of contracts as explained at S. No. 28 to 30 of ITB-Section-II of RFP.
16	Will PTDC assure the bidders that all properties are free of any current or threatened litigations or disputes?	Please note that the Company is required to conduct its own due diligence in respect of the property and satisfy itself to the title of PTDC prior to entering into the lease agreement. In terms of assurance from PTDC, as per Clause 12.2.1 (vii) of the lease agreement, PTDC shall represent and warrant to the company as follows: "No suits or investigations or other legal proceedings are pending or threatened against it in respect of the property, at law or in equity, before nay court or before any other judicial, quasi-judicial or other authority, the outcome of which may constitute an event of default by PTDC, and it has no knowledge of any violation or default with respect to any order, writ, injunction or any decree of any court of any legally binding order of any Government authority which may result in an event of default by PTDC".
17	RFP has assigned star ratings (mostly 3-star) to the PTDC properties. The accompanying documents recommend properties to be developed with certain star rating standards. Are these recommendations based on any market surveys/ studies? Can bidders get access to these or other similar market reports or data that might be available with PTDC? Will PTDC allow the successful bidder to develop the properties with such facilities which are more than the 3 star level?	The recommendations contained in the accompanied documents regarding star ratings (mostly 3-star) are based on the highest and best use study conducted by an independent consultant. Commercial viability and market demand of such facilities are the key factors to determine ratings. The available details have already been shared with the prequalified bidders through their official emails. However, the bidders may conduct their own assessment to ascertain highest and best use of the properties and they may go for developing facilities of higher rating than 3-star, if deemed viable.
18	If more than 1 bidder secure 70% or more in the technical bid round, what will be the advantage for those securing more percentages/ marks amongst the qualifying bidders since it appears that the next/ final round will be contested solely on open financial bid. What is the advantage for a bidder planning to make more investment, however, ends up in the final bidding round with others who scored less but still had enough points (70%) to qualify for the financial bid round?	All bidders securing minimum 70% marks or higher in the technical bid shall qualify for the next round of open financial competitive bidding. Amongst the technically responsive bidders, the bidder offering the highest financial bid of annual lease amount in respect of the PTDC property will be preferred for acceptance subject to completion of all other formalities.
19	RFP states that the lease term and the annual lease charge will start on the day the lease agreement between PTDC and the bidder is signed. It will be fair to start the term and rental only once the property is ready for commercial use after the requisite development, renovation and furnishing of the properties. PTDC should offer a	Payment of rent/ annual utilization fee is in consideration of the leasehold rights to the property i.e. exclusive possession rights over the property including without limitation the rights to use, uninterrupted access etc. As such, exclusive possession to the property and right to commence development work thereon can only take place once consideration has been paid by the company. Further,

	<p>grace/ waiver of the payment of lease payment for the development period. This grace period should be according to the quantum of required development work.</p>	<p>payment of the rent/ annual utilization fee upfront shall incentivize the company to undertake the development work as expeditiously as possible so that it may start generating revenue from the property. Therefore, no grace period/ waiver in rent for development work or renovation work is allowed. Moreover this will constitute a material deviation from the terms of the RFP, which all bidders are aware of, therefore it will not be possible to amend these terms in this round of bidding.</p>
20	<p>Will PTDC assist the successful bidder, where required, in procuring requisite approvals and other formalities that may be required from government authorities/institutions in making the property operational?</p>	<p>While PTDC will assist the company in obtaining the requisite licenses and approvals for the property, the requirement to procure and maintain the same rests solely on the company pursuant to the lease agreement.</p>
21	<p>Proposal submission deadline of 15<sup>th</sup> Feb is too aggressive. Bidders need more time to develop comprehensive plans. This time frame becomes more challenging considering the current difficult season (weather, flights, access etc.). It will be challenging to freely travel and visit the sites in these harsh weather conditions. Availability of consultants may also require more time. Without the assessment of engineers and without conducting market surveys, how can the bidders develop effective plan? And then commit to the same in such a short time, since this will all have a significant financial impact as well.</p> <p>How will the visits be arranged / facilitated? Will multiple visits be allowed, if required?</p> <p>It will be more practical to move the proposal submission date to [end of April 2022].</p>	<p>The management has already decided to extend the closing date &amp; time for submission of proposals up to <b>22.02.2022 at 1530 hours</b> enabling the bidders to visit the sites and carryout necessary due diligence prior to submission of proposals. Each bidder may complete its review of the facility in one visit.</p>
22	<p>The draft lease agreement has certain clauses which stipulate unnecessary reporting requirements related to business and operational matters and gives unhindered rights to the lessor to inspect the business records and access properties. Such conditions and demands do not conform to typical lessee and lessor business relationship. Bidders would like PTDC to amend these clauses to make them consistent with the standard lease agreements/ market norms.</p>	<p>While the clauses of reporting requirements will be discussed in detail at the time of signing of contract as explained in S.No.28 &amp; 30 of ITB-Section-II. It is worth noting that ownership of these properties ultimately vests with the government, and as such, requisite auditory requirements are necessary in relation to the properties to ensure there is no undue loss to the national exchequer; and</p> <p>The right to inspect the property by the owner/ landlord exists in all standard lease agreement to ensure the property is being properly maintained and that there is no undue damage being caused.</p>
23	<p>Rate of annual increase (10%) in lease amount is high. Minimum reserve prices are already high. With annual increase of such a high rate, the properties will become increasingly unviable with each passing year. The annual increase should be brought down to 5%-6%.</p>	<p>The annual increase in rent @ 10% is based on inflationary trends as prescribed by the SBP and highest and best use study and approved by the Board of Directors of PTDC. Therefore, the same is final and needs no amendment in RFP.</p>
24	<p>Please clarify and confirm if the appointment of the independent engineer will be only for the duration of the development phase.</p>	<p>Yes. It is confirmed that independent engineer shall be appointed for the period of development plan only.</p>
25	<p>Page 24 clause 6.2 (i): It says "The Company shall, within seven (7) Days of the Effective Date, forward to PTDC a list of <b>five (3) firms/companies/bodies corporate</b>". Typo – Is it a list of 5 or 3 firms?</p>	<p>It may be read as list of three (03) firms. RFP stands amended accordingly.</p>
26	<p>The bidders are required to pay RFP document cost of PKR 5,000 at the time of submission of the proposal. Is this cost per bidder or is it on per property basis?</p>	<p>As per RFP, the Bidders are required to submit separate bid for each property. However, pay order/ bank draft of Rs.5000 of RFP document cost shall be submitted per bidder.</p>
27	<p>Page 12 – Section III - Evaluation Criteria – Serial No. 1 – 3<sup>rd</sup> bullet: Minimum 3 star is required for the proposed standard of facilities. However, Highest and Best Use (HBU) study on PTDC Land Gilgit recommends the property to be developed with 2</p>	<p>Minimum suggested development is 3- star. However, Scoring will be based on total development plan and not star rating. The respective HBU has already been shared with all bidders.</p>

	star facilities. Which one is the valid recommendation? As requested above in the general queries, PTDC should share any such market reports or data which led to these recommendations.	
28	It is not clear how many rooms in the proposed plan will warrant the maximum 8 marks allocated for the number of rooms in the evaluation criteria. HBU document recommends development of 40 rooms on the property. Does this mean that a bid envisaging min of 40 rooms will be allotted maximum 8 marks?	HBU is suggestive only and the bidder will have the option of developing the property based on their best interest and vision of doing business in the property. Scoring will be based on the evaluation criteria in the RFP, which does not require any specific number of rooms to be built. The development plan must demonstrate the thought process of the bidder in making sure that market-based capacity is developed to ensure a certain level of revenue for being able to pay the agreed amount of rent.
29	PTDC Motel Sadpara is located within the dam infrastructure. Is there a proper system for disposal of the motel's sewage? The dam supplies drinking water to the city's population downstream. It is critical to ensure that the motel's sewage does not pollute the dam's water which may otherwise pose legal and ethical challenges for the successful bidder. It will be appreciated if PTDC clarifies and confirms that there is no current or potential dispute or legal issue related to the motel's sewage disposal.	Please note that the Company is required to conduct its own due diligence in respect of the property and satisfy itself to the title of PTDC prior to entering into the lease agreement. In terms of assurance from PTDC, as per Clause 12.2.1 (vii) of the lease agreement, PTDC shall represent and warrant to the company as follows: "No suits or investigations or other legal proceedings are pending or threatened against it in respect of the property, at law or in equity, before any court or before any other judicial, quasi-judicial or other authority, the outcome of which may constitute an event of default by PTDC, and it has no knowledge of any violation or default with respect to any order, writ, injunction or any decree of any court of any legally binding order of any Government authority which may result in an event of default by PTDC".
30	Highest and Best Use (HBU) study on PTDC Motel Sadpara states that the property is prone to floods. Has property suffered any damage from the floods in the past? What has been the frequency of floods? What has been scale of damages caused by the past floods? Is there a possible mechanism that may save property from future floods? What are the expected cost/investment for implementing such mechanism/ interventions? Will PTDC expend these costs?	As above at S.No.29.
31	Highest and Best Use (HBU) study on PTDC Motel Sadpara states that the property is located within the dam infrastructure and access is restricted. What does this exactly mean? Whose access is restricted? PTDC's or tourists' access? Is access restricted by any government authority? Will this hinder any development work and ultimately operations of the motel once it is fully developed by the successful bidder? It is hoped that the property is free of any current or potential disputes/litigations.	As above at S.No.29.
32	Will the successful bidder of PTDC Motel Sadpara be able to develop water sports by using Sadpara lake? Will it be allowed to offer motorized or non-motorized boating in the lake?	Please note that ownership of Sadpara lake does not vest with PTDC, and as such, it cannot grant any right in relation to it. It may be prudent to obtain requisite approvals from the local district administration or concerned authorities in GB for any activities in connection with the lake.
33	It is not clear how many rooms in the proposed plan will warrant the maximum 5 marks allocated for the number of rooms in the evaluation criteria.	Scoring will be based on the evaluation criteria in the RFP, which does not require any specific number of rooms to be built. The development plan must demonstrate the thought process of the bidder in making sure that market-based capacity is developed to ensure a certain level of revenue for being able to pay the agreed amount of rent.
34	It appears from the pictures that the access road to Sadpara motel may not be properly carpeted? Will PTDC ensure that the relevant agency undertakes	The provision of carpeted roads is the responsibility of the concerned Government. PTDC shall bear no responsibility in this behalf. However, PTDC do play its role in convincing

	this task before the property is handed over to the successful bidder?	the government agencies to improve roads infrastructure at all tourist destinations in the country.
35	Does the property have year-round access? If not, will there be rent reduction for the periods that the property is inaccessible? How will be provision of utilities ensured during inaccessible periods? What are the periods/months when PTDC Sadpara Motel is generally not accessible?	The annual rent shall be charged for the whole one year irrespective of the fact whether the property is accessible or not during the whole year. However, the property is normally accessible all the year round.
36	<p>The shortlisted bidders received the RFP document by email on January 19, 2022. As per the guidelines given in the document, the completed RFP has to be submitted by the bidders to PTDC by February 15, 2022. 30% of the marks in the Evaluation Criteria (Pages 12 &amp; 13) of the RFP are allocated to the Development Plan that each bidder must submit for the property for which they are bidding. This gives less than 4 weeks for each bidder to prepare the development plan for each property. This is unrealistic, as the plan for developing new infrastructure on each site requires:</p> <ol style="list-style-type: none"> <li>A detailed survey and contour plan of the site;</li> <li>Soil testing of the proposed location of each new structure;</li> <li>Preparation of detailed architectural and structural plans for the new developments that will adhere to the design aesthetics of the existing buildings (as is required by PTDC as per the RFP document).</li> </ol> <p>The aforementioned surveys and planning will require at least 6 months to conduct and prepare. It is, therefore, requested that PTDC remove the requirement for submission of Development Plans for expansion of the infrastructure at each motel/site at the RFP submission and evaluation stage, and that, PTDC only consider the renovation plan and business plan of each bidder at this RFP evaluation stage, in order to select the successful bidders for the financial bidding stage. Once the final bidders are selected for each property following the financial bidding stage, PTDC can include clauses in the Lease Agreement, binding each successful bidder to submit their detailed development/expansion plans, along with performance guarantees, within 6 months of signing of their respective lease agreements with PTDC.</p> <p>This will ensure that each successful bidder has sufficient time to develop realistic, well planned and aesthetically pleasing expansion plans for their respective motels/properties. PTDC can rest assured that all bidders are interested in expanding the number of rooms and other facilities in any property that may be allocated to them, in order to expand the revenue potential of the properties. The issue is only of having sufficient time in order to properly plan such developments, and hence this genuine request to provide such justified time to the bidders for this purpose.</p>	Submission of tentative development plan is mandatory for all bidders, which can be obviously prepared on the basis of information made available to the bidders. The plan must observe the existing local building bylaws and regulations of the concerned authorities and must demonstrate the thought process of the bidder in making sure that market-based capacity is developed to ensure a certain level of revenue for being able to pay the agreed amount of rent. However, the successful bidders may solicit approvals for changes in the development plans on the basis of on ground reality as per conditions of RFP. No grace period/waiver in rent on this account is allowed.
37	Clause 34.2 of the RFP Document (Page 11) states that the final approved lease rentals for the first year shall be subject to 10% escalation every subsequent year of the lease period. Whereas it was clarified by the PTDC official in the pre-bid	As above in query No.1 above.

	<p>meeting of January 28, 2022 that the reserve prices listed for the different properties (as listed in the RFP document) were fixed and non-negotiable, and whereas this was understood and accepted by the bidders present at the meeting, it is sincerely requested that the 10% annual escalation of the lease rental be reconsidered by the PTDC Board and management. An increase of 10% in the rental amount each year will translate to a doubling of the rent in 7 years, quadrupling of the rent in 14 years and an almost 8-fold escalation in the rent by the 20<sup>th</sup> year of the lease period. If this level of annual increase is imposed in the final lease agreements, the Lessees/operators of each property will be forced to increase their rental charges for rooms and services proportionately each year in order to offset such annual increase in their expenses. Assuming that PTDC is committed to providing high quality accommodation to tourists visiting remote areas in Pakistan at affordable rates, it is hoped that PTDC will reconsider this high increase in annual lease rentals, and revise this down to a reasonable yearly increment of 5% instead. This will allow the operators of the properties to minimise inflation of their own rates year-to-year.</p>	
38	<p>Clause 9.1.1 of the Draft Lease Agreement (Page 27 of the RFP Document) states that the Lessee shall be responsible for the upkeep and maintenance of roads and street lighting leading to the property. We are sure that you will agree that this cannot be realistically asked for, as the upkeep of external roads and lighting on those roads is the responsibility of the relevant Government department. No private company can assume or be asked to assume such a liability. This clause may, therefore, be amended and corrected by removing these demands.</p>	<p>The lighting, upkeep and maintenance of those roads and streets, which are owned by PTDC and shall be leased as part of the property to the lessee, will be the responsibility of lessee company. However, upkeep and maintenance of external public roads and streets is the responsibility of the concerned Government. PTDC shall bear no responsibility in this behalf. However, PTDC do play its role in convincing the government agencies to improve roads infrastructure at all tourist destinations in the country. The RFP shall stand amended to the above extent and such change shall be incorporated in the lease agreement at the time of signing.</p>
39	<p>Clause 9.2.1 of the Draft Lease Agreement (Page 27 of the RFP Document) states that the Lessee Company will pay Property Tax for the property in question. This is incorrect, as Property Tax is always the liability of the owner of the property, which, in this case, is PTDC. The Lessees, for their part, will be responsible for paying income tax, GST, local government taxes etc. as may be applicable, pertaining to the operations of their business on the property. This clause and any other clauses pertaining to Property Tax may, therefore, be corrected to clearly state that PTDC will be responsible for paying property tax on each respective Motel/property, in lieu of the lease rental charges that they will be receiving from the Lessee.</p>	<p>It is clarified that property tax in respect of PTDC properties shall be paid by the PTDC to the concerned government agencies from the lease proceeds. The RFP shall stand amended to the above extent and such change shall be incorporated in the lease agreement at the time of signing.</p>
40	<p>Clause 10.5 of the Draft Lease Agreement (Page 29 of the RFP Document) states that the Lessee shall undertake to not keep any hazardous/flammable materials on the leased property. Whereas this is reasonable in general, it should be clarified in this clause that essential hazardous/flammable materials such as LPG cylinders, kerosene oil, fuel for generators and vehicles, wood for geysers/bonfires etc. may be stored "safely" at the premises, as required.</p>	<p>It is clarified that Clause 10.5 of the lease agreement shall not bar proper storage and use of LPG cylinders, kerosene oil, fuel for generators and vehicles, wood for geysers/bonfires etc. provided that such materials are acquired, stored and used in accordance with the applicable procedures of the local government. The RFP shall stand amended to the above extent and such change shall be incorporated in the lease agreement at the time of signing.</p>
41	<p>Clause 11.1.5 of the Draft Lease Agreement (Page 30 of the RFP Document) states that the Lessee shall provide requested information to PTDC within</p>	<p>The lessee is expected to develop and implement technology based reporting and operational systems, therefore seven days is sufficient time to share the requisite</p>

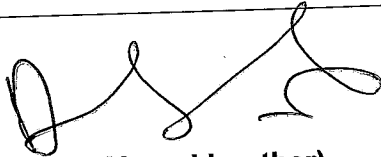


	7 days. This period may be increased to 15 days to allow reasonable time for collection/ compilation of any such information.	details with PTDC. There is no need of amendment in RFP on this count.
42	<p>Clauses 11.1.12 and 11.1.27 of the Draft Lease Agreement (pages 30 and 32 of the RFP Document) state that each successful bidding company will have to ensure supply of water and power to their respective motels/ properties. This is contrary to the basic principles of lease arrangements, as the provision of water and power to leased properties is the responsibility of the Lessor, and not of the Lessee. These clauses may, therefore, be corrected to state that the Lessor will ensure that water and power is provided to the property in question for the duration of the lease period. The Lessees will, of course, pay for the maintenance of electric and water supply infrastructure during the lease period, but PTDC must undertake to ensure that such supply will not be interrupted by any individuals or organizations during the lease period.</p>	<p>The properties are being offered to the interested bidders along with available facilities including water and power. However, acquisition and continuation of any such facilities from service providers shall be the sole responsibility of the lessee company as laid down in this RFP/ lease agreement. There is no need of amendment in RFP document on this count.</p>
43	<p>Clause 11.1.10 (Page 30), clause 17 (Page 38) and clause 22 (Page 39 of the RFP Document) all refer to different insurance requirements imposed on the Lessee. In line with the reservations stated in Point #2 above relating to the annual escalation of lease rentals and their subsequent consequence of a proportionate yearly increase in charges billed to patrons of the property, such excessive requirements for insurance will also result in these costs being passed on to the guests, thereby necessitating a significant escalation in rental rates. It is therefore suggested and requested that:</p> <p>Since the movable assets, equipment, supplies and furnishings in the property will remain the property of the Lessee company, it should be left at their discretion and choice whether they would like to insure those or not.</p> <p>Insurance of guests is not provided by any hotel in any country. In fact, visiting guests are often required to arrange for their own travel insurance, especially when going abroad. The requirement, in Clause 22 of the Lease agreement, to provide accident insurance to guests and visitors is, therefore, unnecessary and excessive, and this requirement should be removed. The lease agreement, furthermore, clearly states that PTDC is indemnified against any eventualities that may occur during the operation of the property by the Lessee, and there is, therefore, no need for it to require the Lessee to secure such excessive and expensive insurance for its guests.</p> <p>PTDC should only require the Lessee to insure the buildings and permanent facilities at the property against fire, earthquakes or other accidental damage during operations. This will secure PTDC's property, which is the only interest of PTDC.</p>	<p>The phrase "including third party insurance" shall stand deleted from the draft lease agreement. The RFP accordingly stands amended to the above extent. All other requirements of obtaining insurances for physical assets will remain intact.</p>
44	<p>Clause 16.ii.a of the Draft Lease Agreement (page 38 of the RFP Document) states that PTDC and its representatives will have the right to "inspect and seek copies of the books of accounts, files, voucher books, documents maintained by the Company in</p>	<p>While clause 16(ii)(a) will be discussed in detail at the time of signing of contract as per S.No.28 &amp; 30 of ITB-Section-II. It is worth noting that ownership of these properties ultimately vests with the government, and as such, requisite auditory requirements are necessary in relation to the</p>



	<p>relation to the Motel". This clause is contrary to the nature of the agreement that will be entered into between PTDC and the successful company, as that agreement will be between Lessor and Lessee and it will not constitute a partnership agreement (as is clearly stated clearly in Clause 34 of the Draft Lease Agreement on Page 46 of the RFP Document). As such, PTDC should only be concerned with receiving its annual lease rental payment from the Company, and it cannot assume the right to interfere with, and inspect, the private and confidential business accounts of the Company. This clause may, therefore, be deleted from the agreement.</p>	<p>properties to ensure there is no undue loss to the national exchequer. The right to inspect the property by the owner/ landlord exists in all standard lease agreement to ensure the property is being properly maintained and that there is no undue damage being caused.</p>
45	<p>Clause 26 of the Draft Lease Agreement (Page 41 of the RFP Document) states that the Lessee may terminate the agreement in case PTDC defaults on its obligations. However, it provides no mention of the compensation/ damages that will be paid by PTDC to the Company in case of such an eventuality. The Lessees for their part, have been bound repeatedly in the lease agreement with commitments to pay penalties and fines in case they violate the agreement in any manner whatsoever. Given the fact that the Lessee will be investing considerable finances and efforts into renovating, upgrading and operating the property, it is only fair that they be given assurances that their investment will be secure and protected in the case of violation of the agreement by PTDC. Such assurances must be in the form of commitments to reimburse the Lessee in full, along with additional compensatory damages, for the amounts invested by them in the property, in addition to reasonable financial compensation for their time and effort invested in the property prior to the violation of the agreement by PTDC.</p>	<p>PTDC being a government organization will hand over the properties free from all encumbrances and will abide the lease agreement and the conditions of this RFP to secure investments of the lessees. Events of defaults have been elaborated in clause 26 and all disputes will be resolved in accordance with the provisions contained in clause 27 and 28 of the draft lease agreement. There is no need of amendment in this clause.</p>
46	<p>Similar to Point #9 above, in Clause 30.2 of the Draft Lease Agreement (Page 44 of the RFP Document), it is demanded that the Lessee submit annual audit reports relating the Motel to PTDC at the conclusion of each financial year and also prior to completion/termination of the Lease Period. Why is this being demanded, as, again, PTDC and the Lessee will be entering into a Lessor-Lessee arrangement, under which PTDC will have no right to interfere in the internal business and accounts of the Lessee. Our company, furthermore, operates several hotels, and we also have our head office expenses. If we are successful in our bid for the lease of one or both PTDC motels, these will be added to the chain of properties being managed by us. We conduct annual audits for our company as a whole, and not for individual properties, as several expenses related to management, sales and marketing are shared across all of our hotels. It is not possible to prepare audit reports for different hotels separately when they are all being run by one government-registered company. We are sure that the other companies participating in your bidding process all face a similar situation, since you have only approved companies that are already involved in the hospitality business and</p>	<p>While this clause will be discussed in detail at the time of signing of contract as per serial No.28.29 &amp; 30-Instruction to Bidders (ITB) Section-II of RFP. It is worth noting that ownership of these properties ultimately vests with the government, and as such, requisite auditory requirements are necessary in relation to the properties to ensure there is no undue loss to the national exchequer.</p> <p>The lessee shall ensure that separate books of accounts are maintained for the said leased properties so that independent auditor can review the accounts and issue periodic audit reports to the lessor as per terms of the RFP. Special projects need special accounting and separate banks of accounts, which is usually a standard requirement for book keeping and reporting.</p>

	which are, therefore, operating other hotels/motels as well. This clause may, therefore, be deleted from the agreement.	
47	Clause 28.1.ii of the Draft Lease Agreement (Page 44 of the RFP Document) states that, at the conclusion or termination of the lease agreement, the Lessee shall have to return possession of the property to PTDC, along with inventories, appliance and equipment. This is unreasonable, as all movable items, including furnishings, equipment and supplies will be, and shall remain, the assets and property of the Lessee during the lease period and also upon its conclusion. The Lessee may, therefore, remove all such movable assets upon vacation of the property once the lease agreement is concluded. Only fixed assets and fixed developments made on the property by the Lessee shall be deemed to be the property of PTDC, and those shall be handed over to PTDC upon conclusion of the lease agreement. This clause may therefore be amended to clarify the aforementioned points.	<p>While this clause will be discussed in detail at the time of signing of the lease agreement, it may be noted that properties will be handed over to the lessees along with fixed assets, fixtures, machinery/ equipment and after maturity of the lease term, unless extended on mutually agreed terms and conditions, the lessee will handover the possession of property along with all buildings, fixtures, installations, machinery/ equipment and assets irrespective of the fact whether it was procured by the lessor or the lessee. The RFP needs no amendment at this stage.</p> <p>Moreover, the requirement for handing over of all moveable and immoveable assets on the property is based on the understanding that PTDC may be able to continue operations on the said properties after expiry of lease term without any hindrance or requirement of investing further capital cost on the property, therefore the handing back to PTDC will be on As Is basis, which will be ensured through a close out audit prior to expiration of the lease term.</p>
48	Clause 30.1 of the Draft Lease Agreement (Page 44 of the RFP Document) requires the Lessee to submit quarterly progress reports to PTDC relating to the operations and management of the Motel/property. This requirement may please be changed to 6-monthly reports, to avoid such frequent, unnecessary and time-consuming reporting by the Lessee. Six-monthly reports should suffice for the monitoring requirements of PTDC, and these will also reduce the need by PTDC to read, review and follow-up on so many reports every three months.	<p>While this clause will be discussed at the time of signing of lease agreement, it is clarified that quarterly reporting is fair enough to monitor the lessee is operating the property in accordance with the provisions of the lease agreement.</p> <p>PTDC expects the lessee to adopt technology systems for reporting and operations, therefore any reporting requirements can be instant with the help of an adequate technology system.</p>

  
**(Ashfaq Ahmad Loother)**  
**General Manager Motels**

**Copy to:-**

- 1. All prequalified bidders (through their official emails)**
- 2. PTDC Website**