October 1, 2018

To All Prospective Respondents

Request for Qualifications for the San Juan Bay Cruise Terminals Project

Addendum #2
Request for Clarifications #01 - #55

We make reference to the Request for Qualifications for the San Juan Bay Cruise Terminals Project (“RFQ”) published by the Puerto Rico Public-Private Partnerships Authority (“Authority”) on September 5, 2018.

According to Section 1.10 of the RFQ, a Respondent may submit a request for clarification (“RFC”) to the Authority for explanation or interpretation of any matter contained in the RFQ.

The following information is included in this Addendum #2:

I. Responses to Requests for Clarifications (RFC’s)
   a. Table 1 - Preferential Berthing Agreements and Related Development Agreements

II. Pre-Submittal Conference Call Presentation
RFC # 01
What level of existing conditions of wharf and piers is available which can provide information on their level of deterioration and repair needs?

RESPONSE:
After hurricane Maria, two surveys (Iglesias-Vázquez and Associates and MARAD) were conducted to assess the needs for disaster recovery related to the San Juan Cruise ship piers. Currently the PRPA is undertaking additional condition surveys of certain piers. These survey reports will be made available during the RFP process.

RFC # 02
Will the consortium be receiving revenue during construction from the existing operations and do the berthing agreements provide any minimum guarantees?

RESPONSE
The concessionaire will receive revenue from the existing operations during the construction period, because the concessionaire will take over the existing cruise terminal operations as of the Financial Close. The concessionaire will be required to maintain cruise line access while undertaking the construction works. The current berthing agreements do not provide for formal guarantees but in exchange for the preferential berthing rights, the cruise lines made a commitment to provide PRPA a minimum fee, in most cases based on a certain number of calls and passengers for the period of the agreement.

RFC # 03
Does the Operation and Maintenance include dredging?

RESPONSE
PRPA and the Authority are evaluating this matter and will provide Respondents a final determination on or before October 10th.

RFC # 04
Does the offer must be inclusive of all piers or can it be selective upon certain piers?

RESPONSE
The offer must include all piers indicated in the RFQ, that is, Pier 1, Pier 3, Pier 4, Piers 11 to 14 and the Pan American Piers 1 & 2. However, alternate technical concepts may be allowed to be proposed in the RFP stage.

RFC # 05
Can you provide a breakdown of anticipated repair costs in terms of marine works (including all wharf / pier upgrades) vs. top-side building works (including all terminal buildings, walkways
and passenger access areas)?

RESPONSE
High level repair costs are included in both survey reports (Iglesias-Vázquez and Associates and MARAD) and these will be made available during the RFP process.

RFC # 06
What level of existing geotechnical information is available in reference to the proposed repairs work to be conducted at various piers?

RESPONSE
A geotechnical investigation report for Pier 4 dated 1988 as well as geotechnical information for Pier 3 dated 2013 will be made available during the RFP process.

RFC # 07
What are the risks associated with the high leverage at the Ports Authority?

RESPONSE
Although the cruise terminals may be subject to certain liens in favor of lenders, these liens are contemplated to be removed from the cruise terminals as part of the concession process. Please note also that this is a demand risk concession, and it is not anticipated that the PRPA will be required to make any payments to the concessionaire.

RFC # 08
Will site visits be allowed prior to the submission of the RFQ?

RESPONSE
Site visits are anticipated to happen during the RFP stage and not the RFQ stage.

RFC # 09
How is section 6 going to be evaluated? Is going to be considered as part of section 4 response?

RESPONSE
Each attachment in Part 6 will be assessed as part of the category of “Background & Team Information”, “Financial Capabilities” and “Technical Capabilities” to which it is most relevant, as follows:

6.1 – Comparable Projects table – Assessed as part of Part 4 - “Technical & Operational Capabilities”
6.2 – References – Assessed as part of Part 2 - “Background & Team Information”
6.3 – D&C Case Studies – Assessed as part of Part 4 - “Technical & Operational
6.4 – Operational Case Studies – Assessed as part of Part 4 - “Technical & Operational Capabilities”
6.5 – Financing Case Studies – Assessed as part of Part 3 - “Financing Capabilities”
6.6 – Equity Funding Letter – Assessed as part of Part 3 - “Financing Capabilities”

**RFC # 10**
Could you please provide further information regarding preferential berthing agreements currently in place? Will those be made available to potential proponents?

**RESPONSE**
The intention of the Authority is to provide further information regarding these agreements for the RFP process. However, these agreements are filed in the Office of the Controller of PR and copies can be requested following the procedures that the Controller has established to give copies to the general public. Notwithstanding, attached to this Addendum you will find an updated list, TABLE 1 - PREFERENTIAL BERTHING AGREEMENTS AND RELATED DEVELOPMENT AGREEMENTS, of the key provisions with respect with these agreements. This list, however, should not replace your own review and analysis of the agreements.

**RFC # 11**
Is this transaction subject to approval by current PRPA creditors?

**RESPONSE**
The PRPA and the Authority expect to have paid or defeased upon closing of the transaction the debt which involves liens on or approval rights regarding the cruise line terminals. See the Response to RFC #17.

**RFC # 12**
Regarding those preferential agreements, will they be honored until the end in terms of preference? Are the prices fixed for them?

**RESPONSE**
The PRPA intends to continue to comply, and have the concessionaire comply, with the terms of the preferential berthing agreements. See updated table referenced in RFC#10.

**RFC # 13**
Can two or more shortlisted parties form a consortium after the RFQ, but prior to or during the RFP process?
RESPONSE
Act 29 allows the P3A to accept two or more respondents to join together as a consortium if it is in the best public interest and the consortium provides a better alternative to comply with the Authority's criteria than their members submitting their proposals separately. Members of one consortium, however, cannot remain participating in another consortium. Thus, after shortlisting is announced, you may submit for approval any such request.

RFC # 14
Are there any social or environmental risks to the project that PRPA is aware of which may delay execution of the projects with additional costs? Please inform.

RESPONSE
MARAD is performing environmental studies and nothing has come to the attention of the PRPA regarding any major environmental risk. However, Respondents should become aware and be prepared to comply with permitting requirements (environmental and otherwise) that they will have to comply with as part of the construction works. With respect to social risks, PRPA's labor unions are aware of the proposed P3 project and there has not been any public resistance.

RFC # 15
In piers 11-14 and PanAm 1 & 2 you already receive Cargo ships (RoRo among others) plus the ferry. Will that income be a totally deferred to the Private Party? Can cargo business still be exploited amongst the agreement?

RESPONSE
No. The concession solely applies to revenues from cruise lines. The cargo and ferry lines will be diverted to other piers not included in this Project.

RFC # 16
Given the information that has been shared today and the complexity of the Project, certain matters, such as closing out details regarding team/consortium structures could possibly require more than a few weeks to finish. Would the Authority be willing to extend the deadline of the SOQ submission (currently October 17) to a slightly later date?

RESPONSE
During the market sounding we proposed providing 30 days for the RFQ process. After receiving the input from different market participants, we decided to extend the timeline for 45 days. However, this new request will be evaluated and taken to the partnership committee for final determination.
RFC # 17
Has the Authority identified a preferred mechanism to clear the assets prior to execution of the Concession Agreement, such as defeasance of existing debt (i.e. bonds) which may be guaranteed by the current/future revenues or whereby said revenues have been pledged as collateral to guarantee the existing debt?

RESPONSE
The intention is for the concession to be clear of liens that may exist upon the PRPA property contemplated for the Project. We are in the process of analyzing if such liens exist and how to defease them. That process is ongoing with AAFAF, but the intentions is to use part of the upfront payment to extinguish PRPA debt in order to eliminate liens that may have existed prior to the execution of the concession agreement.

RFC # 18
Does the Authority foresee any environmental constraints or other factors which may impact this Project, such as approvals from the US Army Corp of Engineers?

RESPONSE
PR is a jurisdiction that is governed and both U.S. federal and local laws and regulations concerning environmental and other permits. Therefore multiple permits requirements will apply in connection with the works to be performed. Respondents should obtain their own advisors to guide through these requirements. To the extent the PRPA needs to be involved with the Private Partner, the PRPA will cooperate and work jointly to obtain such permits and approvals, as required.

RFC # 19
Could two or more companies come together to jointly submit a response to the RFQ?

RESPONSE
Yes. Respondents to the RFQ can include consortia of companies submitting jointly as long as they join only one consortia.

RFC # 20
What are the preferential docking agreements and lease agreements currently in effect over the Ports Authority facilities?

RESPONSE
See answer to RFC #10

RFC # 21
The RFQ provisions contemplate the port operator honoring those agreements. Specifically,
what are the provisions of those agreements that the Ports Authority expect to be honored?

RESPONSE
See answer to RFC #10

RFC # 22
Can those agreements be terminated by a port operator?

RESPONSE
See answer to RFC #10

RFC # 23
Are there litigation and/or arbitration judgments / settlements which impact the preferential docking agreements?

RESPONSE
PRPA is investigating and will endeavor to provide a response prior to the RFQ submission.

RFC # 24
How much money is owed to the cruise companies by reason of improvements to the Ports Authority facilities? Will the Ports Authority pay off those amounts prior to handover?

RESPONSE
See answer to RFC #10

RFC # 25
Are the Ports Authority facilities mortgaged or have liens from any creditor? If so, how does the Ports Authority plan to address those mortgages / liens?

RESPONSE
See answer to RFC #17

RFC # 26
What is the maximum number of investors you are planning to pre-qualify? Is there a set number? Are you also planning to disclose the names of the investors?

RESPONSE
The Authority's intention is always to include as many competitors as possible as long as they qualify showing that they have the financial and technical capabilities necessary for the project. At this time, we cannot predict the number of Respondents that will be pre-qualified. The
participants that provide SOQs will be notified of the Team Members of the Shortlisted Respondents.

**RFC # 27**

If dredging activities are required, can PRPPPA please confirm the location for the disposal of the dredged material? Can PRPPPA also please confirm if the permits for the disposal at such location have been approved? If not, will the PRPPPA be responsible for obtaining approval for such permits?

**RESPONSE**
See answer to RFC#03

**RFC # 028**

What are the preferential docking and/or lease agreements currently in effect for the Ports Authority facilities?

**RESPONSE:**
See answer to RFC #10

**RFC # 029**

The RFQ provisions contemplate the port operator honoring the preferential docking and other lease agreements. Specifically, what are the provisions of those agreements that the Ports Authority expects to be honored? Are there are restrictions on the Ports Authority's ability to develop / refurbish the facilities without Cruise Company or lessee consent? Can the Ports Authority relocate the Cruise Company or lessee to other facilities?

**RESPONSE**
See answer to RFC #10

**RFC # 30**

Would the Ports Authority be amenable to the termination of these agreements provided economic terms (port tariffs and fees) be honored by a port operator?

**RESPONSE**
Termination is not contemplated by PRPA.

**RFC # 31**

Are there litigation and/or arbitration judgments / settlements which impact or are tied to the preferential docking agreements?
RESPONSE
See answer to RFC #23

RFC # 32
How much money is owed to the cruise companies by reason of improvements to the Ports Authority facilities? Will the Ports Authority pay off those amounts prior to handover?

RESPONSE
See answer to RFC #10 and RFC #24

RFC # 33
Are the Ports Authority facilities or revenues mortgaged or have liens from any creditor? If so, how does the Ports Authority plan to address those mortgages / liens?

RESPONSE
See answer to RFC #17

RFC # 34
Can you make available the two surveys, one by PRPA and other by MARAD as part of the RFQ to help the Respondents have a better understanding of the potential CAPEX indicated and the large 200M USD variation between the two values in the RFQ document?

RESPONSE
See answer to RFC #01

RFC # 35
If a Team Member of a Respondent is an affiliate of a multinational conglomerate, will the P3A consider the financial, technical, and project references of other members of the conglomerate, who will be available to provide financial and technical resources for the Project or will the P3A’s evaluation be limited to the Team Member only?

RESPONSE
If there is an explicit undertaking from the affiliate to guarantee the obligations of the Team Member, then you can use the financials and project references of the affiliate. If there will be no such guarantee, then please use the financials and the project references of the Team Member only. Respondents should remember that each SOQ will be evaluated based upon the Team Members included in the SOQ. As provided in the Evaluation Criteria of the RFQ and Act 29, Respondents who submit an SOQ as a Consortium shall provide their qualifications jointly and with respect to each one of the Team Members. This would include any affiliate issuing a guaranty for the Team Member.
RFC # 36
If successful, the Respondent / Consortium will create a Special Purpose Entity for entering into the PPP agreement. Does the P3A foresee any objections to contracting with the Special Purpose Entity?

RESPONSE
The Authority will accept a special purpose entity as the counterparty to the concession agreement, provided that there are appropriate guarantees supporting performance.

RFC # 37
Section 1.3 - Will all unsolicited proposals submitted prior to this RFQ receive a 5% increase on the evaluation score?

RESPONSE
Each unsolicited proposal is evaluated in its own merits and benefits are defined by the P3 Partnership Committee based on the particulars of each project.

RFC # 38
Section 2.4.4 - If a cruise line participates as a Private Partner, will it be possible to for them to receive a long-term berthing preference in return for their investment, or are returns for the Private Partners limited to terminal revenue?

RESPONSE
Although cruise lines are invited and permitted to participate in the concession, these parties will not be permitted to receive long-term berthing preference in return for their investment. It is important to note that regardless of whether the participant is a cruise line, all participants must adhere to the "open access" policy mentioned in Section 2.4.4 of the RFQ. The Private Partner, while integrating currently existing Preferential Berthing Agreements that will survive the proposed transaction as part of the Private Partner's operating plan, shall be required to assess requests for cruise calls at the Piers in good faith, and allocate capacity on an “open access” basis, such that all Cruise Lines shall be treated equally and fairly. Open access is also an evaluation criteria considered in Part 4 - Technical & Operational Capabilities of the RFQ.

RFC # 39
Section 3 Part 3.1 - Will 2 years of 10K satisfy the required audited financial statements?

RESPONSE
As provided in Section 3, Part 3.1, Respondents must demonstrate their financial capacity to fulfill the terms of the PPA Contract. The Authority typically requests three (3) years of audited financials, if available. Alternatively, two (2) years. These could be presented as part of another
report if it provides content and includes other relevant financial information.

**RFC # 40**
**Section 3 Part 3.3 - Are there alternatives to the requested Letters of Support from financial institutions, for example if the Respondent has access to revolving debt that could be used for funding?**

**RESPONSE**
Yes, alternatives to a project specific Letter of Support from financial institutions will be accepted, provided that they demonstrate a willingness to lend to the Private Partner or demonstrate undrawn debt capacity.

**RFC # 41**
**Section 3 Part 4 - Is submitting a description of the project sufficient to demonstrate project development experience? If not, please specify what would be considered as evidence to show successful track records?**

**RESPONSE**
A description of the project should be included. Additionally, participants should submit information that supports the criteria that is being evaluated. Such documentation could include figures or metrics that support, for instance, the number of cruise terminals that are currently being operated and managed by the participant, on time completion of construction works, increased passengers visiting a destination operated by Respondents, etc.

**RFC # 42**
**Section 3 Part 4.1 - Can the same project examples be used in Part 4.1 and Part 6.3 case study?**

**RESPONSE**
Yes, the same projects/case studies can be used for multiple case studies. However, it is important that the given project/case study highlights the specific criteria that is being evaluated in any given section.

**RFC # 43**
**Section 3 Part 4.2 - Can the same project examples be used in Part 4.2 and Part 6.4 case study?**

**RESPONSE:**
Yes, the same projects/case studies can be used for multiple case studies. However, it is important that the given project/case study highlights the specific criteria that is being evaluated in any given section.
RFC # 44
Section 3 Part 4.5 - Is a plan to source local professionals enough to satisfy this requirement or do we need to show that contact has been made with local professionals? What is the difference in the grading scale for having local partners and local service providers? Please provide the specifics of the evaluation criteria for all parts of the submission.

RESPONSE
Respondents may provide a plan of their anticipated business arrangements with Local Parties for purposes of their SOQs. However, specific, relevant and credible information regarding these anticipated business arrangements must be provided at the RFP stage.

There is no difference in the grading scale for having local partners as opposed to local professionals, as Act 29-2009 requires that, both, the use of local capital and the use of local professionals be evaluated. The Act also requires that a “substantial benefit or advantage” be awarded to the proponent that includes the most amount of local investment and involvement of local professionals, as long as it does not affect the PRPA’s eligibility for federal funds. See also Section 8.4 of the Regulation.

Accordingly, Section 3.2 of the RFQ informs that 50% of the weighted score corresponds to technical and operational capabilities. A component of this category depends on the respondent showing use of local capital, professionals and subcontractors to the greatest extent possible.

RFC # 45
We would like to respectively ask the Committee to consider extending the deadline to submit RFCs by one week to Monday, September 24th. We feel the extra week combined with the information recently received during the pre-submittal call will allow our team a more thorough review of the RFQ, during which time we anticipate additional questions from the team will arise.

RESPONSE
Extended to September 24, 2018.

RFC # 46
Please clarify Part 5 of the Evaluation Criteria "Safety Performance." As an operator in over 40 ports, it would seem impractical to provide multiple copies of 3 years of OSHA logs for every site in printed form. Please confirm if OSHA 300A logs for the last three years for three of our major operations will suffice this request along with a written explanation. Alternatively, we would be appreciative of another suggestion from the PPP Committee to consolidate safety or OSHA records.
RESPONSE
OSHA 300A logs for the last three years for five of major operations (if the proposer has five or more operations) will suffice as well as a sworn statement from the Director of the Human Resources Department, or equivalent position, explaining and attesting that during the last 3 years (i) the Respondent has complied with all applicable statutory and regulatory provisions governing occupational health and safety in its projects and work sites; and (ii) Respondent has not been during the last 3 years, and is not currently, under investigation by OSHA or PROSHA, or the equivalent entity in the jurisdictions of its projects. If Respondent has been sanctioned or investigated, then explain the nature of such sanctions and investigations and the Respondent’s response to those sanctions.

RFC # 47
The information contained in the RFQ (issued on September 5th, 2018) and further provided and elaborated during both Pre-Submission Conference Calls (held on September 12 and 14) is detailed and highlights the complexity of the San Juan Bay Cruise Terminals PPP Project (the "Project"). Given the circumstances and particular characteristics of the Project, certain matters (such as closing out details regarding team/consortium structures) could possibly require more than the few weeks allotted to complete. An additional period of time would put all teams in a more favorable position to submit SOQs. Would the Authority be willing to extend the deadline of the SOQ submission (currently October 17) to November 2nd?

RESPONSE
During the market sounding we proposed providing 30 days for the RFQ process. After receiving the input from different market participants, we decided to extend the timeline for 45 days. However, new request will be evaluated and taken to the partnership committee for final determination. We will notify through Addendum any modification in deadlines.

RFC # 48
In light of the second conference call; will consideration be given to extend the date for the RFC from Sept 17?

RESPONSE
Extended until September 24, 2018.

RFC # 49
In relation to section 2.1 of the Evaluation Criteria, please confirm whether an "organizational chart" is in reference to personnel or legal entities. Please provide additional guidance as to the desired scope of the chart.
RESPONSE
Section 2.1 asks for an organizational chart of Team Members, and Team Member means a member of the Respondent (i.e., a company). Therefore, 2.1 is asking for an organizational chart showing the relationship between the companies that have formed the Respondent, including the roles and responsibilities of each. There is no requirement for an org chart of individual personnel.

RFC # 50
Please define the term "Equity Member" vs. "Team Member" as it relates to the RFQ and the Evaluation Criteria

RESPONSE
Team Member is defined in the RFQ. Equity member means any Team Member who will be contributing equity to the project.

RFC # 51
As referenced in section 1.7, please further describe the criteria considered and evaluation process the Authority would undertake if a consortium Respondent later modifies Team Members. Will there be a specific form or criteria provided for a Respondent to include in a "written application" to the Authority? What criteria will the Authority consider in approving a change to a Respondent's Team Members?

RESPONSE
Any such change post submission of the RFQ would be submitted for approval by the Authority. Based on the specific request, the Authority will require the information it may need to evaluate and make a decision in its absolute discretion.

RFC # 52
Please clarify Part 5 of the Evaluation Criteria "Safety Performance." As an operator in over 40 ports, it would seem impractical to provide multiple copies of 3 years of OSHA logs for every site in printed form. Please confirm if OSHA 300A logs for the last three years for three of our major operations will suffice this request along with a written explanation. Alternatively, we would be appreciative of another suggestion from the PPP Committee to consolidate safety or OSHA records.

RESPONSE
See answer to RFC #46.

RFC # 53
Part 2 - Section 2.2 of the Request for Prequalification requires: "Resumes (indicating overall
experience and any specific experience relevant to the nature and scope of the Project) for no more than three (3) Key Individuals representing the Respondent (1 page per resume maximum - resumes do not count towards the overall page count for Part 2)"

Is it the PRPPPA's intention to only request 3 resumes TOTAL as part of the final submission? Would the PRPPPA accept additional resumes as part of an Appendix?

RESPONSE
The PRPA is only requesting 3 resumes of the most relevant key personnel. Other resumes can be attached as an appendix but they will not receive any additional points.

RFC # 54
Part 3 - Section 3.1. requires: "To demonstrate sufficient financial capacity, each Team Member must provide copies of audited financial statements for the past two years, together with any other relevant financial information.
Please clarify which any other relevant financial information is expected by the PRPPPA.

RESPONSE
Other relevant financial information would be anything required to make an assessment of the financial status of the respondent, including Ratings Reports etc.

RFC # 55
The RFQ doesn't indicate if multiple binders could be used to submit the Statement of Qualification (Cover Page, Cover letter, Table of Contents, Executive Summary, and Part 1 up to Part 6). Please note that Audit Financial Statements could be more than 200 pages per company (i.e. Audited financial statements, translate into English and converted to USD) and wouldn't fit into one large binder. Please confirm if Part 3 - Financial Capabilities can be submitted separately in one binder.

RESPONSE
Yes, multiple binders can be used.
<table>
<thead>
<tr>
<th>Contract</th>
<th>Term and other key provisions</th>
<th>Tariffs</th>
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<tr>
<td>Preferential Berthing Agreement with Royal Caribbean Cruises Ltd. (“RCCL”) for Pier 3 (February 10, 2003)</td>
<td>RCCL vessels must be scheduled at Berth 3A of Pier 3 in accordance with the 6-month schedules provided by RCCL to the PRPA at least a year in advance, twice a year. <strong>25 year term</strong> (estimated to expire in 2029, subject to extensions as provided in the agreement). The PRPA may accept ships of other cruise lines at Berth 3A of Pier 3 as long as doing so does not conflict with RCCL’s schedules.</td>
<td>Provides for a berthing tariff of $13.25, subject to RCCL’s participation in the P.R. Tourism Co.’s incentive program. In the event that the incentives are no longer available to RCCL, the agreement provides for the automatic reduction of the berthing tariff. The berthing tariff may not be increased by more than 2% annually. In no event shall RCCL pay a tariff or other fee which exceeds, as measured on a call-for-call basis, the Berthing Tariff or other fees paid by any other cruise line. Provides for a Minimum Fee to be paid to the PRPA based on a 1,900 passenger vessel making 50 calls per year for a minimum commitment term of 300 months.</td>
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<td>Preferential Berthing Agreement and Master Development Agreement with Carnival Corporation (“Carnival”) for Pier 4 (June 7, 2001)</td>
<td>Carnival vessels must be scheduled at Pier 4 in accordance with the 12-month schedules provided by Carnival to the PRPA at least 6 months in advance, twice a year. <strong>20 year term</strong> (estimated to expire in 2024, subject to extensions as provided in the agreement). The PRPA may accept ships of other cruise lines at Pier 4 as long as doing so does not conflict with Carnival’s schedules.</td>
<td>Provides for a berthing tariff of $13.25, subject to Carnival’s participation in the P.R. Tourism Co.’s incentive program. In the event that the incentives are no longer available to Carnival, the agreement provides for the automatic reduction of the berthing tariff. The berthing tariff may not be increased by more than 2%. In no event shall Carnival pay a tariff or other fee which exceeds, as measured on a call-for-call basis, the Berthing Tariff or other fees paid by any other cruise line. Provides for a Minimum Fee of $2,559,720 per year for a minimum commitment term of 240 months.</td>
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<td>Contract</td>
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<td>Preferential Berthing Agreement and Development Agreement with RCCL for Pan American Pier (Berths 1 and 2) (April 19, 2002 and October 27, 2017)</td>
<td>RCCL vessels must be scheduled at berths PA1 and PA2 of the Pan American Pier in accordance with the 6-month schedules provided by RCCL to the PRPA at least a year in advance, twice a year. <strong>35 year term</strong> ending on December 31, 2037 (subject to extensions as provided in the agreement). The PRPA may accept ships of other cruise lines at the Pan American Pier as long as doing so does not conflict with RCCL’s schedules.</td>
<td>In no event shall RCCL pay a tariff or other fee which exceeds, as measured on a call-for-call basis, the Berthing Tariff or other fees paid by any other cruise line. Provides for a Minimum Fee to be paid to the PRPA based on a 1,900 passenger vessel making 25 calls per year for a minimum commitment term of 300 months.</td>
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San Juan Bay Cruise Terminals P3 Project RFQ Pre-Submittal Conference Call

Puerto Rico Public-Private Partnerships Authority
Disclosure

This presentation summarizes certain aspects of the Request for Qualifications (RFQ) for the San Juan Bay Cruise Terminals Project. Participation in the call is not mandatory and will not affect your firm’s ability to participate in the RFQ Process. Potential Respondents should carefully review the full RFQ before preparing their Statements of Qualifications (SOQs).

This document is for informative purposes only and does not constitute an offer to sell or an offer to enter into a contract. It is a summary of certain matters for discussion only. You may not rely upon this document in evaluating the merits of a project, investment venture, or any business referred to herein. This document does not constitute and should not be interpreted as either a project recommendation, investment advice or any other recommendation including legal, tax or accounting advice.

Future results are impossible to predict. Opinions, figures, estimates and market trends offered in this document constitute a preliminary assessment and are subject to change without notice, which are based on current market conditions and should not be relied upon without further assessment and verification. This presentation may include forward-looking statements that represent opinions, estimates and forecasts, which may not be realized.

This document does not contain a commitment from the Government of Puerto Rico, the Authority or any of its instrumentalities, nor does it impose any obligation.
Agenda

- Introduction
- Overview of RFQ and Procurement Process
- Project Summary
- Evaluation Criteria
- SOQ Requirements and Procedure
Introduction
Participants in the Conference Call

Puerto Rico P3 Authority

- Laura Femenías, Esq., Deputy Director
- Mara Perez, Esq., P3 Project Manager

Puerto Rico Ports Authority

- Anthony Maceira, Director

Project Advisory Team Participants

- Miriam Figueroa, DLA Piper
- José Sosa, DLA Piper
Rules of Conference Call

- The call will focus on aspects of the RFQ
- 20-30 minute presentation followed by questions and answers
- Questions should be submitted in writing via the Zoom chat to the presenter
- Chat of the Zoom system is located at the bottom of your screen
  - Questions can be submitted during the presentation but they will be answered at the end of the presentation
  - The Authority may decide not to answer some questions and respond in writing as part of an addendum to the RFQ
  - Responses in writing will supersede any verbal response; thus participating in this call should not replace reading all Addenda
- Participants are muted except for the presenter. Please ensure your phone is also on mute. Callers from regular phones will not be able to ask questions
- The conference call is scheduled to last one hour
- The presentation, questions and answers will be made public as an addendum to the RFQ
Overview of RFQ and Procurement Process
P3 Authority Overview

- The Public-Private Partnership Act approved in 2009, as amended, states that the public policy of the Government of Puerto Rico is to:
  - Favor and promote the establishment of Public-Private Partnerships (P3s)
  - Further the development and maintenance of infrastructure facilities
  - Improve the services rendered and the functions of the Government
  - Encourage job creation and promote Puerto Rico’s socioeconomic development and competitiveness
- The P3 Authority was created by the Act and its mission is to manage the procurement processes for P3 projects in Puerto Rico
P3 Authority – Procurement Governance Structure

Governor or Delegate

Participating Entity (PRPA)

Board of Directors

P3 Authority

Board of Directors

P3 Authority Executive & Technical Personnel

Partnership Committee ("PPP Committee")

5 Members:

- Executive Director or delegate of Puerto Rico Fiscal Agency & Financial Advisory Authority (FAFAA)
- 1 Government Official from the Participating Entity with responsibility over the Project
- 1 Member of the Board of Directors of the Participating Entity
- 2 Government Officials with Project expertise selected by the P3 Authority Board of Directors

Functions:

- Decision making committee overseeing procurement process,
- Qualifications Process
- Evaluation and selection of bidders
- Establish the basic terms and conditions of Project Agreement
- Report full process through a Partnership Report
Function of the RFQ

The objective of the RFQ is to enable the PPP Committee to shortlist the best qualified Respondents. Nevertheless, the PPP Committee, in evaluating Respondents, may disqualify a Respondent if the Respondent:

- May be treated as ineligible to submit a proposal or may be disqualified on one or more grounds specified in Section 5.16, 8.1, 8.2, and 8.6 of the Regulation for the Procurement, Evaluation, Selection, Negotiation, and Award of Participatory Public-Private Partnerships Contracts under Act No. 29-2009, as amended (Regulation);
- Fails to satisfy the standards established by the PPP Committee with respect to the Respondent’s required financial, technical or professional ability and experience; or
- Fails to comply with the requirements of Articles 9(a) (Applicable Requirements and Conditions for those who wish to be considered as Respondents) and/or 9(d) (Consortia) of the Act, as applicable.

Pursuant to Section 5.4 of the Regulation, the PPP Committee reserves the right to limit in its absolute discretion the number of Respondents it considers to be the best qualified in order to arrive at a shortlist of Proponents to allow for an orderly procurement.

The Authority hereby notifies prospective Respondents that it intends to exercise its right to limit the number of Respondents who may be qualified.
Procurement Process & Schedule

The procurement of the Project is expected to take place in the following stages:

Phase 1 – Issue RFQ and Qualifications Process

- In Phase 1, the Authority will issue the RFQ and will review SOQs against the evaluation criteria in Section 3. At the end of Phase 1, the Authority will shortlist qualified Respondents and they will be invited to participate in Phase 2 of the process. A draft of the PPP Agreement will be provided to shortlisted Respondents in Phase 2.

Phase 2 – RFP Process

- In Phase 2, the Authority will issue an RFP to each shortlisted Respondent to provide instructions on how to submit a Binding Proposal. The shortlisted Respondents will have the opportunity to conduct a detailed due diligence review and submit a Binding Proposal that will include a final offer for review and consideration by the Authority. The Authority will select a Preferred Proponent based on the Binding Proposals received.

Phase 3 – Implementation of PPP Agreement

- If the Authority identifies a Preferred Proponent in Phase 2, it may negotiate a final agreement with the Preferred Proponent and enter into a PPP Agreement.
- Once the Preferred Proponent and the Authority have executed the PPP Agreement, the Project will proceed in accordance with the terms and conditions of the PPP Agreement.
**Procurement Process & Schedule**

The Authority expects to adhere to the following schedule for the qualification of prospective Respondents:

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 5, 2018</td>
<td>Date of issuance of RFQ by the Authority</td>
</tr>
<tr>
<td>September 12, 2018</td>
<td>Pre-Submittal Conference Call, at 11:00 a.m. AST</td>
</tr>
<tr>
<td>September 17, 2018</td>
<td>Deadline for submittal of Request for Clarifications (“RFCs”)</td>
</tr>
<tr>
<td>September 24, 2018</td>
<td>Deadline for the Authority to release responses to RFC’s</td>
</tr>
<tr>
<td>October 17, 2018</td>
<td>Due date for submission of SOQs no later than 5:00 p.m. AST</td>
</tr>
<tr>
<td>November 1, 2018</td>
<td>Estimated date for notification of shortlisted Respondents</td>
</tr>
</tbody>
</table>
**Restricted Parties**

- Directors, officers, partners, employees and persons or legal entities to Restricted Parties are not eligible to participate as Team Members, or advise any Team Member, directly or indirectly, or participate in any way.

- Each Respondent will ensure that each Team Member does not use, consult, include or seek advice from any Restricted Party.

- Authority can add additional parties to the list of Restricted Party.

**Project Advisory Team**

*Macquarie Capital Inc.*

*IMG Rebel Group*

*CPM PR, LLC*

*DLA Piper*

Including any subsidiary or affiliate of the above-mentioned persons or entities.
Project Description

- The Puerto Rico Public-Private Partnership Authority (“P3 Authority”), in collaboration with the Puerto Rico Ports Authority (the “PRPA”), wishes to request qualifications from companies, developers, contractors, teams or consortia interested in participating in a procurement process to repair, expand, finance, maintain and operate certain marine Cruise Ports in the San Juan Bay (the “Project”).

- The ports in the San Juan Bay that are proposed to form part of the Concession are Pier 1, Pier 3, Pier 4, Piers 11 to 14, and the Pan American Piers, along with the quay wall and walkways between Pier 1, Pier 2, Pier 3 & Pier 4 (collectively the “Piers” or “Cruise Ports”).

- This RFQ is being issued in response to an unsolicited proposal submitted to the Authority. In accordance with Puerto Rico’s P3 legislation, the Project is being opened up to competitive procurement.
PRPA Cruise Ports in the San Juan Bay
Project Objectives

The P3 Authority and PRPA intend to achieve the following objectives:

- Renew and upgrade existing facilities and expand berthing capacity.
- Make capital investments addressing SJCF’s backlogged maintenance and repairs.
- Improve level of service to cruise ships.
- Redevelop existing piers to further develop homeport market.
- Transfer revenue/demand risk to the concessionaire.
- To the extent available and authorized, procure the construction works and manage for PRPA federal funds for the reconstruction of damaged facilities after the hurricanes.
- Attract cruise operators and expand Puerto Rico’s tourism industry.
- Spur job creation and indirect benefits for economy.
**Project Scope**

**Contractual Model**

The P3 Authority is interested in entering into a RDBFMO (Repair, Design, Build, Finance, Maintain & Operate) P3, in which the Concessionaire will assume responsibility for:

<table>
<thead>
<tr>
<th>Repairs &amp; Upgrade</th>
<th>Revenue</th>
<th>Financing</th>
<th>Operations</th>
<th>Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs to Piers to bring them up to defined standards</td>
<td>Revenue / patronage risk</td>
<td>Financing for upfront fee, initial capex, and ongoing capex requirements</td>
<td>All operations of the Piers as an integrated cruise terminal</td>
<td>Routine maintenance in accordance with best practices</td>
</tr>
<tr>
<td>Upgrades to Piers to defined standards to increase capacity</td>
<td>Initiatives to grow both cruise ship and ancillary revenues</td>
<td></td>
<td>Contracting with cruise lines</td>
<td>Lifecycle maintenance in accordance with defined expectations</td>
</tr>
</tbody>
</table>
Potential concession payment mechanisms could include:

- Fixed concession fee to PRPA, paid either upfront or annually or a combination of the two.
- Variable concession fee (i.e. revenue sharing).
- A combination of fixed and variable payments (i.e. with a minimum volume guarantee).
## Capital Improvements & Future Use of Piers

<table>
<thead>
<tr>
<th>Piers</th>
<th>(Future) use</th>
<th>Vessel capacity</th>
<th>Description of works</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pier 1 (rebuild)</td>
<td>HP/PoC</td>
<td>2 x 900’</td>
<td>Complete rebuild for two vessels up to 900 ft including homeport terminal</td>
</tr>
<tr>
<td>Pier 3</td>
<td>PoC</td>
<td>1 x 1,200’ or 2 x 1,100’</td>
<td>Minor refurbishment works</td>
</tr>
<tr>
<td>Pier 4 (rebuild)</td>
<td>PoC</td>
<td>2 x 1,100’</td>
<td>Complete rebuild for potentially two vessels up to 1,100 ft</td>
</tr>
<tr>
<td>Piers 11-14 (rebuild)</td>
<td>HP</td>
<td>2 x 1,200’</td>
<td>New berths for two vessels of 1,200 ft or larger including homeport terminals</td>
</tr>
<tr>
<td>Pan Am piers (refurbished)</td>
<td>HP</td>
<td>2 x 1,200’</td>
<td>Refurbishment works and extension of piers for two vessels up to 1,200 ft</td>
</tr>
</tbody>
</table>
Evaluation Criteria
Evaluation Criteria

- The Authority’s goal is to create a fair basis for the evaluation of the SOQs in compliance with all applicable laws governing this procurement. All SOQ submissions will be reviewed based on the requirements set forth in Section 3 and 4 of the RFQ.
  - **Pass / Fail:** A review of each SOQ for responsiveness and pass / fail criteria in accordance with Section 3.2 - Parts 1 & 5 of the RFQ
  - **Qualitative Evaluation:** A qualitative evaluation of the SOQ in accordance with the evaluation criteria set forth in Section 3.2 - Parts 2, 3 & 4 of the RFQ, resulting in a qualitative score
Pass/Fail Evaluation Criteria

- The Authority will evaluate each SOQ based upon the following pass / fail criteria:
  
  - **Criterion 1 – Compliance with requirements of the Act:** Proponents are to provide the following:
    - An executed Respondent Certification from the Respondent and each Team Member. The form of this must strictly follow the form attached to this RFQ as Appendix A.
    - An executed Document Acknowledgement and Contact Information letter from the Respondent (executed by the Respondent’s representative). The form of this must strictly follow the form attached to this RFQ as Appendix B.

  - **Criterion 2 – Safety Performance:**
    - Respondents shall submit copies of the documents required in Section 3.2 of the RFQ with respect to safety performance. If not applicable, a Respondent shall present a document explaining the reasons for not submitting the form. Respondents must demonstrate (a) their ability to address and resolve safety issues, and (b) knowledge of safety strategies and methodologies.
Qualitative Evaluation Criteria

Each Respondent’s SOQ will be qualitatively evaluated and scored by the Committee in the following categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Weighting (%)</th>
<th>Reference Section of the RFQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background &amp; Team Information</td>
<td>20</td>
<td>3.2 – Part 2</td>
</tr>
<tr>
<td>Financial Capabilities</td>
<td>30</td>
<td>3.2 – Part 3</td>
</tr>
<tr>
<td>Technical &amp; Operational Capabilities</td>
<td>50</td>
<td>3.2 – Part 4</td>
</tr>
</tbody>
</table>

Respondents that anticipate responding to this RFQ shall so indicate as soon as possible by providing contact information to the Committee via e-mail at prcruiseterminals@p3.pr.gov
SOQ Requirements and Procedure
Submittal Requirements

- The Respondent shall submit one (1) originally executed SOQ, with signatures in blue ink, and four (4) copies along with one copy in portable document format (PDF) on a CD. The SOQ containing original signatures shall be marked as “Originals”.

- The SOQ shall be delivered no later than the Submission Deadline.

- Respondents should not submit promotional materials as part of their RFQ submissions and are strongly encouraged not to submit information that is not required by this RFQ.

- Respondents are strongly encouraged to be succinct in their prequalification submissions. If there are page limits set out in Section 4.2, a Respondent shall limit its prequalification submission, or each component of the RFQ submission, to the maximum number of pages indicated in Section 4.2.

- Respondents are cautioned that, if there are page limits set out in Section 4.2, the PPP Committee will not review or score pages submitted in excess of the maximum number of pages indicated for such item.
Questions?