

Instructions to Challengers
for the Operation and Management of

AQUILINO Q. PIMENTEL JR. INTERNATIONAL CONVENTION CENTER

August 7, 2024



TOURISM INFRASTRUCTURE AND
ENTERPRISE ZONE AUTHORITY





Republic of the Philippines
Tourism Infrastructure & Enterprise Zone Authority

OPERATION AND MANAGEMENT OF THE AQUILINO Q. PIMENTEL JR. INTERNATIONAL CONVENTION CENTER (APICC)

Instructions to Challengers

Tourism Infrastructure and Enterprise Zone Authority

07 August 2024



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A. PROJECT PROFILE

A.1. GENERAL DESCRIPTION OF THE PPP PROJECT

The Tourism Infrastructures and Enterprise Zone Authority (“TIEZA”) invites Prospective Bidders to submit their comparative proposals for the operations and management of the Aquilino Q. Pimentel, Jr. International Convention Center (the “Project”).

Situated in an elevated area of Cagayan de Oro City, the Aquilino Q. Pimentel, Jr. International Convention Center (APICC) represents an exciting investment opportunity. This newly-completed facility is set to become a cornerstone of business events, conferences, and cultural gatherings in the region. With its strategic location, modern infrastructure, and a city that’s rapidly growing as an economic hub, this project offers investors the chance to help shape the future of the city’s event and hospitality landscape.

It is a 7,700-seater multi-purpose facility with a floor area of 1.34 hectare on a 4.9 hectares lot located in Sitio Taguanao, Brgy. Indahag, Cagayan de Oro City.

The APICC was turned over to TIEZA from DPWH Region X upon its completion of the construction project on November 4, 2022. Since then, TIEZA had been working on its Occupancy Permit and Fire Safety Inspection Certificate. A Business Permit was issued on November 3, 2023 and since then TIEZA managed and operated APICC with eight (8) realized events such as the Cagayan de Oro Charter Day Events (State of the City Address and Philippine Volleyball League on Tour), Book Launching and Thanksgiving Event, Philippine Commercial Vehicle Show, Leadership Seminars, Company Anniversary and Philippine Basketball Association (PBA) Commissioners’ Cup. It is currently composed of the following operational infrastructure facilities (the “Project Facilities”):

A. Arena

B. Ground Floor

- 1) Four (4) Lobbies only as Exhibit/Concessionaire/Selling Area only
- 2) Function Room (2,3,4,6,7 & 8) @ 67 square meter per function room
- 3) Function Room (1 and 5) @ 200 square meter per function room

C. Lower Ground Floor

- 1) Rehearsal Room 1 @ 51 square meter
- 2) Rehearsal Room 2 @ 34 square meter (open area)
- 3) Club Room (1 and 4) @ 53 square meter/room
- 4) Club Room (2 and 3) @37 square meter/room
- 5) Canteen/ Cafeteria @ 52 square meter (open area)
- 6) Concessionaire 1, 2 & 3 @ 10.7 - 12 square meter





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7) VIP Room @22 square meter

D. Parking Area

Recent Developments:

1. November 2022: DPWH handed over APICC to TIEZA. TIEZA deployed security and maintenance personnel and updated the registered name for utilities.
2. February 3, 2023: TIEZA received an unsolicited proposal from Premier Island Management Corporation (PIMC) for the operation and management of APICC.
3. May 4, 2023: TIEZA and LGU-CDO mutually agreed to terminate their MOA. The LGU accepted the termination on August 30, 2023, through Resolution No. 14643.

Following the MOA termination, the then Joint Venture Selection Committee (JVSC) continue to proceed with the joint venture activities based on PIMC's unsolicited proposal.

A.2. OBJECTIVES OF THE PPP PROJECT

A.2.1 Leverage Private Sector Capital and Expertise

Rationale:

Engaging with the private sector allows TIEZA to leverage significant capital investment and technical expertise without immediate financial outlay from government resources. The private sector, whether it is PIMC or the winning challenger, brings specialized knowledge, innovative solutions, and efficient management practices that can enhance the development and operation of tourism infrastructure projects. This partnership aligns with TIEZA's strategic objectives to foster sustainable tourism development through collaborative efforts.

Benefits:

- Access to substantial private sector funding.
- Introduction of innovative and efficient project management methodologies.
- Reduction of financial risk for TIEZA.
- Accelerated project timelines due to the private sector's experience and resources.

A.2.2 Allocation of Expenses for APICC to Other Tourism Projects

Rationale:

By reallocating expenses that may be designated for the maintenance of the APICC to other asset-based tourism projects, TIEZA can ensure a more balanced and diversified investment portfolio. The reallocated budget may be used for repurposing underutilized assets, implementing rehabilitation, and developing new revenue-generating initiatives.





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Benefits:

- Enhanced allocation of TIEZA's financial resources across various asset-based tourism initiatives.
- Better financial management and reduced dependency on subsidies.

A.2.3 Enhance Utilization of Assets in Benefits to TIEZA

Rationale:

Optimizing the utilization of TIEZA's assets ensures that all available resources are maximized to generate the highest possible returns. By doing so, TIEZA can enhance its operational efficiency and financial sustainability.

Benefits:

- Increased revenue from improved asset utilization.
- Strengthened the financial position of TIEZA.
- Enhanced service offerings and visitor experience.
- Long-term sustainability of tourism assets.

A.3. PPP PROJECT TO BE IMPLEMENTED UNDER THE PPP CODE AND ITS IMPLEMENTING RULES AND REGULATIONS

The operation and management of APICC is to be undertaken through PPP in accordance with the Republic Act 11966 also known as the PPP Code of the Philippines, its Implementing Rules and Regulation, and provisions of TIEZA Joint Venture Guidelines, as applicable.

B. CONTRACTUAL ARRANGEMENT UNDER WHICH THE PPP PROJECT SHALL BE UNDERTAKEN

In entering into this JVA, the Parties hereby declare and affirm that their primary contractual intent is to establish a contractual JV for the operation and management of the APICC.

The term of this JVA is fixed at Twenty-Five (25) years to commence from the date of its execution, subject to extension or renewal in accordance with Section 19 - Variation, Expansion, or Extension of an Existing PPP Project of the PPP Code and its Implementing Rules and Regulations (IRR). Should the JV Partner request for extension or renewal, it should be provided to TIEZA, in writing, not later than five years before the expiration of its original term.





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C. BID PARAMETERS AND DOCUMENTS COMPRISING THE BIDS; D. BID SUBMISSION PROCEDURES AND REQUIREMENTS (MANNER OF BID SUBMISSION, NUMBER OF COPIES OF THE IDS TO BE SUBMITTED, WHERE THE BIDS ARE TO BE SUBMITTED, DEADLINE FOR THE SUBMISSION OF BIDS, PERMISSIBLE MODE OF TRANSMISSION OF BID PROPOSALS)

The *Eligibility Documents Kit* is herein attached as Annex “A”, which shall describe the procedures that will be followed in connection with applying for and in acquiring Eligibility to participate in the comparative challenge selection for the subject PPP Project.

The *Terms of Reference* is herein attached as Annex “B”, which shall provide the procedures and requirements for the submission of Bid Proposals by the Challenger and the evaluation criteria and rules to be followed by the TIEZA in the selection of a Winning Challenger to undertake the subject PPP Project.

D. FINANCIAL PROPOSAL OF THE ORIGINAL PROPONENT, FOR INSTRUCTION TO CHALLENGERS:

FINANCIAL TERMS	AGREED FINANCIAL TERMS	
Rental Revenue		
Percentage Share in Annual Gross Revenue remitted to TIEZA	Year 1 to 10 – 5% of Actual Annual Gross Revenue Year 11 to 25 – 10% of Actual Annual Gross Revenue	Payable quarterly in arrears within 30 calendar days from the end of the previous calendar year
Minimum Guaranteed Payment	1,800,000 per Annum for the first 3 years, annual increment of 5% on the fourth year and 5% every 3 years thereafter	Payable Annually in advance on or before each annual anniversary of the Handover
Committed Capital	Year Year 1 Year 2-10 Year 11 Year 12-20 Year 21 Year 21-25	Amount 30,000,000 15,000,000 11,000,000 10,000,000 11,000,000 11,000,000
	TOTAL	88,000,000
Coverage of the JV Operations and Management	Main Building and Parking Area (1.3 Hectares)	
Term	25 years, renewable as agreed by the Parties	





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Handover of Land and Facility	As is where is
Future Developments	Open for development to PIMC, subject to equity share and renegotiation
Right of First Refusal	PIMC has the right of first refusal
Payment of Real Property Tax	For the account of PIMC

E. DETAILS OF ACCESS TO THE PHYSICAL AND/OR VIRTUAL DATA ROOM (VDR) AND A TEMPLATE CONFIDENTIALITY AGREEMENT WITH PROSPECTIVE BIDDERS CHALLENGERS IN RELATION TO THE ACCESS TO THE PHYSICAL DATA ROOM AND/OR VDR.

In addition to the Bid Documents, a Virtual Data Room (“VDR”) will be provided where certain documents will be made available to the Interested Challengers solely to provide background information on the Project (“Reference Documents”).

All Interested Challenger shall send to the PBAC a written request designating a person along with his respective email address, who shall be provided access to the VDR. This person will be sent the login details for the VDR together with instructions for accessing the same.

By requesting that access be granted to its representative, the Interested Challenger thereby agree and shall ensure that the said representative shall comply with and be subject to the confidentiality restrictions contained in the Confidentiality Undertaking (Annex C) that will be executed.

F. PARTICIPATION FEES IN ACCORDANCE WITH SECTION 69 OF THIS IRR AND MANNER OF PAYMENT

Only prospective Comparative Proponents/Challengers may participate in the challenge process upon payment of non-refundable participation fee of **One Hundred Thousand Philippines Pesos** (Php 100,000.00).

G. BID SECURITY

G.1. PURPOSE OF BID SECURITY

The posting of the bid security is for the purpose of guaranteeing that the proposed contract award shall enter into contract with TIEZA within the time prescribed therefore.





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G.2. AMOUNT AND FORM OF BID SECURITY

Sec. 73.1 (e) of the PPP Code IRR prescribes for the amount of required bid security amounting to 2% of the project cost for projects less than Php 5 billion, or an amount of **ONE MILLION NINE HUNDRED FIFTY-EIGHT THOUSAND NINE HUNDRED SEVENTY PESOS AND 28/100 (Php 1,958,970.28)** for this PPP Project.

Said Bid Security may be in cash, certified check, manager's check, letter of credit, or bank draft/guarantee issued by a reputable local/foreign bank, or a surety bond callable on demand issued by the GSIS or an entity duly registered and recognized by the Office of the Insurance Commission acceptable to the Implementing Agency, or any combination thereof payable to TIEZA. Further, each shall be issued by a local bank or an international bank. In case of the latter, said security shall be confirmed and validated by its local branch in the Philippines or by a bank that is duly registered and authorized by the Bangko Sentral ng Pilipinas.

The above Bid Security must be issued by the Eligible challenger in the name of the "TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY".

Bid Securities not conforming to the above shall be declared "Deficient" and shall result in the disqualification of the Eligible challenger who submitted said Deficient Bid Security(s).

G.3. VALIDITY OF BID SECURITY

The Bid Security for TIEZA should be valid for a period of one hundred eighty (180) days from the opening of Bids.

G.4. FORFEITURE OF BID SECURITY

In the event of refusal, inability, or failure of a winning comparative proponent to enter into contract with TIEZA, its bid security shall be forfeited in favor of TIEZA. In such an event, TIEZA shall consider the comparative proponent with the next Most Responsive Bid. Such comparative proposal shall be subjected to a right-to-match mechanism as enumerated in Section 98 of the PPP Code IRR, as approved by the TIEZA Governing Board. If no other comparative proposal is determined to be better than that of the Original Proponent, the PPP Contract shall be awarded to the Original Proponent. If the second comparative proponent fails to comply with any post- award requirement which shall be set as part of the tender documents, or fails to enter into the PPP Contract with TIEZA, its bid security shall be forfeited in favor of TIEZA. The procedure under this section shall be repeated for the comparative proponent with the next Most Responsive Bid, subject to the Original Proponent's right-





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to-match, until the PPP Contract is executed or the PBAC declares a failure of bidding, as the case may be.

The Bid Security shall be forfeited by TIEZA upon certification by the PBAC that one or more of the circumstances described above had occurred.

G.5. LEGAL REMEDIES

The forfeiture of the Bid Security shall not preclude TIEZA from pursuing any other remedies it may have against the Eligible challenger in question.

G.6. RETURN OF BID SECURITY

Bid Securities shall be returned to the winning bidder and unsuccessful bidders as soon as the PPP Contract is signed by the winning bidder pursuant to Section 105 of the PPP Code IRR.

H. PROJECT MILESTONES

The Tender Documents for the PPP Project will be conducted in accordance with the PPP Code and its IRR, the applicable provisions of which are incorporated herein by reference.

The Comparative Challenge Process shall follow the indicative timetable below:

Milestone	Tentative Date
Pre-Bid Conference	September 2, 2024
Site Visit and meeting with the Comparative Proponents (If necessary)	September 2-8, 2024
One-on-One Meetings with the Comparative Proponents (If necessary)	September 2-8, 2024
Last day for submission of queries	September 9, 2024
Release of Pre-Bid Conference Agreements/Clarifications	September 16, 2024
Last day for issuance of bid documents or bid bulletins	October 5, 2024
Freeze Period	October 6 - November 4, 2024
Submission of Qualification Documents, Technical and Financial Proposals / Opening of Qualification Documents	05 November 2024
Notice to Qualified/Disqualified Bidders	November 6 - 25, 2024
Simultaneous Evaluation of Technical and Financial Proposals	November 6 - December 19, 2024
Right-to-Match	December 20 - January 18, 2025





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Recommendation of the PBAC to Award the PPP Contract	January 23, 2025
Decision to Award	January 28, 2025
Issue Notice to Award	January 30, 2025
Publish Notice of Award (NOA) and/or Bidding Results	February 3, 2025
Fulfillment of Requirements under NOA	February 17, 2025
Head of IA to Determine Compliance of Submitted Requirements	February 20, 2025
Execution of PPP Contract	February 24, 2025
Submit Signed Copy of the PPP Contract to the PPP Center	February 27, 2025

I. MINIMUM PERFORMANCE STANDARDS AND SPECIFICATION FOR OPERATION AND MAINTENANCE FOR THE PROJECT PRESCRIBED BY TIEZA

The *Minimum Performance Standards and Specifications* is herein attached as Annex “C” which shall lay down the minimum standards and specifications required of this project.

J. METHOD, PARAMETERS, AND CRITERIA FOR THE EVALUATION OF THE PROPOSALS

The *Eligibility Documents Kit* is herein attached as Annex “A”, which shall describe the procedures that will be followed in connection with applying for and in acquiring Eligibility to participate in the comparative challenge selection for the subject PPP Project.

The *Terms of Reference* is herein attached as Annex “B”, which shall provide the procedures and requirements for the submission of Bid Proposals by the Challenger and the evaluation criteria and rules to be followed by the TIEZA in the selection of a Winning Challenger to undertake the subject PPP Project.

K. MINIMUM AMOUNT OF EQUITY OF THE PRIVATE PARTNER

The minimum net worth of an Interested Proponent must be Thirty Million Pesos (PhP 30,000,000.00) or equivalent, as of the nearest date to the deadline for submission of qualification/pre-qualification documents, or in the case of a consortium, the net worth of the lead member or the combined net worth of members as of the nearest date to the deadline for submission of qualification/pre-qualification documents.





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L. REQUIREMENTS OF THE APPROPRIATE REGULATORY BODIES, AS MAY BE PERTINENT OR APPLICABLE TO THE PPP PROJECT

TIEZA is subject to the regulation of the Governance Commission for GOCCs (GCG), under the Office of the President, in accordance with Republic Act No. 10149. Further, TIEZA has Office of the Government Corporate Counsel (OGCC) as its statutory counsel. All pertinent laws and issuances as regards the aforementioned regulatory bodies' authority over TIEZA and its activities shall likewise govern this PPP Project, in consonance with the letters of the PPP Code and its IRR.

M. NATIONALITY AND OWNERSHIP REQUIREMENTS AS REQUIRED BY LAW

No Nationality and/or Ownership Requirement is required by law for this PPP Project.

N. GROUNDS FOR REVOCATION OF AWARD

In the event of refusal, inability or failure of the Winning Challenger to execute a JV Agreement with TIEZA within the time provided herein, TIEZA shall forfeit the Bid Security of the Winning challenger. In such event, the following guidelines shall be followed:

- a. TIEZA shall consider the Eligible Challenger with the next ranked compliant Proposal as the Winning Challenger, and notify said Eligible Challenger accordingly.
- b. If the next ranked compliant Eligible Challenger shall likewise refuse or fail to execute the Contract with TIEZA, its Bid Security shall likewise be forfeited and TIEZA shall consider the next ranked compliant Proposal, and so on, until a JV Agreement shall have been executed.
- c. In the event that TIEZA is unable to execute a JV Agreement with any of the Eligible Challenger that submitted Proposals, a failure of competitive selection will be declared. TIEZA retains the right to conduct a second competitive selection or to evaluate other options.

O. LOCK-IN OR HOLDING CONDITIONS DURING WHICH THE PRIVATE PARTNER CANNOT SELL THEIR OWNERSHIP, RIGHTS, OR INTERESTS IN THE PPP PROJECT, IF APPLICABLE

The Draft Joint Venture Agreement, as approved by the TIEZA Governing Body, is attached herein as Annex "D", which shall govern the terms on lock-in and/or holding conditions during which the Private Partner cannot sell their ownership, Rights, or interests in the PPP Project, as applicable.

