



**PUBLIC INVITATION TO SUBMIT TENDER FNTB-181 OF 2014  
RESPONSE TO COMMENTS DOCUMENT No 1**

**Objective: "Select the most favorable tender for the signing of a contract whose purpose is to award concession of the business establishment "HOTEL EL PRADO" in the city of Barranquilla, Atlántico"**

**A. OBSERVATION PRESENTED BY HILTON WORLDWIDE**

*Once again, thank you for allowing me the opportunity to meet with you and to talk about the prospective hotel renovation of the Hotel El Prado in Barranquilla.*

*Following our discussions, I can reaffirm Hilton's interest to further discussions regarding the proposed hotel operating under one of the Hilton Worldwide Portfolio of Brands Hilton Hotels & Resorts, Curio collection by Hilton or DoubleTree by Hilton.*

*Our involvement, should we reach an agreement, would be on the basis of our standard Management or Franchise Agreement with very good terms applied in favor of the historic character of the project.*

*At Hilton Worldwide we understand what a comprehensive renovation of a flagship hotel entails and as such we have in our portfolio of brands historic and heritage sites that have been accommodated to hotel use.*



*Furthermore, whilst we believe that there is considerable potential for this project, however, we would have to be assured that there are adequate sources of finance, both equity and debt, were available and that the project was financially viable for both Hilton Worldwide and its investors.*

*I look forward to discussing the tender with much more depth with you or your client and Hilton's agreeing to terms of involvement in this project.*

*This letter is not intended to, and does not, constitute a complete statement of, or to legally bind and enforce an agreement or commitment on the part of Hilton or any of its affiliates, etc. with respect to the matters described herein. No reliance of any kind is intended or should be placed upon this letter or any communications of any kind, oral or written, pursuant to these subjects."*

**ANSWER:**



Thank you for contacting us and for showing interest in the long term Concession of the emblematic Hotel El Prado located at Barranquilla, Colombia.

In regards to your inquiries as expressed in the reference letter dated November 28th, please be advised of the following terms:

First of all, given the understanding that the Hotel El Prado is actually owned and administered by Colombia's Government, particularly by "FONDO NACIONAL DE TURISMO" (FONTUR), the process for selecting a concessioner for this Hotel is by means of public offering. Therefore, the public invitation number FNTB-002-2014 is available online at: <http://www.fontur.com.co/contrataciones/invitaciones-privadas-gerencia-de-bienes/3>

Here you will be able to find all of the terms and conditions that the proponent or "future concessioner" needs to comply with. The terms of the relationship and the contract will be set forth by FONTUR and once the term for presenting proposal closes and FONTUR evaluates the proponents and chooses the one with highest score, the selected proponent will adhere to the invitation terms and sign the concession contract drafted by FONTUR.

Additionally, once the public invitation is evaluated, we suggest that you visit the Hotel in the city of Barranquilla, by doing so, you would be able to verify the Hotel's current state.



Please feel free to request a video conference directly with us, in which case we will arrange a date and time to conduct it.

These arrangements will have the support of Procolombia for dates and days agreed upon.

## **B. OBSERVATIONS SUBMITTED BY PESTANA HOTELS RESORTS**

### *1. "STATUS OF EMPLOYMENT CONTRACTS WITH CURRENT WORKERS."*

**ANSWER:** Regarding the situation of the operation of the hotel, with regard to workers and the situation of employment contracts, it is clarified in the invitation that the bidder should make an employer substitution. Currently, workers are employed by Compañía Hotel Del Prado S.A En Liquidación, the aspects inherent to the state of these contracts as labor aspects concerning documentation is available in the data room subject to the terms of this invitation.

### *2. "FUTURE SITUATION OF COLLECTIVE AGREEMENT OF WORK."*

**ANSWER:** The collective agreement that has been presented for the 2014 term, had expired on December 31, 2014. A new one was presented for the 2015 term. It is pending the start date of the beginning of the discussion on the terms of the Agreement for this year.

### *3. "CONTRACTS WITH EXISTING SUPPLIERS AND THEIR CONDITIONS AS WELL AS FUTURE MAINTENANCE"*



**ANSWER:** The relevant contracts with suppliers as well as their conditions can be found in the data room subject to the terms of this invitation. Without limiting the foregoing, it is important to say that these contracts have a term of execution in the short term given the eventual concession of the Hotel.

4. *"FUTURE BOOKING COMMITMENTS AND FUTURE BOOKKEEPING (SUBSEQUENT TO THE CONCLUSION OF THE CONTRACT OF CONCESSION)."*

**ANSWER:** With regard to bookings channeled in the future, at the moment the Hotel does not have long-term commitments, marketing has not made commitments for reservations and other events after November 2015.

Once the winning bidder starts the operation of the Hotel, they must guarantee commitments with third parties with reservations and events, under the penalty of being subject to damages that might take place.

Forecast charts of booking accommodations and events to date show commitments until the month of November of 2015.

Since the Hotel continues to operate on a regular basis future commitments may vary.

5. *"ANY COMMITMENTS ASSUMED IN THE FUTURE BY THE CURRENT MANAGEMENT OF THE HOTEL."*

**ANSWER:** The General Management of the Hotel has not acquired long-term commitments as it has not entered into contracts that oblige it to the future, taking into account that the Hotel will soon be given in Concession.

After the concession contract is signed, the commitments that on the date of the signature are in execution will be transferred, it is important to clarify that the commitments that are being acquired at present, are agreed with a commitment of no more than six (6) months.



6. *"CONTRACTS WITH SERVICE PROVIDERS AND THEIR VALIDITY."*

**ANSWER:** The contracts with tour operators, sales portals and travel agents are in force until November 2015.

7. *"EXISTING DEBTS TO PUBLIC ENTITIES AND ITS RESOLUTION (DUE DILIGENCE-CONTABLE Y FISCAL)."*

**ANSWER:** In relation to the existing and current debts, it should be noted that they are the burden the Company Compañía Hotel Del Prado S.A. En Liquidación, owner of the establishment under concession, namely the tax obligations which are the sole responsibility of the mentioned company which they intend to pay with the Hotel product during the term of the Hotel concession.

8. *"ANY LEGAL PROCEEDINGS AGAINST THE HOTEL AND ITS RESOLUTION (LEGAL DUE DILIGENCE)."*

**ANSWER:** With regard to the eventuality that lawsuits are filed against the hotel, we consider that it could be random and unpredictable, since it is an unrecognized aspect. Nevertheless, we clarify that in case there are no processes for facts prior to delivery at the hotel concession these proceedings shall be borne by the owner company of the hotel. Now, the processes related to events after the delivery in concession of the Hotel shall be assumed by the concession holder.

We clarify that prior to delivery in concession such processes shall be borne by the company owner of the establishment under concession, where there is room for such eventuality.

**COMMENTS:**

From the paragraphs commented we point out the following:

*"1.14.22. CONSIDERING THE STRUCTURE OF THE HOTEL AND ITS PERFECT DIVISION IN TWO ELEMENTS (ONE HISTORICAL AND ONE OF MODERN INTERVENTION*



*CALLED EXECUTIVE TOWER) WE UNDERSTAND THAT A TENDER SHOULD BE LEFT OPEN WITH TWO DIFFERENT PRODUCTS AND DIFFERENT CATEGORIZATION"*

**ANSWER:** In this case we do not admit that the Hotel is operated with two types of products, the invitation speaks of a single hotel.

*"1.3.1. THE DELIVERY OF THE OPERATION ALSO IMPLIES ASSUMING ALL EXISTING EMPLOYMENT CONTRACTS."*

**ANSWER:** The employer substitution is a basic condition in the concession.

*"2.6.10 IT IS ASSUMED THAT SUCH TAXES AND RATES ARE TO BE PAID BY THE BIDDER FROM THE TIME OF CONCLUSION OF THE CONTRACT AND WITHOUT LIABILITY WHATSOEVER CONCERNING THESE ISSUES."*

**ANSWER:** If the taxes, rates and contributions are to be paid by the Concession holder from the signing of the Contract of Concession and material delivery of the Hotel. It should be noted that taxes and among others, prior to the signing of the concession agreement, are being paid by the owner Company of the business establishment.

*"4.7.1. RELATES THAT THE EXPERIENCE AND QUALITY DOES NOT GRANT A SCORE BUT THE CRITERIA IS CONSIDERED AS AN ADDITIONAL SCORE."*

**ANSWER:** The experience in quality does not grant a score. This is a qualifying requirement, that means, that if those interested do not comply, their tender will not be considered for the score given by the evaluation criteria.

*"4.7.1 a).THE PROPERTY OF THE HOTEL SHOULD BE BY ITSELF OR BY A THIRD PARTY THAT IS WITH IN COMPANY RELATIONSHIP."*

**ANSWER:** Refer to the conditions of the public bidding invitation of concession of the Hotel el Prado paragraph 4.7.2.

*"5.2. 1. CRITERIA OF EVALUATION No 1"*



**ANSWER:** The proposed approach is valid, and for that reason an addenda will be issued.

*"5.2.1 CRITERIA FOR EVALUATION No 2"*

**ANSWER:** The proposed approach is valid, and for that reason an addenda will be issued.

*"5.2.1.2. IT REQUIRES "COPY OF THE REGISTRATION STATING THE YEAR OF CONSTRUCTION" WE HAVE TO CONSIDER THAT THERE ARE MANY BUILDINGS THAT DUE TO ITS ANTIQUITY, MAY NOT HAVE THIS SAME RECORD SO IT IS PROPOSED TO CONSIDER AS SUFFICIENT ANY DOCUMENT THAT CERTIFIES THE DECLARATION OF ASSETS BY THE COMPETENT ENTITY."*

**ANSWER:** If the Heritage Declaration sets the year in which it was built it will be admitted by Fontur in the evaluation of the tender.

*"6.14.1 WITHOUT LIMITING A MORE DETAILED ANALYSIS ANNEX 13 SEEMS UNNECESSARY AND ALSO LIMITED TO CONDITION THE CONCLUSION OF THE CONTRACT TO A MINIMUM INVESTMENT WHEN IT ALREADY STATES THAT IT HAS TO COMPLY WITH THE REQUIREMENTS OF CATEGORIZATION OF FIVE STARS, THE REAL FIGURE OF INVESTMENT IS GOING TO BE AFTER APPROVING THE PROJECT BY HERITAGE AND BY THE GRANTOR. THEN THERE WOULD BE SUBSTANTIAL CHANGES (UP OR DOWN). BEING SO IMPORTANT AS A CRITERIA FOR EVALUATION, WE PROPOSE THAT THIS AMOUNT OF INVESTMENT IS CONSIDERED AS ONE OF THE EVALUATION CRITERIA AND THAT A SCORE IS GIVEN TO IT ACCORDING TO THE SAME SCHEME PROPOSED FOR THE EVALUATION SCHEME BUT WITH A SCORE LOWER THAN THE FINANCIAL TENDERS AS IT WILL BE A CAUSE THAT SURELY MERITS THE PROJECT AND ITS SUSTAINABILITY IN THE FUTURE AND NOT HOW MUCH WILL BE INVESTED."*

**ANSWER:** The signing of the contract is not conditioned to the investment. Regarding the issue of including this item as an evaluation criteria Fontur is not in agreement therefore it will not amend the public invitation in this respect.





### C. OBSERVATIONS SUBMITTED BY GLOBAL HOTELS CORPORATION

1. *"We understand that within the scope of the works to be executed by the concession holder, it includes the structural reinforcement of the real estate property in order to meet the seismic-resistant standards, is that correct?"*

**ANSWER:** The information in the data room of the process contains the structural condition report of the Hotel, which was carried out by the Financial Project Fund of Development - Fonade, which establishes that the selected bidder shall:

"(...) conduct a study of structural vulnerability, which analyzes the stress conditions and deformation, of the performance of the bearing and seismic system is within the Earthquake Resistant Buildings Regulation NSR 10.

It must in general conduct the study of Pathology, according to the regulations and national legislation and that is applicable to the case, particularly the provisions of the Colombian Earthquake Resistant Buildings Regulation NSR 10 and the American Concrete Institute ACI 364; with the purpose of establishing conclusively the causality of the Affectations and evident damages. It should be noted that the intervention to develop defined in article 11, paragraph 2 of Law 1185 of 2008, must comply with the requirements established in Laws and regulations, including Law 397 of 1997, law 814 of 2003, law 1185 of 2008, Decree 763 of 2009, among others due to the fact that it is a Cultural Interest Property and National Monument.

The investigation must anticipate as a priority and subsequent intervention of structural and non-structural elements that have corrosion, since they make part of the supporting system of buildings and therefore, this attack compromises the strength and deformation conditions. Similarly, you must tend to the corresponding displacement of the system's network of the block cover Lobby Bar, which has a high risk of collapse. (...)"

On this line of thinking, the bidder is in the position to perform studies and analysis that are thought relevant to determine the State of the infrastructure that makes up the Hotel, and meets in the Colombian Regulation of Seismic-Resistant Construction – NSR 10.



2. *"In relation to the term of the concession, it is understood that there is an initial period of 30 years, extendable twice for 15 years each, for a maximum of 60 years. Please clarify for us, what is the mechanism by which the extension of 15 years is authorized, i.e., any specific indicator that will be taken into account, such as a minimum income, in order to make it clear that one can opt for this extension?"*

**ANSWER:** The determining criteria by Fontur is to be established in the invitation to submit the tender for delivery in concession of the Hotel (with addendum) and in the contract of concession, so that the same extension is given.

It is clear, that within budgets that are considering that the extension of the contract to be set will take into account the performance, timely payment of the consideration, performance in investment, including hotel occupancy percentages.

#### **D. OBSERVATIONS SUBMITTED BY QUALY S.A.S.**

*"( .. ) We would like to propose, knowing that it is a discretionary power of FONTUR, to consider extending the deadline for the submittal of the tenders, although the 18th of December is expected to be the official visit of recognition of the HOTEL EL PRADO in Barranquilla."*

**RESPONSE:** In response to the observation made by the letter dated December 17, 2014, to the invitation to submit tenders for delivery in concession of the "Hotel El Prado", allow me to inform you that in accordance with the Addendum No. 2, posted on the website of the entity on the twelve (12) of December 2014, the timetable of activities of the selection process was modified, and therefore the deadline for the submittal of tenders was extended the **sixth (6) of March of 2015**. For more information, please refer to the following web page: <http://www.fontur.com.co/contratacion/invitaciones-abiertas-geencia-de-bienes/3/295/2014/0>



**EVALUATING COMMITTEE**

**BOGOTÁ D.C FEBRUARY 13, 2015**

