

RFP24-RED 001

REQUEST FOR PROPOSALS FOR LEASE AND DEVELOPMENT OF PUBLIC LAND IN ROTA, MP



INFORMATION AND INSTRUCTION PACKET

INTRODUCTION AND GENERAL BACKGROUND

The Commonwealth of the Northern Mariana Islands (CNMI) Government's Department of Public Lands (DPL) is soliciting for proposals in support of its fiduciary duty to select a firm that is most capable of providing DPL the highest return from the use of certain public land described under the Property Description section of this RFP information package.

DPL serves as the trustee of public lands and is responsible for the management and disposition of all public lands in the CNMI. In line with these responsibilities is the duty to maximize financial returns from the use of public lands. By law, the Department of Public Lands may lease public lands for up to 40 years, and with legislative approval, may extend the lease for an additional 15 years. Consistent with its fiduciary duty to its beneficiaries, the DPL must make a leasing decision to enter into a new lease on the most favorable terms to DPL that the market will bear.

This RFP does not commit the CNMI or the DPL to award a contract or pay any costs incurred in the preparation of the proposal or attendance at meetings with the CNMI or DPL staff.

OBJECTIVE

DPL's principle objective of this RFP is to lease public land in Rota, MP to the most responsive responsible firm capable of providing DPL the highest financial return from the anticipated commercial use and development.

For purposes of this RFP, DPL is seeking a proposal that provides the greatest overall financial benefit to DPL based on the evaluation and selection criteria of this RFP.

PROPERTY DESCRIPTION

Overviews of the following property are attached as Exhibits A-1, A-2, and A-3:

- **Lot No. 410 R 02 containing 12,964 square meters, more or less in Agusan, Rota,**
- **Lot No. 410 R 03 containing 9,119 square meters, more or less in Agusan, Rota,**
- **Lot No. 412 R 04 containing 930,755 square meters, more or less in Agusan, Rota,**
- **Lot No. 412 R 15 containing 344,729 square meters, more or less in Agusan, Rota**

Note:

1. Portions of Lot No. 412 R 13 (163 sqm.) and Lot No. 412 R 14 (1,133 sqm.) have been temporarily parceled out due to soil contamination; however, upon clean up and clearance from BECQ, these parcels may be available to include in the lease through an amendment.
2. Lot No. 403 R 01 (50,000 sqm.) is private land within the lease premises and not part of the lease. Any and all improvements within the private property are not included in the lease.
3. Water wells situated on adjacent private properties service the lease premises. Lessee will need to contract for water rights with the adjacent private property owners or reroute pipelines or construct new water wells within the lease premises.

Proposers are encouraged to obtain additional information regarding the property from publicly available sources.

LEASE DESCRIPTION

The lease of the Rota Resort, LLC dba Rota Resort and Country Club was terminated and is currently under court litigation to appeal DPL’s decision. Should the court overturn DPL’s decision to terminate the lease, DPL will cancel the RFP.

DPL proposes to grant the successful bidder a commercial lease on a “triple net” basis for an initial term of up to 40 years with a possibility of an extension of an additional 15 years conditioned on the satisfactory performance of the lessee in the initial term as determined by DPL and approved by the CNMI Legislature. The lease will be on the form attached as Exhibit B. Below are the basic lease payment terms:

Minimum¹ annual rent amounts due shall be the following:

- I. 5.00% per year of the Appraised Fair Market value of the fee simple interest, as is, adjusted every five years based on an updated appraisal, **plus**
- II. A percentage of Business Gross Receipts (BGR) based on the following schedule starting in year one (1) of the lease;

Percentage of BGR Lease Payment Schedule

<u>Tier</u>	<u>BGR Per Year</u>		<u>% of BGR</u>	<u>Minimum In Tier</u>
	<u>From</u>	<u>To</u>		
1	\$ -	\$ 50,000.49	1.50%	
2	\$ 50,000.50	\$ 100,000.49	1.45%	\$ 750
3	\$ 100,000.50	\$ 200,000.49	1.39%	\$ 1,445
4	\$ 200,000.50	\$ 400,000.49	1.34%	\$ 2,780
5	\$ 400,000.50	\$ 800,000.49	1.28%	\$ 5,340
6	\$ 800,000.50	\$ 1,600,000.49	1.22%	\$ 10,240
7	\$ 1,600,000.50	\$ 3,200,000.49	1.17%	\$ 19,520
8	\$ 3,200,000.50	\$ 6,400,000.49	1.11%	\$ 37,280
9	\$ 6,400,000.50	\$12,800,000.49	1.06%	\$ 71,040
10	\$12,800,000.50	and Over	1.00%	\$135,040

- III. Public Benefit Contribution. In addition to the annual base rent and BGR, a contribution of in-kind service or monetary, that will benefit the people of the Northern Marianas Descent (NMD) and the community.

¹ Proposers should indicate amounts in excess of these minimums they are willing to pay as rent.

PROPOSAL CONTENT AND LAYOUT

Proposals submitted must contain the following information in the order listed below and proposers will be subjected to DPL's regulations attached as Exhibit C. Proposers who do not follow these guidelines or submit incomplete information may be disqualified.

I. Identification & Background Information

- a. A cover letter signed by an officer of the proposing firm who is authorized to discuss and commit the firm to a contractual agreement with the DPL.
- b. Firm's name, email address, business postal address, contact name, telephone and fax number(s), and email address.
- c. A brief history of the firm including: organization, business operations engaged in, size of firm, and office locations. Specify the office location where the work associated with the project would be performed.
- d. Firm organizational chart, identifying key contacts including agent(s), representative(s) or attorney(s) who will be authorized and responsible for regular communication with DPL.

II. Corporate Resolutions, and Authorizations

- a. A corporate resolution authorizing the company to negotiate and enter into a lease agreement for the properties and designating authorized signatories for the lease.
- b. Written authorization to obtain information from banks, investment banks, etc. sufficient for DPL to verify the proposing firm(s) standing with financiers or equity partners.

III. Business and Development Plan, Time Schedule of Completion of Project

- a. A business plan that includes the following:
 - i. A description of the proposed business and operations;
 - ii. Firms plan to continue operating the existing facilities;
 - iii. The cost of construction to improve existing facilities or build new facilities, total amount of investment proposed;
 - iv. Propose method of financing (i.e. self-financing, bank loan, etc.);
 - v. Pro-forma financial statements showing projected business gross revenues of each activity to be conducted for the fifteen (15) years of operations, and total revenues;
 - vi. Firms plan for continuing the employment of personnel operating the existing facilities; and
 - vii. Estimated number of additional jobs to be created for operations along with recruiting plans.
- b. Preliminary master plan:
 - i. Development plan describing the elements of improvements to existing facilities or each new structure to be constructed;
 - ii. Renderings showing the proposed facilities on the property;
 - iii. Timeline of construction progress through completion;

- iv. Provide an outline or strategy for how construction will be executed, taking into account the need for sufficient laborers and technical personnel which may require recruitment from outside the CNMI; and

IV. Financial Standing and Capability

- a. Documentary evidence that the proposing firm is in good standing with its creditors, the Division of Revenue and Taxation, and all regulatory agencies.
- b. Verifiable evidence of availability of funds (funds on deposit, letter of credit, loan commitment, or similar concrete evidence of ability to pay upon execution of a lease: 1) first year's annual rent; 2) advance one-year annual rent as security deposit; and 3) 5% of total construction, development, start of operations costs. In addition, evidence of availability of funds to cover 30% base rent and 20% of construction cost.

V. Proposed Rent Payments

- a. Firm's proposed rental rates in excess of the minimums stated in the Lease Description section of this RFP package for determining 1) the annual percentage of Appraised Fair Market Value, and 2) the annual Percentage of BGR Lease Payments, respectively.
- b. Projected rent payment per year based on firm's proposed rates.
Note: The winning party will be held to their BGR projections through a minimum rent provision which will be calculated based upon revenues of not less than 80% of projected BGR.

VI. Written Confirmation from Proposer

- a. To provide DPL a good faith deposit to start and complete the project. The amount shall be 5.00% of the total development/construction cost or deliver to the DPL a Performance or Completion Bond, Stand by Letter of Credit, or a combination of both covering 100% of the cost proposed development. Upon DPL certification of project completion, these funds will be reimbursed or may be credited towards lease payment
- b. Firm's willingness and agreement to enter into a lease in the form attached as **Exhibit B** as modified to include firm's proposed rents in excess of minimum and the firm's additional proposed public benefits. Firm's who propose development and services that tailor to the entire CNMI local community, the DPL will discuss/negotiate a form of public benefit as it may deem appropriate.

VII. Disclosure of any potential conflict of interest and any ongoing litigation that might affect firm's ability to carry out its operations.

EVALUATION AND SELECTION CRITERIA:

Proposals will be evaluated based on their completeness as described in the Proposal Content and Layout section of this RFP based on the following criteria:

I. Evaluation Criteria

1. 40% - Lease revenues to the DPL. Additional consideration will be given to firms that propose to pay rent in excess of the minimum rates stated above and the total dollars paid to DPL.
2. 20% - Amount of Investment Proposed. The amount of funds to be invested as proposed is a major factor that will be considered and will be evaluated in comparison with overall merit of proposals.
3. 20% - Financial Capability, Evidence of Availability of Funds and Readiness to begin construction.
4. 10% - Firm's experience in the industry of tourism, hotel management, food and beverage and marketing.
5. 5% - Improvement / Development Plan: Site Plan (Conceptual Schematic Layout), Business Plan: Operation Plans (Financial Projections: profit & loss statement 15 yrs.), Time Schedule for project commencement; and
6. 5% - Proposed public benefit contribution.

II. Selection

In the event the top two most responsive and responsible proposals are similarly beneficial to DPL, both firms may be included on DPL's shortlist of candidates and interviews may be conducted with each firm to determine a final selection.

Final selection will be made by the Secretary of Public Lands with input from a review committee to be constituted by DPL staff.

SUBMISSION DEADLINES

Questions from proposing firms regarding the contents of the RFP packet must be received, **no later than 4:00 pm on October 15, 2024 ChST** and must be submitted in writing via mail, email or facsimile to Ms. Teresita A. Santos, Secretary, Department of Public Lands at the following address:

Department of Public Lands
P.O. Box 500380
Saipan, MP 96950
Telephone number(s): (670) 234-3751/52/53
Facsimile number: (670) 234-3755
Email: dpl@dpl.gov.mp

Questions and DPL's response will be summarized and compiled, and shared with all proposers in a "Question and Answer" format.

All proposals must be submitted to the DPL Office, 2nd Floor, Joeten Dandan Building by **2:00 p.m. on November 10, 2024 ChST.** Proposals must be sealed and marked "**RFP24 – RED001: LEASE & DEVELOPMENT OF PUBLIC LAND IN ROTA, MP**" and contain (1) original and five (5) copies of the proposals. Failure to submit the required number of copies may be cause for rejection or disqualification of a proposal.

A non-refundable Administrative Processing Fee of \$5,000.00 must be paid upon submission of proposal. Payment can be made at the DPL Cashier and a copy of the receipt attached to the submission.

Proposers may withdraw or make modifications to its proposal prior to the submission deadline by notifying the Secretary in writing. Proposer may submit a new or amended proposal submitted on or before the deadline.

DPL reserves the right to reject any or all proposals and to waive any imperfection in any proposal, if, in its opinion to do so would be in the best interest of DPL and its beneficiaries. All proposals shall become the property of DPL.

IMPORTANT INFORMATION TO PROPOSERS:

Before an award is granted, DPL may modify or cancel the RFP for any or no reason.

All proposals shall be accorded fair and equal treatment with respect to any opportunity for discussion and revisions of proposals and such revisions may be permitted after submission and prior to award for the purpose of obtaining the best and final offer. In conducting discussions, there shall be no disclosure of any information derived from any of the competing proposals submitted.

All responses to this RFP should take into account any and all taxes, including excise tax, or fees which will be the obligation of the company or individual awarded the 40-year given on the Lease Agreement with DPL for public land.

EXHIBIT A-2

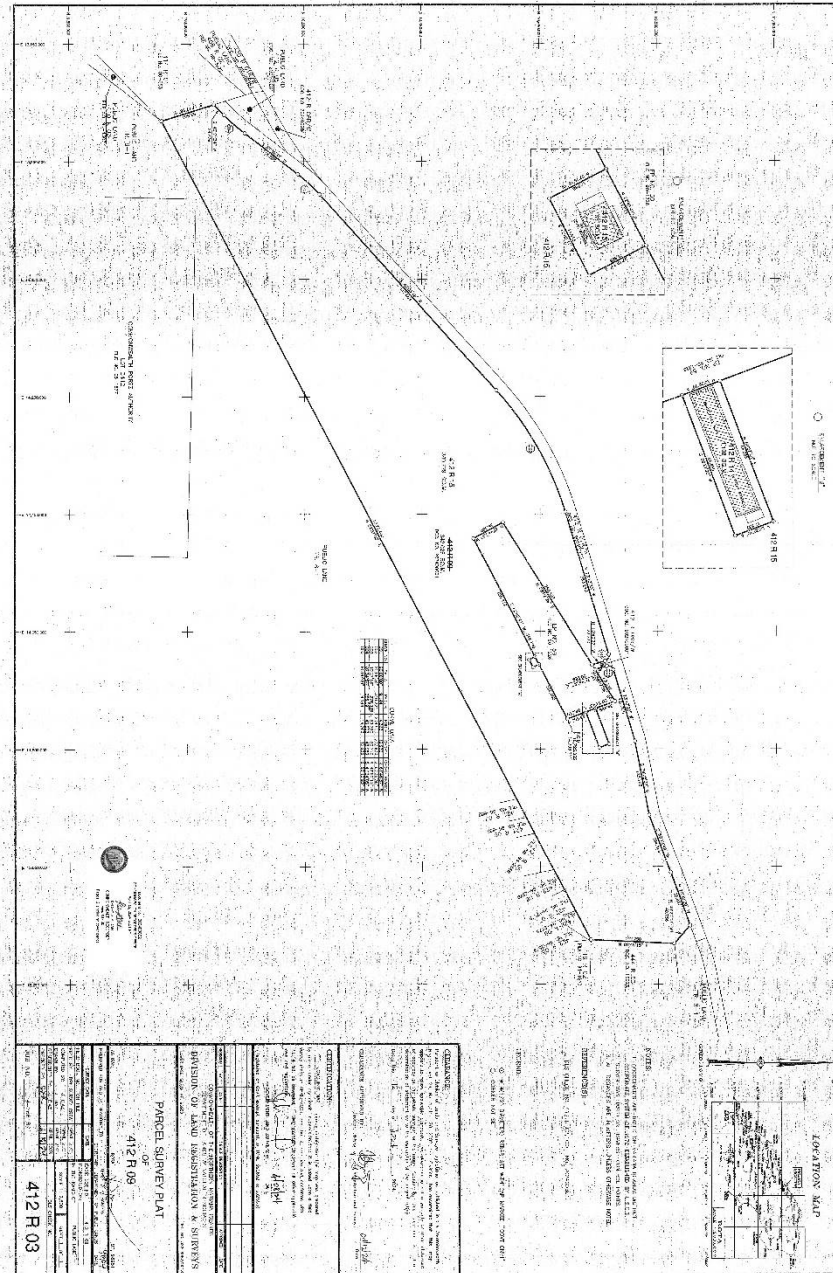


EXHIBIT A-3

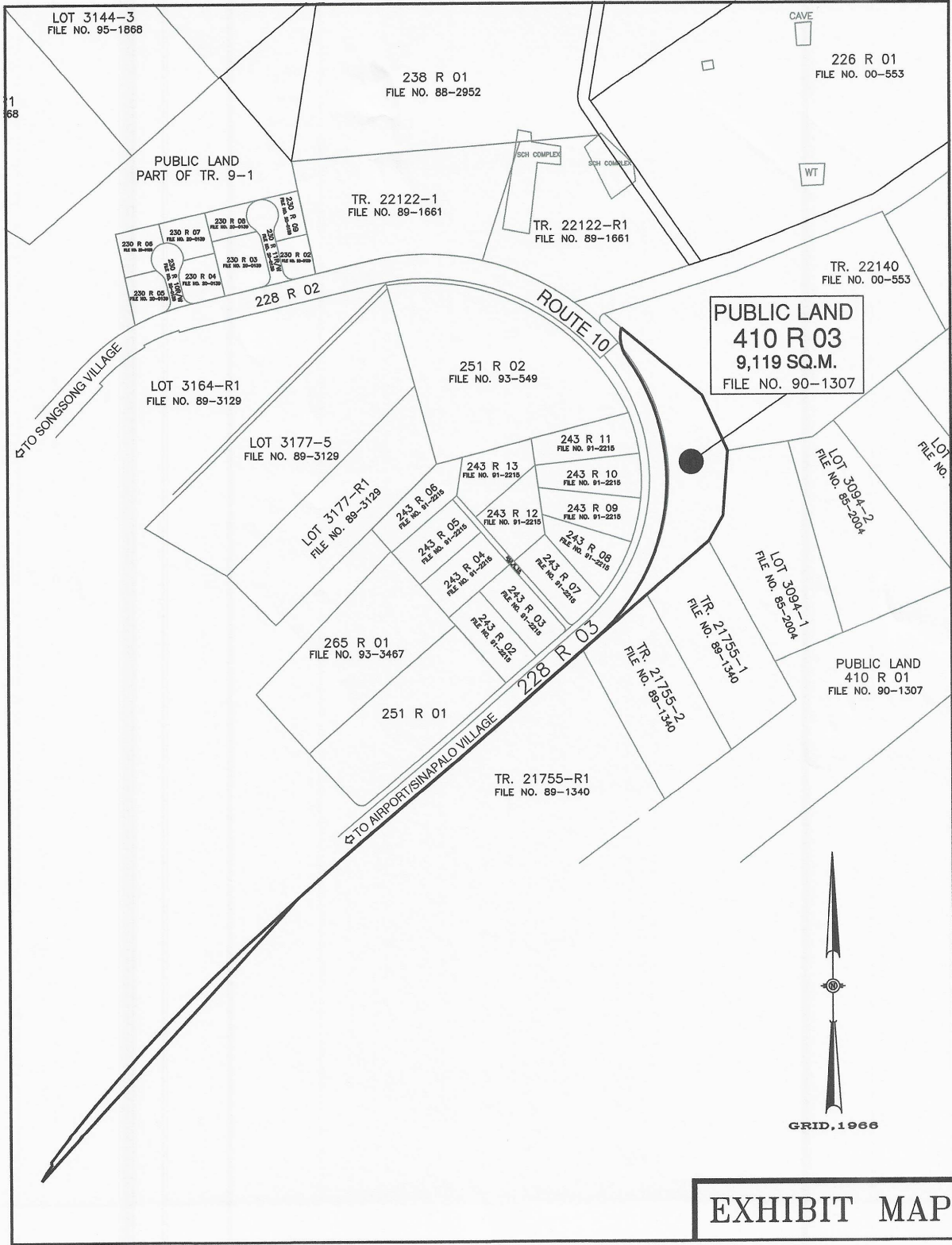


EXHIBIT MAP