Brunilda Ortiz Rodríguez
7/agosto/2012

Secretaría

Brunilda Ortiz Rodríguez

- ☐ Ver al dorso
- ☐ Para su información
- ☐ Notas
- ☐ Para mantenerle al día
- ☐ Expediente
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- ☐ Registrar y Procesar

Senado
DE PUERTO RICO

El Capitolio
PO Box 9023431
San Juan, Puerto Rico
00902-3431

T: 787.722.3460
787.722.4012
F: 787.723.5413
W: www.senadopr.us

REFERIDO A:

COMISIONES PERMANENTES

- ☐ Hacienda
- ☐ Gobierno
- ☐ Seguridad Pública y Judicatura
- ☐ Salud
- ☐ Educación y Asuntos de la Familia
- ☐ Desarrollo Eonómico y Planificación
- ☐ Urbanismo e Infraestructura
- ☐ Jurídico Penal
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- ☐ Comercio y Cooperativismo
- ☐ Turismo y Cultura
- ☐ Trabajo, Asuntos del Veterano y Recursos Humanos
- ☐ Bienestar Social
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- ☐ Recreación y Deportes
- ☐ Banca, Asuntos del Consumidor y Corporaciones Públicas
- ☐ Desarrollo de la Región del Oeste
- ☐ Asuntos de la Mujer
- ☐ Asuntos Internos
- ☐ Reglas y Calendario
- ☐ Asuntos Federales
- ☐ De la Montaña
- ☐ Ética

COMISIONES ESPECIALES

- ☐ Puerto de las Américas
- ☐ Derecho de Autodeterminación del Pueblo de Puerto Rico
- ☐ Sobre Reforma Gubernamental

COMISIONES CONJUNTAS

- ☐ Informes Especiales del Contralor
- ☐ Donativos Legislativos de Puerto Rico
- ☐ Internado Córdova-Fernós
- ☐ Internado Pilar Barbosa
- ☐ Internado Ramos Comas
- ☐ Código Penal
- ☐ Revisión y Reforma del Código Civil
- ☐ Alianzas Público Privadas
- ☐ Auditoría Fiscal y Manejo Fondos Públicos
- ☐ Revisión Continua Código Penal y Reforma de las Leyes

16140

AUTORIDAD PARA LAS
ALIANZAS PÚBLICO-PRIVADAS
DE PUERTO RICO

6 de agosto de 2012

Señora
Brunilda Ortíz Rodríguez
Secretaria
Senado de Puerto Rico
El Capitolio – 2do. piso
San Juan, Puerto Rico

Estimada Secretaria,

La Ley de Alianzas Público Privadas, Ley Núm. 29 de 8 de junio de 2009 (la "Ley de Alianzas Público Privadas"), designa a la Autoridad para las Alianzas Público Privadas (la "Autoridad") como la única Entidad Gubernamental autorizada y responsable de implantar la política pública sobre Alianzas Público Privadas ("Alianzas"). La Ley de Alianzas Público Privadas requiere que se forme un Comité de Alianza para cada Proyecto de Alianza, el cual, entre otras, tiene la función de preparar un informe sobre todo el proceso conducente al establecimiento de una Alianza. La Ley de Alianzas Público Privadas establece que dicho informe se debe presentar ante la Secretaría de ambos Cuerpos de la Asamblea Legislativa una vez culmine el proceso y el Informe sea debidamente aprobado por la Autoridad, la Entidad Gubernamental Participante, y el Gobernador o su delegado.

La Autoridad llevó a cabo un proceso de licitación para establecer una Alianza para la operación, mantenimiento, y rehabilitación del Aeropuerto Internacional Luis Muñoz Marín ("Proyecto de Alianza del Aeropuerto"). Conforme lo requiere el Artículo 9 de Ley de Alianzas Público Privadas, adjunto le presentamos a la Secretaría del Senado de Puerto Rico el Informe del Comité de Alianza sobre el Proyecto de Alianza del Aeropuerto, el cual fue debidamente aprobado.

De tener alguna duda o pregunta no dude en comunicarse con el suscribiente al 787-722-2525, ext. 15213.

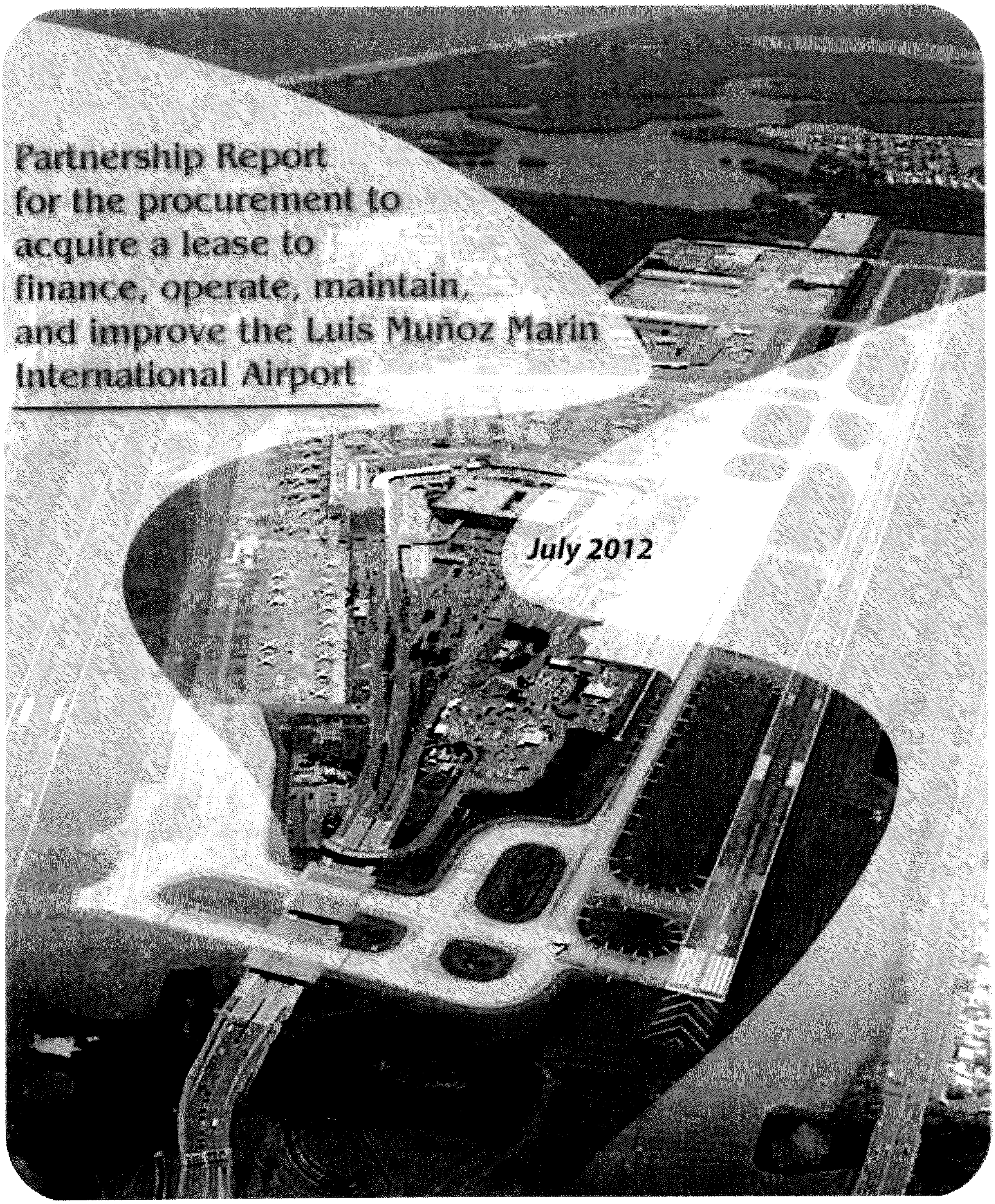
Cordialmente,

Lcdo. Gerard A. Gil Olazábal
Asesor Legal General

PUERTO RICO
PUBLIC-PRIVATE PARTNERSHIPS
AUTHORITY

Partnership Report for the procurement to acquire a lease to finance, operate, maintain, and improve the Luis Muñoz Marín International Airport

July 2012



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I. INTRODUCTION

This Partnership Committee Report (the "Report") has been prepared pursuant to Sections 8(b)(vii) and 9(g)(i) of the Public-Private Partnerships Act, Act No. 29, approved on June 8, 2009 (the "Act"), and Section 7.1 of the Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Public-Private Partnership Contracts (the "Regulation"), adopted by the Puerto Rico Public-Private Partnerships Authority ("PPPA") on December 19, 2009. This Report has been prepared in connection with the award by the Puerto Rico Ports Authority ("PRPA") to Aerostar Airport Holdings, LLC (the "Selected Proponent") of a 40-year lease for the financing, operation, maintenance and improvement of the Luis Muñoz Marín International Airport (the "Public-Private Partnership" or the "Project") under a Lease Agreement submitted to Proponents as the biddable agreement on July 5, 2012 (the "Lease Agreement" or "Partnership Contract").

As required by the Act, the purpose of this Report is to:

i) Identify the government objectives and social welfare goals of establishing this Public-Private Partnership;

ii) Describe the entire process leading to the establishment of the Public-Private Partnership, including details of the process of qualifying suitable Proponents (the "RFQ Process"), the process of conducting the request for proposals (the "RFP Process"), and the process of selecting the best proposal;

iii) Describe the reasons for choosing the Selected Proponent; and

iv) Provide a summary of the most important aspects of the Lease Agreement establishing the Public-Private Partnership.

This Report is being submitted for approval to the Board of Directors of the PPPA, the Board of Directors of the PRPA and to the Secretary of State (as the Governor's delegate).[1] Upon receipt of all such approvals and execution of the Lease Agreement, this Report will be filed with the Office of the Clerk of the House of Representatives and of the Senate of the Legislative Assembly of the Commonwealth of Puerto Rico, as required by the Act. The Report will also be published on the PPPA website (www.p3.gov.pr).

Terms not defined in this Report take their meaning from the Act, the Regulation, the Request for Qualification (the "RFQ") document, and the Request for Proposals document approved for the Project, which can be found at www.p3.gov.pr .

[1] In accordance with the Act and pursuant to Executive Order No. 2009-031, the Governor delegated the authority to approve Partnership Contracts to the Secretary of State of the Commonwealth of Puerto Rico.

II. Government Objectives and Social Welfare Goals

DESCRIPTION OF THE GOVERNMENT OBJECTIVES AND SOCIAL WELFARE GOALS OF THE PUBLIC-PRIVATE PARTNERSHIP

GOVERNMENT OBJECTIVES

The objectives of the Government of Puerto Rico in having PRPA enter into the Lease Agreement are the following:

- To ensure a world-class airport gateway and hub for the residents and visitors of Puerto Rico by selecting, through a competitive process, a highly-experienced private partner that will become responsible for operating, maintaining, improving, and enhancing the Luis Muñoz Marín International Airport (the "Airport");
- To strengthen Puerto Rico as a preferred destination in the Caribbean;
- To achieve the transfer of certain risks to the private partner where those risks can be more efficiently managed by such private partner and result in savings for the PRPA;
- To reduce the current debt burden of the PRPA and improve the PRPA's fiscal position;
- To enhance future capital improvements for the Airport;
- To deliver proceeds (a combination of lump sum payment and revenue sharing) to the PRPA which would offer more value to the PRPA than if PRPA continued to operate and hold the asset over the next 40 years;
- To maintain and develop a comprehensive, efficient and safe airway network in Puerto Rico, and to promote a compelling and enjoyable airport experience for Airport passengers, while sourcing additional routes and passengers to the Airport; and
- Create an engine for economic growth and job creation for Puerto Rico.

The Airport requires an increased level of capital improvement and maintenance. The current level of service and condition of the Airport regarding pavement, signage, and lighting, among others, is substandard and creates safety concerns. In addition, passenger traffic has shown a stalling trend in the latest 20 years. Also, synergies with different tourist segments such as cruise ships have not been maximized. Attracting a higher volume of passenger traffic and greater connectivity with the rest of the world are also key objectives for Puerto Rico.

Undertaking this Project and the continued maintenance of the Airport will generate significant economic and social benefits for Puerto Rico. The Project is intended to achieve the following key social welfare and economic objectives:

- Accelerate completion of important capital improvement works to enhance the performance and safety conditions of the Airport in the short term;
- Spur private infrastructure investment in Puerto Rico, which has a multiplier effect on the economy and leads to the creation of new jobs;
- Promote the expansion of the number of routes in service and the establishment of new airlines at the Airport;
- Significantly reduce the PRPA's debt burden, which has been negatively affected by its financial performance and capital structure, and enhance its credit profile, which has come under tight measures from the Government Development Bank for Puerto Rico ("GDB"); and
- Provide a world class level of service to visitors of the Airport.

The Project will create jobs and promote investment in the construction and related industries due to the amounts the Selected Proponent will be required to invest in order to implement capital improvements required for the Airport to meet the requirements of the Federal Aviation Administration ("FAA") under the Pilot Program, to improve the Airport's operational condition as required under the Lease Agreement, and carryout the early-year "accelerated upgrades" as provided under the Lease Agreement. Moreover, the Selected Proponent must sustain a significant level of investment in the Airport in order to comply with the Operating Standards. The Selected Proponent's initial and continuing investment in the Airport and the implementation of passenger growth strategy is expected to stimulate the economy of Puerto Rico.

ACHIEVING THESE OBJECTIVES THROUGH THE PUBLIC-PRIVATE PARTNERSHIP CONTRACT

This Public-Private Partnership will achieve the objectives described above in the following way:

- The Selected Proponent brings world-class operating expertise to the Project.
- Major risks previously assumed by PRPA will be transferred to the Selected Proponent, including those related to operations, economic (traffic and inflation), construction, environmental (related to the Selected Proponent's operation of the Airport), and financial.
- The PRPA will be able to reduce its debt resulting from the granting of the Lease.
- The Selected Proponent will be required to perform extensive capital improvements during the initial years of the Project ("Initial Capital Projects"). These upgrades will greatly improve actual conditions at the Airport, and, together with the operating requirements under the Operating Standards, will ensure that the Airport's users receive the benefits of a world class airway. Examples of required initial upgrades include:
  - Construction of South General Aviation Access Roads and Utilities
  - Relocation of Terminal D USDA Baggage Inspection Facility
  - Parking Garage Stairs Refurbishment
  - Repair of Taxiway N Concrete Surfaces
  - Reconstruction of Terminal and Roadway Signage
  - Repair of all Terminal Roof Leaks
  - Repair of Authority Maintenance Division and Motor Pool Building

- Repair of Curbside Water Leaks
- Construction of Pedestrian Walkway from Parking Garage to Terminal A
- Provision of Oversized Bag Drop
- Implementation of Airport Physical Vulnerabilities Security Plan, Including Airport Perimeter System
- Repair Existing Ramp, Apron and Taxiway Concrete Surfaces
- Modification to Passenger Circulation from Terminal C to Baggage Claim of Terminal B
- Provision of Ground Power, PC Air and Potable Water at Terminal B and C Gates
- Refurbishment of Air Conditioning
- Terminal Bathroom Remodeling
- Expanded Curbside in Terminal A
- Functional Public Address System
- In-Line Baggage System Study

- The Selected Proponent will engage in additional sustained investments throughout the term of the Lease Agreement in order to adhere and comply with the Operating Standards which will ensure a superior air travel experience and promote job creation.
- Satisfy FAA and other regulatory requirements.

III. Project Process

DESIRABILITY AND CONVENIENCE STUDY

A Desirability and Convenience Study (the "Desirability Study") was completed and approved as required by the Act and published in June 2010. The publication of the study served as the first important step of the Project. The purpose of the Desirability Study was to determine the service needs, analyze various options for these needs, and select the most efficient of those options. The Desirability Study is posted on the PRPA's website (www.p3.gov.pr.).

PARTNERSHIP COMMITTEE

The Act and the Regulation require the PPPA to establish a partnership committee for each project. The partnership committee has the duty and responsibility to, among other things:

- Approve documents required by the request for qualifications, request for proposals and the evaluation and selection process;
- Engage on behalf of the PRPA, or request that Government Development Bank for Puerto Rico ("GDB") engage advisors, experts or consultants;
- Evaluate and qualify those prospective Proponents most suitable to participate as Proponents for the project;
- Engage in, or supervise the negotiation of, the terms and conditions of the Partnership Contract;
- Evaluate proposals submitted and select that which is best;
- Prepare a report describing the entire process leading to the establishment of the Partnership; and
- Oversee proper compliance with the regulations and procedures established for the negotiation and award of a Partnership Contract.

In accordance with the Act and the Regulation, in May 2010, the PPPA established the Partnership Committee for the Project (the "Partnership Committee"), which consisted of the following government officials:

- Mr. Fernando Batlle, Executive Vice President of GDB, as designee of the President of GDB and Chairman of the Partnership Committee,
- Nelson Morales, Chief Financial Officer of PRPA, as the PRPA officer with direct responsibility over the Project,
- Arnaldo Deleo, as Aviation Director and General Manager of LMM Airport, designated by the PPPA for his expertise regarding the Project,
- David Álvarez, as Executive Director of the PPPA, designated by the PPPA for his expertise regarding the Project, and
- José R. Pérez, Esq. Secretary of the Department of Economic Development and Commerce of Puerto Rico ("DEDC"), as the representative of the PRPA's Board of Directors.

On November 5, 2010, the PPPA named Mr. Jaime López, Chief Development Officer of the DEDC, as Partnership Committee member in substitution of Mr. Arnaldo Deleo.

On March 28, 2011, Mr. Juan C. Batlle, Vice Chairman and President of GDB, replaced Mr. Fernando Batlle, who had recently resigned to his position at GDB, as Chairman of the Partnership Committee.

On July 14, 2011, Mr. Alberto Escudero, the Executive Director of the PRPA, replaced Mr. Nelson Morales as a member of the Partnership Committee. On the same day, the PPPA named Juan C. Pavía, Director of the Office of Management and Budget, in substitution of David Álvarez, the Executive Director of the PPPA.

On October 5, 2011, Mr. Arnaldo Deleo was again named to the Partnership Committee in substitution of Mr. Alberto Escudero, who resigned from the PRPA.

On April 1, 2012, the PRPA named Mr. Luis G. Rivera, Esq., the Executive Director of the Puerto Rico Tourism Company and member of the PRPA's Board of Directors, as Partnership Committee Member in substitution of Mr. José R. Pérez, Esq.

As of July 2012, the composition of the Partnership Committee was as follows:

- Mr. Juan C. Batlle, President of GDB and Chairman of the Partnership Committee;
- Mr. Luis G. Rivera, Esq., the Executive Director of the Puerto Rico Tourism Company and member of the PRPA's Board of Directors;
- Mr. Juan C. Pavia, Director, Office of Management and Budget;
- Arnaldo Deleo, Aviation Director and General Manager of LMM Airport; and
- Mr. Jaime López, Chief Development Officer of the DEDC.

In accordance with the requirements of the Act and the Regulation, the Partnership Committee held several official meetings, in which there was quorum, in order to fulfill its duties and obligations. The Partnership Committee held the following meetings with the assistance of the PPPA team:

- On February 10, 2011, the Partnership Committee evaluated the Memorandum of Understanding ("MOU") with the airlines, which established the basic terms of the Use Agreement to be entered into by the Selected Proponent and the airlines. The purpose of the MOU was to assure that the transaction would comply with the airline approval requirement imposed by the FAA Pilot Program. The MOU was approved by the Partnership Committee.
- On June 28, 2011, the Partnership Committee approved the RFQ document.
- On August 15, 2011, the Partnership Committee:
    - Discussed the *shortlisting* of proponents and the benefits this process entailed;
    - Analyzed the twelve (12) statements of qualifications ("SOQ") that had been submitted by interested consortia, and proceeded to evaluate and grade each group, in accordance with the evaluation criteria set forth in the RFQ; and
    - Established a project timeline.
- On August 24, 2011, the Partnership Committee:
    - Reviewed the SOQ evaluation results; and
    - Discussed and analyzed the *shortlisting* of prospective proponents.
- On September 9, 2011, the Partnership Committee:
    - In accordance with the requirements and evaluation criteria set forth on the RFQ, approved a shortlist of the best and most qualified proponents that would be allowed to participate in the RFP process; and
    - Authorized the PPPA to proceed and notify shortlisted and non-shortlisted proponents, in accordance with the Act.
- On October 10, 2011, the Partnership Committee:
    - Discussed the framework of the Partnership Contract and established its basic terms and conditions;
    - Analyzed the RFP Evaluation Criteria; and

  - Approved the RFP, including the form of the proposed Partnership Contract.
- On October 21, 2011, the Partnership Committee:
  - Discussed and analyzed the draft of the Use Agreement with the Airlines.
- On November 2, 2011, the Partnership Committee:
  - Discussed changes to the draft of the Use Agreement with the Airlines.
- On November 8, 2011, the Partnership Committee:
  - Met with the Flughafen Zurich AG Consortium to discuss the RFP requirements, including the obligations under the Partnership Agreement.
- On November 10, 2011, the Partnership Committee:
  - Met with the Fraport / Goldman Sachs Consortium;
  - Decided on certain issues of the Project; and
  - Established a Project Timeline.
- On November 15, 2011, the Partnership Committee:
  - Met with the Puerto Rico Gateway Group Consortium; and
  - Discussed the establishment of an *Indicative Bid* process.
  - On November 16, 2011, the Partnership Committee:Met with the Macquarie/Ferrovial Consortium; and
  - Discussed certain key issues of the Project.
- On November 17, 2011, the Partnership Committee:
  - Met with the Highstar/Grupo Aeroportuario de Sureste ("ASUR") Consortium; and
- Analyzed various concepts of the Project.On November 22, 2011, the Partnership Committee:
  - Discussed certain key aspects of the Project.
- On December 20, 2011, the Partnership Committee:
  - Discussed and analyzed key changes requested by the Proponents to the Use Agreement with the airlines;
  - Discussed changes requested by Proponents to the form of Partnership Contract; and
  - Approved disqualification of Proponent GMR/Incheon.
- On January 20, 2012, the Partnership Committee:
  - Discussed and analyzed the status of negotiations with the airlines regarding the changes to the Use Agreement requested by Proponents,
- On January 20, 2012, the Partnership Committee:
  - Discussed and analyzed the key value drivers of the transaction;
  - Reviewed use of funds scenarios;
  - Discussed status of negotiations with Proponents and approved changes to the Partnership Contract in response to such negotiations.
- On February 10, 2012, the Partnership Committee:
  - Approved the establishment of an *Indicative Bid* process. The *Indicative Bid* process was scheduled for March 15, 2012.
- On February 29, 2012, the Partnership Committee:
  - Approved certain key changes to the Partnership Contract in light of discussions and negotiations with the Proponents.

- On March 22, 2012, the Partnership Committee:
  - Discussed the *Indicative Bid* proposals that were received on March 15, 2012;
  - Discussed and analyzed various issues of the Project
  - Approved the further Shortlisting of the two (2) Consortia;
    - Macquarie/Ferrovial; and
    - Highstar Capital / ASUR
- On April 18, 2012, the Partnership Committee:
  - Discussed certain changes to the Lease Agreement that had been requested by the Proponents.
- On April 26, 2012, the Partnership Committee:
  - Met with the Highstar/ASUR Consortium.
- On April 26, 2012, the Partnership Committee:
  - Met with the Macquarie/Ferrovial Consortium; and
  - Discussed certain key aspects of the Project.
- On May 4, 2012, the Partnership Committee:
  - Approved key changes to the Lease Agreement in light of negotiations with the Proponents.
- On May 18, 2012, the Partnership Committee:
  - Approved a final structure for the Project.
- On June 14, 2012, the Partnership Committee:
  - Established a New Project Timeline.
- On July 17, 2012, the Partnership Committee:
  - Evaluated the final proposals that were submitted by the Macquarie/*Ferrovial* and Highstar/ASUR consortiums as their Best and Final Offers;
  - Based on the evaluation of the Best and Final Offers, recommended the selection of Highstar/ASUR as Preferred Proponent for the Project; and
  - Approved the Partnership Report.

QUALIFICATION PROCESS

BACKGROUND AND PROCESS

The qualification process began with the publication of the RFQ on July 6, 2011, which required responses by Prospective Proponents on August 8, 2011. On August 8, 2011, the PPPA received statements of qualifications (the "SOQs") in response to the RFQ from twelve (12) Respondents.

Section 4.4 of the Regulation states that the Partnership Committee reserves the right to establish a shortlist of the best qualified Proponents for a particular Project (the "Shortlist"), if such right is contemplated in the applicable RFQ. The Partnership Committee notified Proponents in the RFQ (section 4.1) of its right to establish a shortlist.

Pursuant to Section 8(b) of the Act and Section 3.4 of the Regulation, the Partnership Committee evaluated each response to the RFQ by reference to the extent to which Proponents satisfied the following three specific evaluation criteria established in Section 4 of the RFQ (the "Evaluation Criteria"):

1. **Compliance with Requirements of the Act**

   The RFQ submission was reviewed to determine whether it satisfied the Act's requirements with respect to the following areas:

- The prospective Proponent's reputation and its managerial, organizational and technical capabilities, as well as its experience, to develop and administer the Project;
- A certification by each Member and the Proponent, if the Proponent has been formed as of the date of a submission of a response to this RFQ, that neither it nor any of its directors, officers, shareholders, or subsidiaries, nor its parent company, nor in the case of a partnership, any of its partners, nor any person or entity that may be considered an alter ego of the Proponent (each a "Covered Party"), has been convicted, has entered a guilty plea or has been indicted, nor has probable cause been found for their arrest, in any criminal proceeding in the courts of the Commonwealth, the Federal courts of the United States, or the courts of any jurisdiction of the United States or a foreign country, of criminal charges related to acts of corruption or to any of the following crimes: a crime against public integrity, as defined in the Commonwealth of Puerto Rico Penal Code, embezzlement of public funds, a crime against the public treasury, public trust, public function or involving the wrongful use of public funds or property, any of the crimes enumerated in Act No. 458 of December 29, 2000, as amended ("Act 458"), or under the Foreign Corrupt Practices Act; nor is any Covered Party under investigation in any legislative, judicial or administrative proceedings, in the Commonwealth of Puerto Rico, the United States or any other country. The Proponent is in compliance and will continue to comply at all times with all federal, state, local and foreign laws applicable to the Proponent that prohibit corruption or regulate crimes against public functions or public funds, including the Foreign Corrupt Practices Act (this requirement may be satisfied by reference to the completed Proponent Certification).

2. **Technical Capabilities**

   The evaluation of technical capabilities considered whether the RFQ submission adequately addressed to the technical capability requirements of the Partnership Contract with respect to the following areas of expertise:

- Airport operations, development, maintenance and route development
- Safety and security / management of critical pieces of transport infrastructure
- Airline and passenger customer service
- Experience of working with government authorities

The winning bidder must obtain an Airport Operating Certificate from the FAA to operate the Airport and must satisfy all applicable regulatory requirements, including those of the Transportation Security Administration ("TSA") relating to airport safety and security.

3. **Financial Capability**

The evaluation of financial capabilities considered whether the RFQ submission adequately addressed to the financial capability requirements of the Partnership Contract with respect to the following:

- Financial capacity to pay up-front acquisition proceeds and maintain and improve the Airport;
- Ability to raise financing;
- Credit quality to ensure the payment of any obligations, including, but not limited to, obligations under the Partnership Contract; and
- Commitment to submit a competitive price.

The Partnership Committee scored each prospective Proponent according to the strength to which its response satisfied each of the Evaluation Criteria using a weighted formula.

RESPONDENTS AND SIZE OF THE SHORTLIST

The 12 Respondents to the RFQ included the following entities and consortium teams (in alphabetical order):

- Advent International Corporation
- AENA
- AGUNZA (Agencias Universales S.A.)
- Corporación América S.A.
- Flughafen Zurich AG
- Fraport / Goldman Sachs
- GAA - Ferrovial/MacquarieGMR and Incheon Airport
- Grupo Aeroportuario del Centro Norte (OMA)
- Highstar Capital / Grupo Aeropuertuario de Sureste ("ASUR")
- Puerto Rico Gateway Group
- TAV Airport Holdings

In deciding the size of the shortlist, the Partnership Committee gave careful consideration to all the responses to the RFQ, in accordance with the right to shortlist qualified Respondents.

RECOMMENDED SHORTLIST

On August 24, 2011, the Partnership Committee evaluated all Respondents strictly by reference to the information provided by each Respondent in the SOQs and published a Shortlist Report on September 23, 2011, which was made available for the review of all Proponents and is included herein as Exhibit B.

Based on a comprehensive review of all of the Respondents' SOQs, in light of the Evaluation Criteria, the six (6) individual Respondents or Respondent teams that were shortlisted by the Partnership Committee to proceed to the next stage of the RFP process were (in alphabetical order):

- Fraport / Goldman Sachs
- GAA - Ferrovial/Macquarie
- GMR and Incheon Airport

- Highstar Capital / ASUR
- Puerto Rico Gateway Group
- Flughafen Zurich AG

Proponents that were not shortlisted were notified of their right to request Judicial Review of the Partnership Committee's determination, in accordance with Section 20 of the Act.

Non-shortlisted proponents did not request Judicial Review.

Please see the Shortlist Report, attached hereto as Exhibit B, for a detailed description of the shortlist process.

REQUEST FOR PROPOSALS

BACKGROUND

The RFP document was approved by the Partnership Committee and issued to Shortlisted Proponents on October 10, 2011. They were granted access to the data room which contained key documents in relation to the Project (the "Data Room"), including the form of the Partnership Contract. The Shortlisted Proponents were required to sign strict confidentiality agreements prior to obtaining access to the RFP document and access to the Data Room. The following time table illustrates the key milestones during the RFP Process:

TABLE 1: PROCESS TIMELINE

RFP Phase Milestone	Proposed Timeline
Issue RFP and draft Partnership Contract (including schedules)	October 2011
Individual Proponent Briefing Session and Site Visits	November 2011
Comments on draft Partnership Contract and draft Technical Materials	By December 9, 2010
Individual Proponent Conference on comments on draft Partnership Contract and draft Technical Materials	Week beginning December 12th, 2011
Regulatory Meetings with FAA / TSA	Week beginning January 30th
Circulation of second draft of Partnership Contract and Technical Materials	February 2012
Comments on second draft of Partnership Contract due and Technical Materials	By February 17th, 2012
Circulation of revised draft of Partnership Contract and Technical Materials	Week beginning March 5th, 2012
Indicative Bid Process	March 15, 2012 at 5:00 pm AST
Notification of Final Shortlisted Proponents	Week of March 26th, 2012
Circulation of Partnership Contract and Technical Materials	Week beginning June 4th, 2012
Last day for submission of RFCs[1]	June 25th at 5:00pm AST
Last day for PPPA to issue substantial addendum[2] regarding RFP (minor/administrative addenda may still be issued) and responses to RFCs	June 29th
Circulation of Final Bid Form of Partnership Contract and Technical Matters	July 5th, 2012
Proposal Submission deadline	July 10, 2012, 5:00PM AST
Best and Final Offer (BAFO) period, if necessary	July 10th – July 17th
Partnership Committee evaluation and preparation of report to Governor	July 17th, 2012
Notification of Preferred Proponent	Week beginning July 23rd, 2012
Execution of Lease Agreement	Week beginning July 30th, 2012
Submission of Final FAA Pilot Program Application	Week beginning July 30th, 2012
FAA Public Comment Period Closes	4Q-2012
Financial Close	4Q-2012

[1] As required by Regulation 4.7.
[2] As required by Regulation 4.7.

On November 28, 2011, RFP amendment #1 was issued to amend the Proposed Timeline as set out in Section 1.1 of the RFP. This Addendum also amended the relevant dates in section 4.1.1, 4.2, and Appendix 1 of the RFP.

On December 22, 2011, the PPPA disqualified the consortium composed by GMR and Incheon Airport due to their lack of participation and lack of responsiveness during the process. The PPPA informed GMR and Incheon Airport of its right to request judicial review of this decision as provided under Article 20 of the Act, which grants a jurisdictional term of twenty (20) days to file a writ for administrative review before the Puerto Rico Court of Appeals.

On December 29, 2011 an RFP Amendment #02 was approved in order to modify the Proposed Timeline, as amended by Addendum #01.

INDICATIVE BID PROCESS: On November 15, 2011, the Partnership Committee published Addendum #03 to the RFP establishing an Indicative Bidding Process. The Addendum required that Indicative Bids be submitted, based on the draft of the Partnership Agreement in the form identified as "Indicative Proposal Copy" and delivered to the PPPA on March 15, 2012 at 5:00 pm EST at the GDB Building.

Addendum #03 to the RFP added a new Section 4.1.10, which we include in its entirety as follows:

4.1.10 SUBMISSION OF INDICATIVE PROPOSALS

Indicative Proposals

The Sponsors will require that Proponents submit a indicative Proposal that satisfies all of the requirements of this Section 4.1.10 in order to, among other things, provide the Sponsors with an indication of the Leasehold Fee Proponents are willing to pay the Authority based on the current form of the Lease Agreement, Operating Standards and Use Agreement (collectively, the "Transaction Documents") (the "Indicative Proposal"). Except as otherwise provided in this Section 4.1.10, a Proponent's Indicative Proposal will not be binding and shall only be used by the Sponsors to shortlist two (2) Proponents.

Submission Deadline

Indicative Proposal submissions are to be received not later than 5pm (AST) on March 15, 2012 at the offices of Government Development Bank for Puerto Rico.

Content of Indicative Proposals

Indicative Proposals must satisfy all of the requirements of Section 4.2 of the RFP and Appendix I thereto, except as otherwise provided below. Indicative Proposals will not have to comply with the provisions of Sections 4.2.2, 4.2.4 and 4.2.5, which shall only be applicable to final and binding Proposals submitted by those Proponents that are shortlisted as a result of the Indicative Proposal process.

Amendments to Criterion are provided below:

Completeness of Proposal – Indicative Proposals must satisfy all the requirements of Criterion 1, except that:

a. *A Bid LOC is not required for the submittal of an Indicative Proposal. A Bid LOC, however, must accompany the final and binding Proposal;*

b. *Proponents need to acknowledge that the indicative Leasehold Fee included in the Indicative Proposal is based on the current form of the Transaction Documents (the Transaction Documents will not be deemed final for purposes of the final and binding Proposal and shortlisted Proponents will have an opportunity to comment on the final draft of the Transaction Documents and the Sponsors will take such comments into account prior to the publication of final Transaction Documents); and*

c. *Proponents must provide a short list of those necessary conditions, if any, that would have to be met prior to submitting a final and binding bid and, with respect to each such condition, Proponents must indicate the information, time, and/or approval required to remove any such condition.*

Financial, Technical and Professional Reputation – Indicative Proposals must satisfy all the requirements of Criterion 2, except that Proponents are not required to submit credit approved offers of debt finance and/or investment committee/board approved equity commitments as described in footnote 9 to the RFP. Indicative Proposals, however, must include highly confident letters from all proposed capital providers agreeing to provide the amount of capital stated therein and summary term sheets from all proposed providers of any proposed debt or debt-like capital.

Financial Plan – Indicative Proposals must satisfy all the requirements of Criterion 3, except that the information provided should relate to the indicative Leasehold Fee and must describe the assumptions used to arrive at such financial information. Proponents are not required to submit credit approved offers of debt finance and/or investment committee/board approved equity commitments as described in footnote 9 to the RFP. Indicative Proposals, however, must include highly confident letters from all proposed capital providers agreeing to provide the amount of capital stated therein and summary term sheets from all proposed providers of any proposed debt or debt-like capital.

Leasehold Fee – Indicative Proposals must indicate the Leasehold Fee the Proponent would pay to the Authority on Financial Close under the current terms and conditions set forth in the Transactions Documents. Proponents are also encouraged, but not required, to indicate the Leasehold Fee they would pay to the Authority on Financial Close under the Transaction Documents as proposed to be amended by the Proponent in order to increase the amount of the Leasehold Fee; provided, that a Proponent that submits this type of indicative Leasehold Fee shall be required to assign a bona fide value by which the Leasehold Fee would increase if each such amendment is included in the Transaction Documents. The indicative Leasehold Fee will not be binding on the Proponent but will be used by the Sponsors to further reduce the number of Proponents that will continue to participate in the RFP process, as described below.

Business Plan – Proponents must submit a Business Plan that complies with all the requirements set forth in Criterions 4 and 5 of Section 4.3 of the RFP. The Business Plan would ultimately be incorporated as a Schedule of the Lease Agreement for the purposes set forth in the draft Lease Agreement. Final shortlisted Proponents will be allowed to submit a revised and final Business Plan in light of changes to Transactions Documents on the date of the final and binding bid Proposals.

Proponents that submit an Indicative Proposal will also be subject to the provisions of Sections 4.7, 4.8 and 4.9 of the RFP.

The documentation submitted by shortlisted Proponents as part of their Indicative Proposals in order to satisfy Criterion 4 and 5 of the RFP Section 4.3 will be final and cannot be resubmitted or amended.

Procedures Following Receipt of Indicative Proposals

The Sponsors will follow the procedures detailed in Section 4.6 of the RFP upon receipt of Indicative Proposals.

Evaluation of Indicative Proposals

Indicative Proposals will be evaluated as provided in Section 4.3 of the RFP, except that each criterion will be evaluated taking into account the modifications set forth in Section 4.1.10 of the RFP. Each Indicative Proposal that achieves a "pass" rating on each of the first five (5) evaluation criteria, as changed above, will be deemed to be a "Compliant Indicative Proposal." Each Compliant Indicative Proposal will be evaluated in its entirety and ranked based on (a) the amount of the Leasehold Fee, (b) the number and nature of conditions, if any, to which such Leasehold Fee is subject, (c) the PPP Committee's confidence in the Leasehold Fee resulting in a financial close based on such conditions; and (d) the PPP Committee's evaluation of the robustness of the Business Plan and confidence on the ability of the Proponent to effectively implement such Business Plan.

Selection of Final Shortlisted Proponents

After the evaluation of each Indicative Proposal, the PPP Committee intends to shortlist two (2) Proponents. The PPP Committee reserves the right to shortlist a larger number of Proponents if it determines that such action is in the best interests of achieving the highest value for the Authority. These shortlisted Proponents will continue with the RFP process until the submission of final and binding Proposals pursuant to the provisions of Sections 4.2, 4.3 and Appendix I of the RFP.

On January 25, 2012, Puerto Rico Gateway Group ("PRGG" or "Proponent") formally informed the PPPA about the intention of Industry Funds Managements ("IFM") to join PRGG for the Project. IFM would effectively substitute OPTrust, a formerly qualified member of PRGG, who had decided to withdraw from the process.

On February 7, 2012, GS Global Infrastructure Partners II, L.P. ("GSIP") called the PPPA to inform that GSIP had decided to officially withdraw from the RFP process.

On March 9, 2012, Fraport also withdrew from the process.

On March 15, 2012, the PPPA received Indicative Bids from all remaining Shortlisted Proponents[2], except from Puerto Rico Gateway Group. The process was witnessed by a Notary, who prepared a Notarial Certificate ("Acta Notarial").[3] Of the Indicative Bids received by the PPPA, two [2] were generally compliant with the requirements of Section 4.1.10 of the RFP. After careful evaluation of the Indicative Bids, the Partnership Committee decided to continue the RFP process with the teams consisting of ASUR/Highstar Capital and Ferrovial/ Macquarie.

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[2] On the date the Indicative Bids were due, there were four Shortlisted Proponents actively participating in the RFP process. These Shortlisted Proponents were: ASUR and Highstar Capital, Ferrovial and Macquarie, Puerto Rico Gateway Group, and Flughafen Zurich AG.

[3] Under Puerto Rico Notary Law, Act No. 75 of July 2,1987, notaries, at the request of a party or on their own initiative and under their oath, signature, sign, flourish and notarial seal, shall extend and execute certificates which consign facts and circumstances witnessed by them or of which they have personal knowledge and that due to their nature do not constitute a contract or juridical business. The Puerto Rico Notary Law, *supra,* requires that the notarial certificates include the corresponding deed number, the date in which they are executed, the declaratory part and the notary's signature.

Non-shortlisted Proponents were provided with the opportunity to request judicial review regarding the Committee's decision, in accordance with Section 20 of the Act. Non-Shortlisted Bidders did not submit the Committee's decision for judicial review.

On June 1, 2012, the Partnership Committee issued Addendum #04 to the RFP, which (i) amended the Proposed Timeline, as amended by Addenda #01, #02 and #03 of the RFP; (ii) modified the process up to final and binding bid submission, as described in Section 4.1 of the RFP, (iii) modified the proposal content requirements described in Section 4.2 of the RFP, and (iv) modified the Evaluation Criteria described in Section 4.3 of the RFP.

On July 3, 2012, the Partnership Committee issued RFP Addendum #05 which i) modified the proposal content requirements described in Section 4.2 and Appendix I of the RFP, as amended by Addendum #04 to the RFP and (ii) modified the Evaluation Criteria described in Section 4.3 of the RFP, as amended by Addendum #04 of the RFP sent on June 1, 2012.

FINAL PARTNERSHIP CONTRACT

The form of the Partnership Contract was circulated to bidders on November 23rd, 2011 in the form was acceptable to the Partnership Committee. Throughout the procurement process, Proponents submitted detailed comments and suggested changes to the Partnership Contract, which resulted in the final bid Partnership Contract circulated to Proponents on July 5, 2012 (the "Final Form of Lease Agreement"). Both Proponents submitted their proposals on July 10, 2012 based on the Final Form of Lease Agreement, without any conditions. Accordingly, the Final Form of Lease Agreement is the Partnership Contract that the Partnership Committee recommends be entered into by the PRPA and the selected Proponent. The Final Form of Lease Agreement is summarized in Exhibit A, as required by the Act.

PROPOSAL REVIEW PROCEDURES

The Proposal Submission deadline was July 10, 2012 and two Proposals were received by the PPPA. Both (1) GAA Operating, LLC, a partnership between Ferrovial Aeropuertos, S.A. and Macquarie Capital Group Limited; and (2) Aerostar Airport Holdings LLC, a partnership between Grupo Aeropuertuario de Sureste S.A.B. de C.V. (ASUR) and Highstar Capital IV, L.P. (the "Final Proponents") submitted proposals prior to the 5:00 PM deadline established in the RFP. The PPPA conducted a formal process of receipt and opening of proposals that was witnessed by a notary public, who prepared a Notarial Certificate ("Acta Notarial") detailing the entire process, which is included herein as Exhibit C.[4]

The compliant Proposals submitted by the Final Proponents included upfront fees (the "Original Upfront Fees") that were considered a "tie" under Section 4.4 of the RFP. Therefore, on July 11, 2012, Proponents were notified that they had to submit a revised Upfront Fee, higher or equal to the original Upfront Fees, by 4:00PM on July 16, 2012.

On July 16, 2012, the Final Proponents submitted revised Upfront Fees prior to the established 4:00PM deadline. The PPPA conducted a formal process of receipt and opening of proposals that was witnessed by a notary public, who prepared a Notarial Certificate ("Acta Notarial") detailing the entire process, which is included herein as Exhibit D. [5] Both Proponents submitted higher Revised Upfront Fees.

In accordance with the Act, the Regulation and the RFP, the Partnership Committee reviewed and selected the preferred Proponent on July 17, 2012, based on the criteria described below.

[4] Under Puerto Rico Notary Law, Act. No. 75 of July 2, 1987, *supra*.

[5] Under Puerto Rico Notary Law, Act. No. 75 of July 2, 1987, *supra*.

DESCRIPTION OF PROPONENTS (IN ALPHABETICAL ORDER)

1. *Aerostar Airport Holdings, LLC*

- Partnership formed by between Grupo Aeropuertuario de Sureste S.A.B. de C.V. ("ASUR") and Highstar Capital IV.
- ASUR is a New York Stock Exchange-listed Mexican airport management firm operating nine airports across Southeast Mexico, including Cancún International Airport. In 2011 ASUR's airports served nearly 17.5 million tourist, business and personal travelers.
- ASUR has strong relationships with more than 80 major international airlines as well as a strong track record for route development and non-aeronautical revenue growth.
- Highstar Capital L.P. is a fourth-generation infrastructure investor that has deployed over $6.8 billion of equity capital to date on behalf of more than 80 global limited partners.
- Highstar and the private equity funds it manages have a long history of working closely and successfully with government entities and regulators across its three areas of investment focus: transportation, energy and environmental services.
- One of Highstar's private equity funds is an owner and operator of London City Airport, a successful business airport in London, England, where it enjoys strong and deep relationships with several of the world's leading international airline carriers, including British Airways, Lufthansa, and Air France.

2. GAA Operating, LLC

- Partnership formed by Ferrovial Aeropuertos, S.A. and Macquarie Capital Group Limited.
- GAA members are experienced in working alongside governmental partners. GAA members maintain a strong and productive relationships with regulators in six (6) U.S. States.
- Macquarie's (Macquarie Capital Group Limited, its direct and indirect subsidiaries and funds) 100% parent entity is Macquarie Group Limited, global provider of banking, financial advisory, investment and fund management services.
- Macquarie-managed funds have invested in 22 airports globally, with current investments in 8 airports worldwide (i.e. Copenhagen-Denmark, Bristol-UK, Brussels-Belgium, Hobart-Australia).
- Macquarie Infrastructure and Real Assets is the operating unit that manages direct investments in infrastructure businesses, with $95 billion invested in 24 countries.
- Ferrovial is a leading investor in transportation infrastructures, with a workforce of approximately 70,000 employees and operations in more than 15 countries.
- Ferrovial is a world class airport operator. In 2012, its portfolio of 5 UK airports, through BAA (Heathrow, Stansted, Glasgow, Aberdeen and Southampton) managed 111 million passengers.

RFP SELECTION CRITERIA

The RFP included the selection criteria, which served as the requirements for Proposal Submissions and on which the Partnership Committee based the Proponent Selection. Below are the set of Criteria explained in detail.

1. COMPLETENESS OF PROPOSAL (PASS/FAIL)

Proponent to confirm each of the following in a written statement:

- The Bid LOC has been included in this Proposal.
- The Proponent has complied with each section of the RFP which requires it to do or not do any act, matter or thing, including (without limitation) sections 8.7 and 8.8.
- The Proponent accepts the final form of the Lease Agreement (as posted in the Data Room as at 11.59pm AST on May 26, 2011), save for immaterial amendments to incorporate party names, details and execution mechanics.
- The Proponent has included with this Proposal an executed Sworn Statement in the form attached as Schedule 1.
- In relation to the Project, the RFQ or the RFP, the Proponent has not, and each of its Proponent Members has not, and their respective directors, officers, employees, consultants, agents, advisors and representatives have not engaged in any form of political or other lobbying whatsoever, and has not, except as expressly contemplated by the RFQ, RFP or as otherwise permitted in writing, attempted to communicate in relation to any of such matters, directly or indirectly, with any representative of the PPP Committee or the Authority, including any Restricted Parties, or any director, officer, employee, agent, advisor, staff member, consultant or representative of any of the foregoing, as applicable, for any purpose whatsoever, including for purposes of:
  - (a) commenting on or attempting to influence views on the merits of the Proponent's Proposal, or in relation to Proposals of other Proponents;
  - (b) influencing, or attempting to influence, the outcome of the RFQ or RFP stage, or of the competitive selection process, including the review, evaluation, and ranking of Proposals, the selection of the Selected Proponent, or any negotiations with the Selected Proponent;
  - (c) promoting the Proponent or its interests in the Project, including in preference to that of other Proponents;
  - (d) commenting on or criticizing aspects of the RFQ, the RFP, the competitive selection process, or the Project including in a manner which may give the Proponent a competitive or other advantage over other Proponents; and
  - (e) criticizing the Proposals of other Proponents.
- Neither the Proponent nor its Proponent Members, nor have their respective directors, officers, employees, consultants, agents, advisors and representatives, discussed or communicated, directly or indirectly, with any other Proponent or any director, officer, employee, consultant, advisor, agent or representative of any other Proponent, including any Proponent Member of such other Proponent regarding the preparation, content or representation of its Proposals. Its Proposal has been submitted without any connection (i.e., arising through an equity interest in or of a Proponent or Proponent Member), knowledge, comparison of information, or arrangement, with any other Proponent or any director, officer, employee, consultant, advisor, agent or representative of any other Proponent, including any Proponent Member of such other Proponent.

2. FINANCIAL, TECHNICAL AND PROFESSIONAL REPUTATION (PASS/FAIL)

Proponents are to provide a commentary (of no more than 8 pages, not including appended offers of debt finance or evidence of investment committee / board approved equity commitments) on their commercial and professional reputation, specifically including:

- Evidence of their current financial strength to undertake this Project and meet the obligations contained in the Lease Agreement.
- Evidence of no current or pending material claims, litigation or equivalent that would materially adversely affect their ability to undertake this Project.
- Evidence of current technical and professional strength to undertake the obligations contained in the Lease Agreement.

3. FINANCING PLAN (PASS/FAIL)

Proponents are to provide:

- A short form financing plan (of no more than 8 pages) that outlines sources and uses of funds and the terms of financing to fund the Leasehold Fee offered in the Proposal. The financing plan must contain enough detail so that an analysis would reveal whether the proposed financing is feasible. The financing plan is to include:
  - A description of the capital structure proposed at financial close, detailing all sources of financing and the amount of each class of debt, equity and any other source of funds, including the proposed holders of that debt and equity at Financial Close;
  - The equity (and equity-like) capital which the Proponent has committed to the Project, its planned payback period and the annual cash yield requirements;
  - The debt (and debt-like) capital which the Proponent has received commitments for in relation to the Project, the cost of that debt, and the ability to expediently carry out its plans to draw on that capital;
  - For equity (and equity-like) and debt (and debt-like) capital, relevant commitment letters, facility arrangements and certain funds letters;
  - A summary, annual breakdown of projected passenger volumes, non-aeronautical revenues, EBITDA, capital expenditures and debt service for the first ten years of the Agreement;
  - The weighted average capital cost of the financing plan to fund the Leasehold Fee offered in the Proposal;
  - An annual breakdown (in a short table) of net income to the Proponent for the term of the Lease;
  - The nominal internal rate of return (post any tax paid at the vehicle level) to the Proponent;
  - The net present value and nominal value to the Sponsor of the Lease, including revenue sharing payments and capital investment, broken down by value category;
  - Timeline for the financing plan from the Proposal Submission Date to Financial Close.

4. OPERATING PLAN (PASS/FAIL)

Proponents are to provide a short form operating plan (of no more than 12 pages) that outlines the management organization and the approach to complying with the operating and maintenance obligations of the Airport. The operating plan is to include:

- A description of the overall management structure and specific identity of the Chief Executive Officer, Chief Financial Officer and Operation Manager (or personnel with responsibilities of such titles) at a minimum.
- Resumes or curriculum vitae for the above referenced Key Personnel's most relevant qualifications to support their selections.
- Any present intention of the Proponent to make offers to and (if accepted) hire PRPA Employees;
- Any present commitment to the Commonwealth in terms of dedicated resources, community investment and involvement of local entities in the performance of the Agreement.[6]
- A description of the proposed operating plan to implement the required improvements to the Airport, as contemplated by the Required Capital Improvements and otherwise under the Agreement, and that that plan can be undertaken by the Proponent and that the Proponent has demonstrated two (2) examples of complying with similar such obligations.

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[6] Section 6.4 of the Regulations establishes that the Authority's Policy is to foster participation of local suppliers, contractors, designers, architects, engineers, advisors and investors as participants in potential PPPs. As part of this criterion, please specify whether the Proponent will foster local participation throughout the Lease term, and to what extent. Also, please specify if the Proponent will dedicate resources, whether as community investment and/or involvement of local entities, and to what extent.

- A summary of a key next steps between signing and closing, including timing for transitioning operations of the Airport from the PRPA to the Proponent between bid award and closing.

5. AIRPORT GROWTH PLAN (PASS / FAIL)

Proponents are to provide a growth plan for the Airport (of no more than 12 pages) that presents the vision and specific approach to facilitating traffic and cargo growth of the Airport. The growth plan is to include:

- A vision statement for the Airport. Description of the value proposition behind such vision for the Airport.
- Description of plan and general strategy for developing a productive relationship with Government entities and airlines. Describe the corporate values that will characterize you as a Prospective Lessee.
- A description of general strategy and plans for enhancing customer service and safety for the travelling public. Describe how you plan to improve the travelling experience for passengers and general public.
- A description of your strategy for facilitating airport growth via route development and marketing, including general vision and specific plans that will facilitate increases in traffic and airport growth.
- A description of the plan to develop and enhance the non-aero, commercial retail offerings at the Airport.
- A general description of the plan to develop the cargo business and groundhandling offering at the Airport.
- A description or summary of any other upside that you include in your analysis that drives the valuation of the Airport. This can include properties that exist at the Airport today or plans to construct new facilities.

6. OFFER OF LEASEHOLD FEE (GRADED CRITERION)

Proponents are to indicate the Leasehold Fee that they are offering to pay to the Authority on Financial Close.

SELECTION OF PROPONENT

The table below breaks down each Proponent's response and corresponding results based on each criterion, described above, as reviewed and approved by the Partnership Committee on a meeting held on July 17, 2012:

TABLE 2:

Criterion	Ferrovial / Macquarie	Highstar Capital / ASUR
Completeness of Proposal	**Proponent passed this criterion.** Proponent fulfilled the requirements of completeness.	**Proponent passed this criterion.** Proponent fulfilled the requirements of completeness.
Financial Technical and Professional Reputation	**Proponent passed this criterion.** Ferrovial and Macquarie previous investments suggest sufficient experience and capacity to pass this criteria. Macquarie and Ferrovial cited that as partners they have invested in Chicago Skyway, Indiana Toll Road, and 407 Toll Route.	**Proponent passed this criterion.** Highstar Capital and ASUR previous investments that suggest sufficient experience and capacity to pass this criteria. Proponents cited that between the two they have invested over $1 billion in the airport sector.
Financing Plan	**Proponent passed this criterion.** Detailed financial plans with committed financing and support from high quality banks.	**Proponent passed this criterion.** Detailed financial plans with committed financing and support from high quality banks.
Business Plan (Operating and Airport Growth Plans)	**Proponent passed this criterion.** Presented detailed operating and business plans, commitment to significant amount of capital improvements and presented a specific timeline for such improvements, proposed training and development for employees and tenants. Presented a specific plan for new route development and passenger growth. Commitment to modernize terminals, increase commercial capacity and improve passenger experience. Presented a detailed transition plan and commitment to work with stakeholders, including government, to achieve a world class airport.	**Proponent passed this criterion.** Presented detailed operating and business plans, commitment to significant amount of capital improvements and presented a specific timeline for such improvements, proposed training and development for employees and tenants. Presented a specific plan for new route development and passenger growth. Commitment to modernize terminals, increase commercial capacity and improve passenger experience. Presented a detailed transition plan and commitment to work with stakeholders, including government, to achieve a world class airport.
Offer of Leasehold Fee (excludes payments and revenue sharing to PRPA and proposed CAPEX)	$567,000,000	$615,000,000

IV. CONCLUSION

The Partnership Committee considers that the Public-Private Partnership process carried out by the PPPA, PRPA and the Partnership Committee complied with the requirements of the Act, the Regulation and the RFP, both in form and substance. The process was carried out affording fairness and equality to each Proponent. Ultimately, given that both proposals fully complied with the requirements of the Act, the Regulation and the RFP, the Partnership Committee's selection of the preferred Proponent was based on the Proposal that provided the highest Leasehold Fee. The Proposal with the highest Leasehold Fee was submitted by Aerostar Airport Holdings, LLC, a joint venture formed by Grupo Aeropuertuario de Sureste S.A.B. de C.V. and Highstar Capital IV, L.P.

ACCEPTED AND APPROVED ON July 17th, 2012 BY:

Juan Carlos Batlle
President
Government Development Bank for Puerto Rico
Chairman of the Partnership Committee

Juan Carlos Pavía
Director
Office of Management and Budget

Luis G. Rivera, Esq.
Secretary
Puerto Rico Tourism Company

Jaime López
Chief Development Officer
Department of Economic Development and Commerce

Arnaldo Deleo
Aviation Director and
General Manager of LMM Airport
Puerto Rico Ports Authority

VI. EXHIBITS

EXHIBIT A – *SUMMARY OF LMM LEASE AGREEMENT*

Summary of LMM Lease Agreement

Issue	**Term**
Grantor	The Puerto Rico Ports Authority (the "**Authority**").
Term	40 years from the closing date (the "**Closing Date**"), subject to extension if the Authority elects to pay Leasehold Compensation to the Lessee by extending the term in lieu of paying Leasehold Compensation in cash. The Closing Date is the date on which financial close occurs and the relevant funds are transferred to the Authority by the Lessee to consummate the granting of the Lease, which will be no earlier than 90 days following the signing of the Lease Agreement and no later than 180 days after the Bid Date (the "**Outside Closing Date**").
Purpose	The Lease Agreement awards the right to operate, manage, maintain, develop and rehabilitate the Luis Muñoz Marín International Airport ("**LMM**") during the Term, subject to the terms and conditions of the Lease Agreement.
Use of Airport	The Lease Agreement states that a primary purpose and essential consideration of the Agreement is to promote, facilitate, aid and enhance commerce, tourism and economic development for Puerto Rico. The Lease Agreement further recognizes the role of LMM as the primary point of access in Puerto Rico with respect to economic activity, tourism and transportation.
Airline and Other Charges	The Use Agreement establishes the maximum level of fees that the Lessee may charge to Airlines at LMM. The Lessee may charge fees to other airport concessionaires, including food and beverage providers, retailers and ground transportation providers.
Lessee Rights	The Lessee will have the right to operate, manage, maintain, develop and rehabilitate LMM and receive revenues from airlines and other airport users.
Leasehold Fee	The Lessee will be required to make an up-front payment (the "**Leasehold Fee**") to be awarded the Lease. This Leasehold Fee payment will be due on the Closing Date. Before the Lessee will be required to pay the Leasehold Fee at the closing of the transaction, the Authority will have retired any debt payable from or secured by LMM assets or revenues. In addition, the Authority and the Lessee will each need to satisfy other usual and customary "conditions precedent" before the closing can be accomplished.

Issue	Term
Deposit	On the date of execution of the Lease Agreement, the Lessee will make a deposit of cash or deliver one or more Letters of Credit in an amount equivalent to 5% of the Leasehold Fee to be held by the Authority.
Annual Authority Payment	For the first five full Reporting Years, the Lessee shall make an annual payment to the Authority of $2,500,000.
Annual Authority Revenue Share	For the sixth full Reporting Year through and including the thirtieth full Reporting Year, the Lessee shall pay to the Authority, in cash, an amount equal to 5% of the gross Airport Revenues earned in such Reporting Year. For the thirty-first full Reporting Year and each succeeding Reporting Year, the Lessee shall pay to the Authority, in cash, an amount equal to 10% of the gross Airport Revenues earned in such Reporting Year.
Police and Fire Services	The Authority will ensure that LMM is serviced adequately by police and fire services consistent with the TSA-approved Airport Security Program. The Lessee will be required to provide, at the Lessee's cost, all other security functions necessary for compliance with the TSA-approved Airport Security Program, including interior auxiliary security and access control functions. The Lessee will reimburse the Authority for the costs of the services provided by the Authority, for which the parties will set an annual budget. The budget for the first year is set in the Lease Agreement as $2,800,000. If the parties are unable to agree upon a budget in any future year, the budget for that year will equal the prior year's budget adjusted for inflation. The Authority will be required to use its Reasonable Efforts (as defined in the Lease Agreement) to seek available reimbursement for such police, fire and emergency services costs from the TSA or other appropriate Governmental Authorities. The Lessee will be obligated to provide reasonable assistance to the Authority in seeking and administering any such reimbursement programs.
Reimbursement of Monitoring Costs	The Lessee is required to reimburse the Authority for certain costs to monitor the Lessee's compliance with the Agreement, up to $250,000 per year (subject to annual inflation adjustment).
Capital Improvements	The Lessee is obligated to perform certain identified "General Accelerated Upgrades", the capital improvements required by the Use Agreement (including certain mandated capital improvements at the beginning of the Term) and the capital improvements required in accordance with the Operating Standards. With respect to capital improvements for which the Lessee intended to receive reimbursement (i.e., PFC, AIP or airline

Issue	Term
	charges), but for which the Lessee has not received reimbursement as of the expiration of the Term, the Authority shall pay the Lessee the amount of such reimbursements not yet received by the Lessee. Projects commenced in the final 10 years of the Term must be approved by the Authority to be eligible for reimbursement, unless they are Government-Mandated Capital Projects under the Use Agreement or approved by the Airlines under the Use Agreement. This provision only applies with respect to the expiration of the Term and not any earlier termination of the Agreement.
Modifications	Each of the Lessee and the Authority may request Modifications. A Modification may include: (i) a change in the services, obligations or work to be performed by, or rights of, the Lessee with respect to LMM from those provided for in the Lease Agreement, (ii) changes in the dimensions, character, quantity, quality, description, location or position of any part of the LMM Airport Facility or operations or other changes to the LMM Airport Facility or operations or (iii) the acquisition of additional land or buildings. Regardless of which party requests the Modification, the Lessee must present the scope of work and projected outcome of such Modification. Certain Modifications that do not impose additional obligations on the Authority, require new lands or result in revenues allowed by a change in law, do not require approval by the Authority. Other Modifications require an agreement between the Lessee and the Authority. In the latter case, if the parties cannot agree on the modification, then the Authority will have the right to make such Modification a "**Required Modification**" and require the Lessee to make such Modification, provided that (i) the Authority has obtained the consent of the GDB, (ii) the Authority has provided to the Lessee evidence reasonably satisfactory to the Lessee of the Authority's ability to finance such Required Modification and, if the Lessee has requested the Authority to advance funds necessary to implement the Required Modification, the Lessee has received such funds from the Authority, (iii) the Lessee has obtained all authorizations and the Authority has acquired all additional lands required to begin work on the Required Modification and the Lessee has no reason to believe that other required Authorizations that cannot be obtained until a later date will not be obtained when needed and, and (iv) the Authority has agreed with the Lessee to the terms of the Required Modification, including the amount of the Leasehold Compensation payable to the Lessee for delivering the Required Modification.
Operating Standards	The Operating Standards are detailed in the schedules to the Lease Agreement and the Use Agreement and refer to the standards, specifications, policies, procedures and processes that apply to the operation, maintenance and rehabilitation of,

Issue	Term
	and capital improvements to, LMM. The Operating Standards detail the operating requirements set forth by the FAA and the Authority and are expected of the Lessee during the term of the Lease. The Authority may require certain changes to conform with requirements of law and best practices at comparable airports. The Operating Standards also may be modified by the Lessee or the Authority, subject to conditions.
Employees	The Lessee will use its reasonable efforts to interview all Authority Employees (i.e., those who currently work at LMM) who apply to the Lessee for employment and will offer employment to such Authority Employees (to commence following the Closing Date) who meet the Lessee's stated requirements for employment; provided, however, that the Lessee will have no obligation to offer employment to any such Authority Employee. With respect to any Authority Employee hired by the Lessee who, on the Closing Date, has 10 years or more of accumulated service under the Commonwealth Employee Retirement System such system (each such Authority Employee, a "**Qualified Employee**"), the Lessee agrees to make the employer contributions that government employers are required to make pursuant to Sections 2-116, 3-105 and 4-113 of Act No. 447, approved by the Legislative Assembly of Puerto Rico on May 15, 1951, as amended, that would become due and payable after the Closing Date for all Qualified Employees hired by the Lessee.
Puerto Rico Air National Guard	As of the Closing, the Puerto Rico Air National Guard facilities are excluded from the transaction. Upon satisfaction of certain conditions, the Lessee will have option/negotiation rights concerning such areas.
Hotel Property and Cargo Facilities	The Authority will remain responsible for the Hotel Property and Cargo Facility and the ongoing litigation, although the properties are included in the Lease. If the litigation is resolved, the Lessee will have option/negotiation rights concerning the use of such areas.
Insurance	The Lessee bears risk of loss during the Term. The Lessee must maintain or cause to be maintained, at its own expense, insurance of the types standard for this type of transaction for the Term of the Lease Agreement, including Commercial General Liability, Business Automobile Liability, Workers Compensation, Professional Liability, Pollution Legal Liability, Builders Risk and Property (including business interruption coverage). The values of the policies must be adjusted for inflation every five years.
Restrictions on Transfer	The Lessee may only transfer ownership and/or permit a Change in Control of the Lease if (i) the Authority, FAA, and TSA have each approved the transfer, (ii) the transferee signs a new agreement with the Authority and assumes the

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	obligations of the Use Agreement, (iii) the Leasehold Mortgagee approves of the transfer and (iv) there is no continuing Lessee Default. Any such approval from the Authority may only be withheld if the sale, transfer or transaction would violate law or is prohibited by law or if the transferee is not deemed capable of performing the obligations and covenants of the Lease Agreement. The transferee's ability to perform such obligations will be based on their financial strength, integrity, experience, background and reputation of the transferee. Transfers include Changes in Control of the Lessee, where control is defined as more than 50% ownership, voting control or economic interest of the Lessee, excluding such transfers as moving ownership/control interests to affiliates or through trusts.
Condition of the Asset	The Authority bears all risk of loss until Closing Date. The Authority covenants that, from the Effective Date until the closing of the transaction, it will cooperate with the Lessee and operate and maintain the LMM Airport Facility, including retaining the appropriate insurance policies.
Termination for Default	The Authority, subject to cure periods, may terminate the Lease Agreement for defaults by the Lessee. Defaults include: (i) failure to perform or observe any material obligation, covenant, term or agreement of the Lease Agreement or any resolution of a dispute, (ii) any persistent failure to comply with the Operating Standards in a prescribed period of time, (iii) transfer of any of the Lessee Interest control or ownership without necessary approvals, (iv) written statement by the Lessee admitting its inability to pay its debts, (v) bankruptcy, (vi) the execution of any lien against the LMM Airport Facility resulting from an Encumbrance and (vii) failure to comply with Operating Standards that creates (a) material danger to safety of LMM operations or (b) impairment to the LMM Airport Facility. The lenders will have the right to cure a Lessee Default for a period of 180 days beyond any cure period given to the Lessee by the Authority. In the event that the Authority terminates the Lease Agreement as a result of Lessee Default, the Authority will agree to enter a New Agreement with the lenders on the same terms as originally provided. The Lessee, subject to cure periods, may terminate the Lease Agreement for defaults by the Authority. Defaults include: (i) failure to perform or observe any material obligation, covenant, term or agreement of the Lease Agreement or any resolution of a dispute, (ii) transfer of any of the Authority interest in the LMM Airport Facility in violation of the Lease Agreement and (iii) the execution of any lien against the LMM

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	Airport Facility resulting from an Encumbrance. If the Lessee elects to terminate the Lease Agreement as a result of Authority Default, the Lessee is entitled to Termination Damages ("**AD-Termination Damages**"). Such compensation is equal to the sum of the LMM Airport Facility Leasehold Value, any reasonable and documented out-of-pocket costs and expenses incurred as a result of the termination, and Leasehold Compensation for the time running from date of such Authority Default until the Termination Date, *less* any insurance proceeds received by the Lessee or that would have been payable to the Lessee but for its failure to comply with the relevant insurance policies. "**LMM Airport Facility Leasehold Value**" is defined as the greater of (i) fair market value of the Lessee Interest as determined by a written appraisal from a third-party independent appraiser (each of the Authority and the Lessee will pay 50% of the costs of the appraisal) or (ii) the Lessee's outstanding debt and breakage costs. However, with respect to a termination within the first five years for an Authority Default or an Adverse Action or after the first five years for an Authority Default where the Authority has failed to make a payment greater than five times the amount of the most-recent Annual Authority Payment or Annual Authority Revenue Share, the LMM Airport Facility Leasehold Value is equal to the greater of (i) the Lessee's outstanding debt and breakage costs and (ii) the sum of (A) the Leasehold Fee, (B) all Annual Authority Payments, (C) any amounts paid by the Lessee in respect of the PRANG Facilities, the Hotel or Cargo Facilities and (D) certain capital expenditures made by the Lessee.
Termination for Act No. 458 Crime or Public Integrity Crime	Act No. 458 requires the automatic rescission of a contract if the contracting party or any of the covered natural persons is convicted or enters a guilty plea in respect to any of the crimes listed in Act No. 458 ("**Act No. 458 Crime**"). Also, Act No. 237 and the Code of Ethics require termination of the Lease Agreement if the Lessee is convicted of a Public Integrity Crime that is not an Act No. 458 Crime. A "**Public Integrity Crime**" is a crime listed in Act No. 237 or the Code of Ethics. In accordance with the Secretary of Justice Opinion constituting Legal Inquiry No. 11-176-A: • The Lease Agreement will automatically be rescinded by operation of Act No. 458 if the Lessee or any subsidiary or *alter ego* thereof is convicted or enters a guilty plea in respect of any Act No. 458 Crime, or if any other Covered Party is convicted or enters a guilty plea in respect of any Act No. 458 Crime while in the employ of the Lessee. A

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	"**Covered Party**" includes the Lessee's president, any of its vice presidents or directors, executive director or member of a board of officials or board of directors (or any person that holds a position with the Lessee equivalent to any of the foregoing). • The Lease Agreement will terminate as required by Act No. 237 or the Code of Ethics, if the Lessee is convicted of a Public Integrity Crime that is not an Act No. 458 Crime. If the Lease Agreement is rescinded or terminated during the Term for an Act No. 458 Crime or a Public Integrity Crime committed *not in connection with the procurement of the Lease Agreement*, then the Authority is obligated to pay to the Lessee: • an amount equal to the lesser of (i) the LMM Airport Facility Leasehold Value and (ii) the Unamortized Leasehold Fee, in each case calculated as of the End Date (the "**PIC-Termination Damages**"); or • if the amount of the PIC-Termination Damages is less than or equal to the sum of the Leasehold Mortgage Debt and any related Breakage Costs as of the End Date, then the Authority will enter into a New Agreement with the Leasehold Mortgagee (or its designee or nominee), and the Authority will be released from any obligation to pay PIC-Termination Damages or any other compensation to the Lessee in connection with such rescission or termination. If, however, the Lease Agreement is rescinded during the Term for an Act No. 458 Crime committed *in connection with the procurement of the Lease Agreement*, then the Authority will enter into a New Agreement with the Leasehold Mortgagee (or its designee or nominee), and the Lessee will not be entitled to receive any PIC-Termination Damages or other compensation of any form or amount from the Authority in connection with such rescission. In the event the Authority is required to enter into any New Agreement with the Leasehold Mortgagee, the Authority may elect, at its sole option, by notice to the Lessee at any time prior to the execution and delivery of such New Agreement, to pay to the Lessee a sum equal to the Leasehold Mortgage Debt and any related Breakage Costs, and upon such notice the Authority will be: • released from the obligation to enter into such New

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	Agreement; and • obligated to pay such sum to the Lessee in cash. If this Agreement is rescinded or terminated during the Term in relation to Act No. 458, Act No. 237 or the Code of Ethics, then the Authority will recover from the Lessee all of the Authority's out-of-pocket expenses and Financing Costs, if any, arising in connection therewith, together with any Re-Tender Costs relating to any Re-Tender of the LMM Airport Facility following such rescission or termination.
Adverse Action	An Adverse Action will occur if the Authority or any Governmental Authority in Puerto Rico takes any action during the Term (including enacting any legislation or promulgating any law) and the effect of such action is reasonably expected to be principally borne by the Lessee, private operators of Comparable Public Airports or "Contratantes" (as such term is defined under the P3 Act), and to have a material impact on the fair market value of the Lease. The following, however, will not be considered an Adverse Action: • any increase in taxes of general application; • the exercise of law enforcement, subpoena or investigatory powers; and • the development, maintenance, modification or construction of any existing mode of transportation, even if such development, maintenance, modification or construction results in the reduction of airport revenues or the number of vehicles using LMM. The Lessee is entitled to receive Leasehold Compensation for any losses and reductions in revenue that result from any Adverse Action. Such compensation is termed "**AA-Compensation**" and is computed and paid in the same manner as Leasehold Compensation is for Compensation Events that are not Adverse Actions. The Lessee is only permitted to terminate the Lease Agreement as a result of an Adverse Action that constitutes an expropriation, sequestration or requisition of all or a material part of the LMM Airport Facility, the LMM Airport Facility Assets, the LMM Airport Facility Contracts (to the extent assigned to the Lessee or to the extent the Lessee is entitled to receive the benefit thereof in accordance with the Lease Agreement), the Use Agreement, or the Lessee Interest or that materially impedes the Lessee's ability to perform its obligations continuously for at least 90 days. If the

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	Lessee has elected termination, the Authority has the right to remedy the Adverse Action within 180 days following the date of receipt of an Adverse Action Notice from the Lessee or, if an Adverse Action Dispute Notice has been given, within 180 days following the final decision; in either case, within such longer period as may be agreed to by the Lessee. If the Lessee terminates the Agreement for an Adverse Action, then the Lessee will be entitled to receive from the Authority the sum of the LMM Airport Facility Leasehold Value, any reasonable and documented out-of-pocket costs and expenses incurred as a result of the termination, and Leasehold Compensation for the time running from the date of such Adverse Action until the Termination Date, *less* any insurance proceeds received by the Lessee or that would have been payable to the Lessee but for its failure to comply with the relevant insurance policies. Such compensation is termed "**AA-Termination Damages.**" Note that after the AA-Termination Damages become payable following the Authority's 180-day opportunity to cure, the Authority will have up to an additional 120 days to pay the AA-Termination Damages if the Authority reasonably determines that such additional period is necessary to obtain the financing or approvals required for such payment.
Certain Delay Events	If Force Majeure or any other Delay Event occurs that has the effect of: • causing physical damage or destruction to the LMM Airport Facility that results in LMM being substantially unavailable; or • the suspension of fee collection at LMM or any material portion thereof, and in either case, such effect continues for a period of longer than 120 days and has a material adverse effect on the fair market value of the Lessee Interest, then such Delay Event will be a Compensation Event. In this event, however, the Lessee will only be entitled to term compensation (as defined below in "Compensation Events").
Compensation Events	The Authority will provide to the Lessee the compensation needed to restore the Lessee to the same after-tax economic position that the Lessee would have been in had the following events not occurred: • material impairment, losses or reduced LMM revenues resulting from the Authority's entrance on the LMM Airport Facility to design, construct, repair or maintain the LMM Airport Facility or any utilities or to do any other act or thing that the Authority may be obliged to do by law;

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	• the Lessee's compliance with a Required Modification; • the Lessee's compliance with a change in Operating Standards at the direction of the Authority; • the occurrence of certain other aviation service activities described under the heading "Other Aviation Services" above; • the occurrence of an Adverse Action; and • the certain Delay Events described under the heading "Certain Delay Events" above. Leasehold Compensation is always meant to be net of insurance proceeds that are received or should be received under the required insurance under the Lease Agreement. Compensation Events can be compensated, at the Authority's election, generally either (i) in cash or (ii) through an extension of the Term. The Authority's election to extend the Term as compensation will not be permitted, however, if (i) the Authority has previously compensated the Lessee with term extensions cumulatively up to an aggregated $25 million for the Term of the Lease, up to $10 million in the first five years of the Lease or up to $1 million in any year after the fifth year of the Lease (each of the foregoing amounts to be adjusted for inflation) or (ii) the Compensation Event is a Required Modification or a casualty loss that occurs prior to the closing. In addition, without regard to the foregoing limitations, in no event will the Lessee ever be entitled to Leasehold Compensation for a Delay Event in the form of cash, but instead will be required to accept term extensions.
Other Aviation Services	The Lessee will be entitled to Leasehold Compensation to the extent that the Authority or any other Governmental Authority established under the Laws of the Commonwealth or any other Person that is authorized by the Authority or any other Governmental Authority established under the Laws of the Commonwealth (including under any concession, lease or other similar arrangement) obtains an airport operating certificate under 14 C.F.R. Part 139 (or any successor regulation) that would authorize scheduled passenger commercial service at any airport located within the Commonwealth that did not as of the Date of this Agreement have such a 14 C.F.R. Part 139 Certificate (whether or not such airport existed as of the Date of this Agreement) (a) prior to the 20th anniversary of the Date of this Agreement at any airport located within the jurisdiction of the municipality of Ceiba or (b) prior to the 15th anniversary of the Date of this

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	Agreement at any airport located in the Commonwealth outside the jurisdiction of the municipality of Ceiba. Any such Leasehold Compensation shall be provided only to the extent that the Lessee reasonably demonstrates a decrease in net income as a result of such commercial scheduled passenger service subsequent to the issuance of the Part 139 operating certificate. Scheduled passenger commercial service is defined to include services offered or operated by a U.S. or foreign air carrier that constitute a "scheduled operation" or a "public charter" as such terms are defined by 14 C.F.R. Sections 110.2 and 380.2 or in the relevant foreign equivalent regulations. No Leasehold Compensation shall be required in respect of commercial aviation services to the extent that such services (i) represent an expansion of scheduled operations as defined by 14 C.F.R. Section 110.2 at an airport that has a Part 139 certificate as of the date of this Agreement or (ii) consist of cargo aviation services. Any such Leasehold Compensation required shall be paid by the Authority from revenues that do not include revenues from any airport other than the LMM Airport Facility.
Taxes	Per the P3 Act, the following taxes will need to be paid by the Lessee: • depending on type of legal vehicle utilized, the Lessee has the option to pay either of the following income tax rates: (i) 20% on net income (applicable only if organized as a special partnership or limited liability company electing partnership treatment under the Internal Revenue Code for a New Puerto Rico) or (ii) 10% on net income and 10% on dividends if the Lessee is organized as a corporation or limited liability company not electing partnership treatment under the Internal Revenue Code for a New Puerto Rico; and • 0.5% Municipal License Tax applied against gross LMM Airport Facility revenues. The Lessee will also be subject to all other taxes duly imposed by the Commonwealth or its municipalities. such as: (i) any real property taxes imposed or measured by the value of the real property owned by the Lessee, (ii) municipal construction excise taxes and (iii) Commonwealth and municipal sales or use taxes with respect to taxable items acquired by the Lessee. The Lessee will not be subject to any real property tax imposed on or measured by the value of the LMM Airport Facility that is imposed by the Authority or any other governmental authority of the Commonwealth or (ii) any personal property tax on personal property owned by the Authority and used by the Lessee exclusively in the LMM

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	Airport Facility or in the operations conducted therein that is imposed by the Authority or any governmental authority of the Commonwealth.
Arbitration	The Parties agree to use certain dispute resolution, consisting of informal discussions, non-binding mediation, binding arbitration, and technical arbitration, to resolve their disputes before filing action in court.
Governing Law	The Lease Agreement is governed by and interpreted in accordance with the laws in force in the Commonwealth of Puerto Rico.