

St. Louis Lambert International Airport Public-Private Partnership

MOELIS & COMPANY

RFQ Question Responses 1

October 18, 2019

Participant RFQ Submitted Questions

#	Date Submitted	Topic	Page Number	Request / Question	STL Response
1	10/11/2019	Real Estate	24	Section 2- B; page 24: Please provide further detail about the restrictions the Airport's existing financing has in developing adjacent real estate. Is it an additional indebtedness issue?	Restrictions associated with the Airport's existing debt will be eliminated when the debt is repaid/ defeased in connection with a transaction, if consummated. Covenants are detailed publicly in the Bond Offering Official Statements. These can be viewed at: https://emma.msrb.org/IssuerHomePage/Issuer?id=A5614E19C90105FF64FAC605517E8AFE
2	10/11/2019	Real Estate	24	Approximately 1,200 acres of adjacent real estate owned by the Airport are available for expansion of Airport activities or potentially available for non-aeronautical development: Please confirm that the Airport owns the land, as opposed to another City or County agency or entity. Please describe the debt covenant details related to why the Airport's adjacent real estate has been constrained by restrictions in the Airport's existing bond financings. Please confirm whether the Airport intends to sell any adjacent land; if not, what are the contemplated term lengths of long-term ground leases?	Evaluation of alternatives in connection with the Airport's adjacent real estate is underway. Further guidance will be provided in the RFP process. After execution of NDA's, information will be in the data room. See response to question 1 for details on existing limitations.
3	10/11/2019	Use Agreement	29	Airlines have agreed to a preliminary framework that establishes the key financial and operational terms of a future Use Agreement under the Airport P3: Will these details or a summary thereof - specifically the financial terms - be made available prior to the RFQ submission deadline?	No. Further guidance will be provided in the RFP process. After execution of NDA's, information will be in the data room.
4	10/11/2019	Airline Contact	31	In light of the restriction contained in Section 3 on Page 31, what opportunity will be provided to Respondents to communicate with and develop information from the airlines subsequent to the submission of the RFQ?	The City recognizes that it is important for Respondents to have direct discussions with the Airlines and intends to provide such an opportunity during the RFP phase. Further guidance will be provided in the RFP process.
5	10/11/2019	Approvals / Vote	33	The Board of Aldermen or the citizens, via initiative petition, may call an election formally on a proposed transaction prior to close: Discuss the process or mechanics for a citizens-led ballot initiative on the proposed transaction. For example, how many signatures are needed to get an initiative in favor or against the Airport P3 on a future ballot? Are the citizens of Saint Louis historically prone to enact ballot initiatives over major City projects? Is the Board of Aldermen?	The requirements for an initiative petition are found in Article V of the Charter of the City of Saint Louis (link: https://library.municode.com/mo/st._louis/codes/code_of_ordinances?nodeId=CH_ARTVIN). With respect to non-charter measures, please see the City Counselor's opinion of July 9, 2019 (link: https://www.fly314.com/wp-content/uploads/2019/07/Airport-Privatization-7-9-19-2.pdf).
6	10/11/2019	Description of Respondent	37	Section 7.3.a): The provision makes reference to the "Team members". In this sense, should Respondent include in the RFQ submission, the entities that may compose the consortium along with the prime subcontractors and advisors, or the people involved on the bidding process?	The initially identified team members should satisfy all of the necessary requirements. Any additions or substitutions will be subject to the approval of the City which it would expect to grant in all reasonable cases.
7	10/11/2019	Description of Respondent	37	We are planning to assemble a consortium of potential investors that would include a lead investor with international airport operational credentials and sufficient funds to finance the transaction on its own as well as local investors that will assist us in meeting the City's objectives of improving the Airport experience for its stakeholders and in expanding community and economic development. We have not finalized that group of consortium members. Nor have we discussed any particular equity levels for any members. Is it sufficient to qualify the lead investor alone and add consortium members at a later date once participation and ownership has been finalized? Without expressly qualifying these co-investors, can we present the initial group of investors in the RFQ response?	The initially identified team members should satisfy all of the necessary requirements. Any additions or substitutions will be subject to the approval of the City which it would expect to grant in all reasonable cases.

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8	10/11/2019	Description of Respondent	37	Once consortium members are identified and their equity participation determined, what additional information will you need for those members? Will that be required for all consortium members or will that only be with respect to those that own more than 10% or are foreign nationals or sovereign nations?	See response to question 9
9	10/11/2019	Description of Respondent	37	We note the requirements on page 37 to identify the individuals that (1) either own 10% of any Team member or (2) are Team member owners that are foreign entities or sovereign nations. We assume you are seeking foreign ownership of any Respondent or any Team member of any Respondent regardless of ownership percentage?	<p>In response to Part VI(7), Section (3)(b) of the RFQ, please identify (a) any person or entity that is anticipated to hold a 10% or greater beneficial interest in the entity that would enter into the lease with the City of St. Louis, both equity partners and potential operating partners (regardless of whether the entity is domestic or foreign):</p> <ul style="list-style-type: none"> - Provide the name, address, and place of organization, formation, or business, so the person or entity can be properly identified - The relationship of the person or entity should be described or depicted in the description of the respondent under Section (3)(a) (i.e. as part of the overall team organization chart or description). - Additional information about the person or entity can, but is not required to, be used to respond to the other submission requirements, such as with respect to financial and operational qualifications. - Provide a response to Section 7 (Disclosure of Conflicts). - Provide a response to Section 10 (Criminal and Civil Claims History). - Provide a certification of the Conflict of Interest Policy (Appendix A) if the person or entity meets the definition of "Respondent" in that policy. If a person or entity has only an indirect interest in the bidding entity, that person or entity might not meet the definition of "Respondent" under the policy; rather, under clause (ii) of the definition of "Respondent", the direct partner or joint venture member would be considered a "Respondent".
10	10/14/2019	Description of Respondent	37	<p>Description of Respondent: Provide a description of the Team, including a description of all Team members and the anticipated legal relationship (governance and shareholder structure) among the Team members (e.g., partners, shareholders, client-consultants, etc.) as appropriate. Also provide a description of any upstream relationship to financially responsible entities</p> <p>Could you please provide a definition of "Client-Consultant" and "financially responsible entities"</p>	The intent was to allow respondents to identify relationships that would enable them to carry out financial aspects of the transaction
11	10/14/2019	Description of Respondent	37	<p>Description of Respondent: Provide a description of the Team, including a description of all Team members and the anticipated legal relationship (governance and shareholder structure) among the Team members (e.g., partners, shareholders, client-consultants, etc.) as appropriate. Also provide a description of any upstream relationship to financially responsible entities</p> <p>In the event where we would be willing to add other minority shareholders to complement our consortium after the RFQ, is there a formal procedure for adding investors during the RFP phase?</p>	The initially identified team members should satisfy all of the necessary requirements. Any additions or substitutions will be subject to the approval of the City which it would expect to grant in all reasonable cases.
12	10/14/2019	Description of Respondent	37	<p>Description of Respondent: Provide a description of the Team, including a description of all Team members and the anticipated legal relationship (governance and shareholder structure) among the Team members (e.g., partners, shareholders, client-consultants, etc.) as appropriate. Also provide a description of any upstream relationship to financially responsible entities</p> <p>Is there a right to substitute a member to a wholly owned affiliate at a later stage?</p>	The initially identified team members should satisfy all of the necessary requirements. Any additions or substitutions will be subject to the approval of the City which it would expect to grant in all reasonable cases.

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13	10/14/2019	Description of Respondent	37	Identify the individuals or companies who hold an ownership interest of ten percent (10%) or more in each Team member, including any foreign entities and sovereign nation participants. Could you please confirm whether the ownership interest is a direct one or if indirect ownership of 10% is also required?	Direct and indirect ownership of interest of 10% or more is required to be disclosed.
14	10/11/2019	Operational and Management Capability	37	Section 4.4.iv.3: Could you please confirm that "traffic engineering" refers to landside road traffic	Yes.
15	10/14/2019	Operational and Management Capability	37	Provide evidence demonstrating expertise in managing an airport of this nature Can the credentials of a team member be the one of their parents ?	Please identify operating experience that will be available in the operation of St. Louis airport. If that experience is not that of the entity directly responding to the RFQ there should be a description of how and in what way that relevant experience will be made available.
16	10/14/2019	Operational and Management Capability	37	Provide evidence demonstrating experience in delivering meaningful capital improvement programs on time and within budget Is there a minimum of size or any criteria for a project to be considered as meaningful?	The City has not specified a minimum size requirement.
17	10/14/2019	Operational and Management Capability	37	Provide evidence demonstrating experience in delivering meaningful capital improvement programs on time and within budget, including descriptions of the nature and size of specific projects similar in nature to what will be undertaken at the Airport. Could you please be more specific about the capital projects contemplated at STL?	See the following link (https://www.fly314.com/wp-content/uploads/2019/05/Capex-Overview_v2019.05.16.pdf), which represents an earlier summary of projected capex under continuing City operation of the airport. This remains subject to material revision and further information will be provided during the RFP phase.
18	10/14/2019	Strategic Rationale	37	Executive summary and strategic rationale (2 pages maximum) Could you elaborate on the content of the strategic rationale? Should the strategic rationale explain why the respondent is interested in submitting a bid and how this bid will help the City achieve its objectives?	Yes.
19	10/11/2019	Financial Capability	38	Section 7 - 5.a.i; One of the potential alternatives to finance this kind of transactions is seeking financing within the muni market (generally tax-exempt). Is the City encouraged to help the bidders with this financing source if any support from the City is needed?	The City does not expect that tax-exempt financing will be available to a private operator under a long-term lease of the Airport, but is open to discussion with any qualified bidder during the RFP process about the possibility of accessing financing methods available in the public sector.
20	10/11/2019	Financial Capability	38	We have sufficient means to finance the transaction without debt. Is it sufficient to simply state that without providing a track record for obtaining debt financing?	If a respondent anticipates that it will finance the transaction on an all-equity basis then a description of that capacity is sufficient. If debt financing is anticipated, then a description of experience in that area would be required as well.
21	10/11/2019	Acknowledgements, Confirmation, Attestation	39	7.9.c.i; Clarify that Lenders' exclusivity will be referred to lending. Some financial entities may be advising on valuation or financing strategy during RFP and on these aspects they should be hired on an exclusivity basis to protect confidential information and ensure full alignment in advice	The language is intended to prohibit contractually exclusive relationships with lenders in their capacity as debt financing sources in a Transaction. This expectation will be reinforced in any NDA signed prior to the RFP stage. You are not prohibited from hiring an exclusive financial advisor so long as the engagement does not contractually prohibit that financial advisor from acting as a debt financing source for others. We understand and accept that certain financial advisors may opt not to pursue lending relationships with other parties due to their own internal constraints.
22	10/11/2019	Conflicts Disclosure	39	7.7.b; Advisors should disclose the information "to the best of their knowledge", as they may not be aware of whether one of their hundreds of clients supplies goods or services to the Airport (please consider as an example a law firm or a Big Four and all the software or food companies they may be advising to)	The disclosure of such information should be to the best of the Respondent's knowledge after reasonable inquiry.

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23	10/11/2019	Conflicts Disclosure	39	Section 7b requires disclosure regarding 'associations, current or prior dealings, relationships and/or existing contracts with Any airlines operating at the Airport, current lessees or individuals doing business with the airport, and suppliers of good or services to the Airport, as it relates to this transaction.' Please confirm that disclosures must only be made to the extent such relationships are related to this transaction. For example: An advisor to a bidding consortium provided services in 2019 unrelated to this transaction to an airline serving the Airport. Is disclosure of such activity required under RFQ Section 7b?	Confirmed.
24	10/14/2019	Conflicts disclosure	39	Any airlines operating at the Airport, current lessees or individuals doing business with the Airport, and suppliers of goods or services to the Airport Could you please provide us with a list of conflicted entities?	Conflicted entities would be considered the Airlines and persons with material transactions or agreements with the Airport.
25	10/11/2019	Operational and Management Capability	39	Section 7.8: Could you please clarify if when the RFQ refers to "Comparable Projects" these are Capital Improvement Projects or any kind of other projects, such as: projects with airlines, collaboration projects, innovation projects, tourist promotion, etc. that in many cases don't imply Capex,	The request is for experience that is comparable to what is expected to be required and needed at St. Louis Lambert International Airport.
26	10/11/2019	RFQ Submission Guidelines	39	If case studies for past projects, demonstrating the various capabilities discussed in the RFQ, are included as an appendix to the RFQ submission, are those case study pages counted against the 30 page limit set for the main RFQ?	No.
27	10/14/2019	Evaluation Criteria	40	Is there any score allocation to evaluate the key qualifications or are they all equally weighted?	The City's priorities and requirements are fully defined in the RFQ. The City will not disclose any scoring criteria.
28	10/11/2019	Legal Claims	40	Section 7 - 10.4; Please clarify definition of "Disclosing Party"	A Respondent disclosing any item under 7.10.(i)-(v).
29	10/11/2019	Acknowledgements, Confirmation, Attestation	41	Commitment to defeasance of all outstanding Airport debt: What information is available about the existing debt and why defeasance is necessary? Is all of the outstanding debt non-callable? Will information about the notional debt outstanding, maturity schedule, and interest rates be made available prior to Respondents having to commit to such defeasance? (Cognizant that there is some information available in the public domain already)	In the event of a transaction, the City will use the proceeds of any Transaction to repay/defeasance the existing Airport debt; this is not the responsibility of a winning bidder.
30	10/11/2019	Evaluation Criteria	41	Section 8 - 8.e; Does the initial defeasance implies that the Airport should be free of debt once the concession period is over?	All debt secured by the Airport will be fully repaid or defeased.
31	10/11/2019	Evaluation Criteria	41	Section 8 - 8.e; page 41: Please provide Airport's existing debt breakdown	Proceeds from a potential transaction will defeasance the debt and defeasance will not be the responsibility of respondents. Please see the below link to view all publicly available information related to the Airport's existing debt: https://emma.msrb.org/IssuerHomePage/Issuer?id=A5614E19C90105FF64FAC605517E8AFE .

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32	10/11/2019	Conflicts Disclosure	44	Appendix A: Clarify definition of "Transaction" without reference to other documents. This is important as it affects other definitions.	"Transaction" shall mean any transaction relating to the long-term management and/or lease of the Airport, which is currently contemplated to be effected through the creation of a public-private partnership for the long-term lease, management, operation and development of: (A) all of the Airport; (B) at least a majority of the Airport property or facilities used for passenger, cargo and airline services activities; (C) at least a majority of the Airport operations involving passenger, cargo and airline services activities measured by the revenue generated by such activities through the APPP or any successor program.
33	10/11/2019	Conflicts Disclosure	44	Appendix A: The definition of "Respondent" in this Annex is broadened to include each team advisors, consultants or agents. Large firms acting as advisors (Law firms, Big Fours, etc.) may not be able to comply with the requests in Section 2 of the Appendix (which will apply in the future and for an undefined period, as the process does not have a fixed duration). This may cause issues to hire advisors. Please review and consider limiting to team members.	#34: The Conflict of Interest Policy (Appendix A) applies to bidders' advisors and consultants, as defined within clause (iii) of the definition of "Respondent". Please bear in mind that the definition of "Transaction" is provided in response to [Question 33]. In other words, under Section 1 of the policy, a bidder may not engage a consultant or advisor on this proposed airport lease who has been engaged on behalf of the City of St. Louis (i.e. those firms listed on p. 42 of the RFQ under "Restricted Parties"). The City's advisors are aware of this restriction and would not accept such an engagement with a bidder, as that would be a direct conflict with their representation of the City. The policy does not prohibit engagements unrelated to the proposed airport lease, which fall outside the definition of "Transaction". Section 2 of the policy requires that if a bidder (or a bidder's advisor or consultant) hires an individual who has been engaged on this proposed airport lease for the City, the hiring must be disclosed to the City and the individual must be screened from work related to the transaction. For example, if Jane Doe currently works for a City advisor and has worked on this transaction, and she then leaves that City advisor and accepts employment with another advisor who is advising a bidder, she must be screened from further work on the transaction. But the bidder's advisor is not prohibited from hiring her, and she is not prohibited from accepting that employment.
34	10/11/2019	Conflicts Disclosure	44	Are Respondents permitted to make political contributions to elected City officials during the pendency of the possible Transaction?	You are legally obligated to comply with any and all relevant Missouri statutes and any ordinances of the City of St. Louis. Additionally, any such contributions will be viewed negatively by the City Working Group with respect to qualification of Respondents.
35	10/11/2019	Conflicts Disclosure	44	Are Respondents permitted to discuss the possible Transaction with City elected officials?	You are legally obligated to comply with any and all relevant Missouri statutes and any ordinances of the City of St. Louis. Additionally, any such communications will be viewed negatively by the City Working Group with respect to qualification of Respondents.
36	10/11/2019	Conflicts Disclosure	44	Does complying with Appendix A satisfy the requirements of Sections 7a & 7b or are additional disclosures required as part of the RFQ submission? If additional disclosures are required as part of Section 7, please provide further clarification as to what "associations, current or prior dealings, relationships" means and any limited timeframe associated therewith.	Appendix A and Sections 7a & 7b are separate requirements. Section 7 is backwards looking and refers to any dealings the respondent has had in the past with not time limitations. Appendix A is requesting disclosure on a go forward basis with respect to this transaction.

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37	10/11/2019	Conflicts Disclosure	44	With respect to Appendix A: Conflict of Interest Policy, is one written certification by the joint venture or entity responding to the RFQ on behalf of all of its team members and advisors sufficient, or does each team member need to submit a separate certification with the RFQ response?	Each entity member of the join venture would have to file the certification.
38	10/11/2019	Conflicts Disclosure	44	<p>The first section of Appendix A: Conflict of Interest Policy states the following (emphasis added):</p> <p>As part of responding to a Request for Qualifications (“RFQ”) and a Request for Proposal (“RFP”) for a Transaction, each Respondent must certify in writing that the Respondent:</p> <p>1) Has not retained after October 2, 2019, nor will it retain at any time during which this prohibition is effective, any City Advisor in connection with a possible Transaction. 2) Has not hired or retained after October 2, 2019, nor will it hire or retain at any time during which this prohibition is effective, in connection with a possible Transaction:</p> <p>i. Any of the individuals who have been employed or retained by or through any of the City Advisors;</p> <p>ii. Any member, shareholder, or partner in any of the City Advisors; or</p> <p>iii. Any principal representative of an Organization;</p> <p>Where such individual was doing such work on or after June 13, 2018, unless:</p> <p>a. Such hiring or retention is disclosed to the City; and</p> <p>b. The individual that is hired or retained is isolated from the Respondent’s activities by an appropriate screen (i.e., the individual does not work on the Respondent’s activities in connection with, or have access to information concerning, any Transaction).</p> <p>Does “such individual” as emphasized above only apply to the individuals described in (i)-(iii) to the extent they previously had one of the described associations with a City Advisor, worked on a possible Transaction, and are now retained by a Respondent?</p>	Yes.
39	10/11/2019	Conflicts Disclosure	44	What, if any, disclosures are required if a prospective Respondent has retained a City Advisor for a project or projects unrelated to the potential Transaction?	No disclosure would be required. Any disclosure provided by respondents to the RFQ should pertain to dealings with respect to this transaction only.
40	10/11/2019	Conflicts Disclosure	44	<p>Please clarify and confirm that on a going forward basis Respondents (and members of Respondent team) may hire City Advisor firms on matters unrelated to a possible Transaction.</p> <p>For example: An advisor to a bidding consortium wishes to hire one of the City Advisor law firms as project counsel on a matter completely unrelated to a possible Transaction. Please confirm such activity is not prohibited and does not require disclosure on an ongoing basis.</p>	The conflict requirement pertaining to City Advisor firms is prohibited with respect to this transaction only.
41	10/11/2019	Conflicts Disclosure	44	<p>Please clarify and confirm that on a going forward basis Respondents (and members of Respondent team) may have contact with and potentially enter into contracts with airlines operating at the Airport, current lessees or individuals doing business with the airport, and suppliers of good or services to the Airport to the extent that all such contact and potential business activity is unrelated to a possible Transaction.</p> <p>For example: An advisor to a bidding consortium wishes to meet with an airline serving the Airport related to potential finance transactions unrelated to a possible Transaction, e.g. an aircraft equipment lease financing or a terminal project at an airport elsewhere in the U.S. or globally. Please confirm such activity is not prohibited and does not require disclosure on an ongoing basis.</p>	Confirmed.

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42	10/14/2019	Capital Expenditure Program	N/A	<p>Following up on our discussion with the advisory team, we wanted to reach out to see if there is any additional color Moelis is able to provide regarding the CapEx spend over the 10 years post transaction-close. We believe the quoted figure was 'high nine digits' from the from the meeting, but note that we're not looking for specific dollar figures for each project, but:</p> <p>(a) The total average CapEx spend over the first 10 years will be \$80-100MM per annum (b) How much of this is "Growth CapEx" (new projects) vs. general maintenance and improvements (c) Some of the key new projects that are being considered (e.g. a people mover, concourse, MRO etc.)</p>	<p>See the following link (https://www.fly314.com/wp-content/uploads/2019/05/Capex-Overview_v2019.05.16.pdf), which represents an earlier summary of projected capex under continuing City operation of the airport. This remains subject to material revision and further information will be provided during the RFP phase.</p>
43	10/11/2019	Process and Timing	N/A	<p>Will all RFQ responses, as well as questions related to the RFQ from prospective Respondents, be made public? If so, when?</p>	<p>Discuss with City Working Group RFQ response disclosure. All questions and responses to the RFQ will be made public but who submitted will be remain confidential.</p>