

ITEM NO.1(iii):

MINUTES OF THE ADJOURNED 165TH MEETING OF
THE EXECUTIVE COMMITTEE, B.M.R.D.A.

DATE : 6th October, 1995 (Friday)
TIME : 5.00 P.M.
PLACE : Chief Secretary's Committee Room
5th Floor, Mantralaya

MEMBERS PRESENT :

Shri Sharad Upasani - Chairman
Chief Secretary to Government
Shri D.M.Sukthankar - Member
Shri R.Y.Tambe - Member
Shri B.B.Sharma - Member
Managing Director
C.I.D.C.O.
Shri D.Mehta - Member
Metropolitan Commissioner

SPECIAL INVITEES :

Shri S.G.Kale
Additional Chief Secretary to Government
Planning Department
Shri Venkat Chary
Principal Secretary to the Government
Finance Department
Shri B.K.Agarwal
Secretary (Marketing) to the Government
Co-operation and Textiles Department
Shri R.K.Bhargava
Secretary (Textiles) to the Government
Co-operation and Textiles Department

INVITEES :

Shri K.Nalinakshan
Secretary (ULB) to Government
Urban Development Department
Shri Vinay Bansal
Secretary to Government
Industries Department
Shri K.N.Patel
Legal Adviser, BMRDA

Shri V.K.Phatak
Chief, Planning Division, BMRDA

Shri K.R.Shanbhogue
Chief Accounts Officer & Financial Adviser
Finance & Accounts Division, BMRDA

Shri S.P.Pendharkar
Chief, Town & Country Planning Division, BMRDA

Shri M.B.Salvi
Lands Officer
and
Marketing Manager, BMRDA

S.V.Asgaonkar, Secretary, Executive Committee, BMRDA

Item No.1 : Development of Convention Centre-cum-Hotel
in the International Finance and Business
Centre (IFBC) in Bandra-Kurla Complex.

1.8 As desired at the last meeting of the Executive Committee held on 29th September, 1995 Shri Vijay P.Thacker from the Consultants M/s.Raiji & Horwath Consultancy Services Pvt.Ltd. & Mr. M.L.Shakta & Miss Kalpana V.Merchant from M/s. Kanga & Co.were present at the meeting.

1.9 At the outset, the Metropolitan Commissioner gave resume of the discussion at the last meeting of the Executive Committee.

1.10 As decided in the last meeting the Consultants produced before the Committee the list of safeguards which fell within the conditions contained in the tender document and those which could be termed as additional safeguards, as under:-

| Sr. No. | Safeguard | Tender Document Reference |
|---------|--|--|
| 1. | Hotel Leela Venture as Promoter Company to provide continuing irrevocable bank guarantee for annual dues | Clause 10, page 9 |
| 2. | Encashment and renewal of bank guarantee | Consequent upon nonpayment of dues with BMRDA invoking the guarantee |

3. BMRDA right to re-enter the Company, with transfer of entire promoter shares in new Company to BMRDA without cost. Consequent upon guarantee not being furnished
4. Corporate guarantee of Hotel Leela Venture to funds shortfall due to failure of public issue, and/or debt raising efforts and to finance cost overrun. Essential for BMRDA to satisfy itself on funds availability for project execution, our projections do not reflect financial viability so that public issue and sanction of loans may fail
Requirement for aforesaid funding without interest or with subordination of interest dues Essential to protect BMRDA payment, on a priority.
5. Evidence of arrangement of loan funds to be given before building permissions are given. Necessary to guard against development being rendered incomplete with detriment to BMRDA.
6. Permission for charge on land only for premium value paid Permission for creation of charge is discretionary per clause 5, page 7.
7. FI's required to pay BMRDA dues, if they enforce the charge Necessary as BMRDA not being discharged for land on up front basis
8. Stipulation that change of land use not permitted. General purpose of tender - necessary since default to FI's may occur during implementation period (after taking loans) or during operations.
9. No permission to charge CEC and CEC land These belong to BMRDA
10. Reservation of option to pay-off institution dues and assume control of assets Necessary to protect BMRDA interests, in the event that Leela pays BMRDA but defaults to FI's who take a project/Co. where BMRDA land value is not fully discharged.
11. Exercise of equity option (a) provides greater stake and improves control and renegotiation position in the event of re-entry (this is very possible)
(b) gives right to demand two positions on the Board - nominal equity stake may hamper agreement for Board position.

After detailed discussion on each of the safeguard recommended and the points suggested for inclusion by Executive Committee members, there was consensus that to ensure the safety on BMRDA land and timely payment of future instalments of lease rent it was necessary to incorporate financial safeguards in the lease documents. Similarly, it was equally important to ensure that a Convention Centre of international standard should come up and be operated professionally. Adequate provision should be made in lease documents and a separate Agreement for operation of Convention Centre be drawn up to incorporate such safeguards. The members also felt that prima facie Condition No.9.2 of Annexure 'E' was not a part of the conditions envisaged in the tender documents and should be excluded.

1.11 After discussing fully all the tenders, report and the material provided by the Consultants, ~~various~~ clarifications submitted by Hotel Leela Venture Ltd. in response to the queries made by BMRDA, and legal opinion, the Executive Committee decided to make following recommendations to the Authority :-

1. Since the Hotel Leela Venture Ltd.'s offer contains appropriate concept of Convention Centre and Hotel and Service Apartments, and as their proposed development is of international standard and is the highest financial bid viz. Rs.1133 crores, their offer be accepted. However, in view of Consultants opinion about economic viability of the project the safeguards suggested by the Consultants which were appended as Annexure 'E' to the Item Note placed before the Executive Committee, be incorporated in the relevant legal documents to be executed by the allottee. In view of other provisions already contained in the said Annexure 'E', the condition 9.2 therein be deleted.

In view of the foregoing recommendations, the Executive Committee did not recommend other two options viz. to reject all the bids and issue

fresh tenders or reject the highest 3 bids and give chance to the next 3 bidders viz. Taj, Oberoi and ITC Group of Hotels.

- (2) The option to subscribe upto Rs.500 million at par value to the equity capital of a company to be promoted for the project be exercised to and the Metropolitan Commissioner be authorised to approach the State Government at the appropriate time for obtaining their sanction under Section 16-A of the BMRDA Act, 1974.
- (3) A Committee viz. 'Convention Centre Project Review Committee' be appointed for management and control during the construction period of Convention Centre. The Committee shall comprise of the Metropolitan Commissioner, BMRDA; the Municipal Commissioner, MCGB; and four other members viz. a professional Architect, a Professional Interior Designer, a Specialist in Convention and Exhibition Centre equipment and a finance expert as appointed by the Executive Committee, BMRDA. Such specialist members may be individuals/Consultancy firms/professional bodies. The said committee shall exercise the functions and duties as stated in para.3.3.1 of Annexure 'E' placed before the Executive Committee.
- (4) Another Committee be also appointed for management and control during operation period of Convention Centre. The said Committee shall comprise of the Metropolitan Commissioner; the Tourism Secretary/ Managing Director, MTDC of Maharashtra Govt. Hotel Owner's representative; Operator's representative and 2 other members viz. a finance expert and a professional consultant with experience in Hotel and Convention business appointed by the Executive Committee, BMRDA. Such specialist members may be individuals/Consultancy firms/professional bodies. The function and duties of the Committee shall be as stated in Annexure 'F' to the Item Note placed before the Executive Committee. These functions and duties be modified from time to time with the approval of the Executive Committee.

- (5) Upgradation and Renovation Fund be set up as stated in Annexure 'F' to the Item Note placed before the Executive Committee and the corpus of fund be managed and operated by the Metropolitan Commissioner as per the guidelines given in the said Annexure 'F'.
- (6) In view of the fact that conditions of allotment of land under reference are quite different from usual conditions of allotment, the legal documents attached to the BMRDA (Disposal of Land) Regulations, 1977 require suitable modifications and additions. M/s. Kanga & Co., Solicitors have been instructed to prepare a suitable letter of allotment of land. The Solicitors' firm has also been instructed to draft suitable agreement to Lease, Lease deed, Management contract of Convention Centre and other legal documents necessary. It is necessary to authorise the Metropolitan Commissioner to finalise these documents prepared by the Solicitors' firm in consultation with the Legal Adviser, BMRDA and thereafter to issue the same to the allottee along with the letter of allotment.

Item No.2 : Allotment of land for relocating Wholesale Textile Markets from South Bombay.

The information on the following points was not available :-

- 1) Ownership of land occupied by the wholesale traders.
- 2) Steps proposed to be taken by the Municipal Corporation of Greater Bombay to implement the revised Development Plan Proposals in respect of the land occupied by the Wholesale Textile Markets in the Island City.
- 3) The estimates of financial burden to implement the Development Plan Proposals mentioned in (2) above.
- 4) The remarks of the Secretary (Textiles) and the Secretary (Marketing) on the representation made by the Federation of Bombay Textile Traders' Association to amend some of the provisions of the Bombay Metropolitan Region Specified Commodities Markets (Regulation of Location) Act. 1983.

Besides the Municipal Commissioner, Municipal Corporation of Greater Bombay was also not present.

In view of the above, consideration of the Item was deferred and it was decided to take it for consideration when the above information is ready.

The meeting then concluded with a vote of thanks to the Chair.