Members present: List enclosed

Principal Secretary, IDD extended welcome to the Members present

Subject No.1: Confirmation of the Proceedings of the 4th State Level Single Window Agency for PPP projects held on 09-09-08.

Confirmed

Subject No.2: Review of action taken on the Proceedings of the 4th State Level Single Window Agency for PPP projects held on 09-09-08

2.1 Capacity building of officers dealing with PPP projects

The Committee reviewed the progress in conducting training programs & has informed to continue the same so as to build up capacity of the officers dealing with PPP projects.

2.2 Approval for 12 projects under IIPDF funding

The Committee reviewed the progress in the release of funds from IIPDF & discussed the reason for ineligibility of the 4 projects. The Principal Secretary clarified that funds would be released only if the conditions are satisfied like i) the project to have private investment ii) Transaction Advisor to be selected through bidding process iii) the proposal to be prospective to the IIPDF guideline issue Dec '07. The Principal Secretary informed the committee that proposal was resubmitted along with clarification on the specific queries raised by IIPDF on each project. All the 12 projects were undertaken by iDeCK as an entrustment.

2.3 Development of Traffic and Transit Management Centre (TTMC) at Hebbal on DBOT basis

The project is proposed to be developed in 7 acres with an estimated project cost of Rs 350 Crores. The facilities include 50 Bus bays and 1000 car parking lots.

The committee reviewed the matters and noted that the project will be taken up on finalization of the UDD guidelines for use of Commercial space in TTMCs.

It was decided to place the proposal before the SHLCC along with details of the land available for the projects.

2.4 Development of Traffic and Transit Management Centre (TTMC) at Chikkanagamangala on DBOT basis

The project is proposed to be developed in 8 acres with an estimated project cost of Rs 100 Crores. The facilities include 50 Bus bays and 500 car parking lots.
The MD BMTC reported that on account of low investor interest at this point in time due to bad economic conditions, the project will be taken up at later date when conditions improve.

3. Subject 3: Projects for consideration and approval

3.1 Transport Sector

3.1.1. Development of KSRTC offices, guesthouse and Commercial complex on KSRTC site at Mangalore on PPP basis:

The project is proposed to be developed in an area of 1.063 Acres with KSRTC offices, KSRTC guesthouse, associated infrastructure & parking; and commercial development for institutional space and mall facilities. Capital cost of the project will be Rs 20.69 Crores with a Equity IRR of 22.5%. The project proponent will receive benefits of i) Built up office space of 10000 Sft ii) Guest House 3000 sft iii) vehicle parking slots iv) up front payment of Rs 1 Crore and half yearly lease rental during the project life time.

The Committee noted that the project proponent had appointed KIPDC as the Transaction Advisor. KIPDC made the presentation about the project features; during the discussion existing facilities in the city were reviewed. The Managing Director, KSRTC explained to the committee that the existing bus stand will not be disturbed and the development will be at a new location. The proposed infrastructure development will have only KSRTC office, guesthouse & commercial complex, which will generate revenue for KSRTC. The Committee was informed by KIPDC that sufficient parking is available for commercial and travelling Passengers.

The committee approved the project subject to meeting the common conditions as mentioned under 3.1.8 of this document.

3.1.2. Commercial Development on KSRTC sites at Hassan and Channarayapattana on PPP basis:

The project at Hassan is proposed to be developed in an area of 5.2 Acres with retail and office spaces, restaurants; multiplex and associated facilities; hospitality block- 3 star hotel with 100 guest rooms, banquet hall, restaurant and associated facilities. Capital cost of the project will be Rs 97.41 Crores (for both projects). The equity IRR for the project is 23.37 %. The project proponent will receive benefits Rs 48.95 Crores i) Through upfront payment as land premium by the preferred bidder of Rs 4.25 Crores ii) half yearly lease rental during the project lifetime.

The Managing Director, KSRTC informed the committee that work of construction of a very big bus station is in progress and to supplement the above development now it is proposed to develop commercial facilities under PPP in the remaining available area.

The committee decided to recommend only the Hassan proposal to be placed before SHLCC. The project should also incorporate the common conditions under 3.1.8.
The committee observed that the project at Channarayapattana needs to be reviewed with reference to passenger need for additional amenities in future vis-à-vis a commercial venture.

3.1.3. Development of Bus Station and Commercial complex on KSRTC site at Puttur on PPP basis: -

The project at Puttur is proposed to be developed in an area of 2.98 Acres at two sites. New bus station in project site I of around 1.97 Acres consisting of 27 bus bays, passenger amenities, auto rickshaw base, surface parking for private vehicles KSRTC administrative offices, rest rooms for KSRC staff and other facilities. Project site II of around 1.01 Acres will be used for retail shops, office spaces, restaurants, air-conditioned movie theater and associated facilities. Capital cost of the project will be Rs 14.78 Crores. The equity IRR for the project is 22.52%. The project proponent will receive Rs 7.2 Crore equivalent benefits i) through upfront payment as land premium by the preferred bidder of Rs 0.10 Crores ii) half yearly lease rental during the project life time.

The Managing Director, KSRTC explained the necessity of the project along with Infrastructure components proposed in the project. The committee approved that KSRTC could go ahead with bidding subject to the vehicular traffic movement, design issues around the site, interim arrangements for bus stand and obtaining the NOC/approvals as required, being sorted out. The project should also take care of the common conditions under 3.1.8

3.1.4. Development of Passenger amenities and Commercial complex on KSRTC site at Chitradurga on PPP basis: -

The project at Chitradurga is proposed to be developed in an area of 6.0 Acres in two phases (Phase-I- 3 Acres, Phase-II- 3 Acres) for 6 Acres at two sites of Proposed Built-up area: 199,500 Sft. Project Components in Phase I will comprise of a) KSRTC Premises- Reservation counters and office, guest house and associated infrastructure, including parking; b) Retail/ Commercial Block- Retail, restaurants & food court, multiplex with 3 screens, office space and associated facilities c) Hospitality Block- 3-star category hotel with 42 guest rooms, 2 banquet halls, business centre, restaurant, shop, gymnasium and associated facilities. Capital cost of the project will be Rs 36.82 Crores. The equity IRR for the project is 22.52%. The project proponent will receive benefits equivalent to 20.27 Crores i) through upfront payment as land premium by the preferred bidder of Rs 1.30 Crores ii) half yearly lease rental during the project life time.

The Managing Director, KSRTC explained to the committee that present proposal is for development of 3 acres area in phase-I and further another 3 acres will be developed in phase-II in future. The chief Secretary asked the authorities to check up the requirement of guesthouse, as already guesthouse facilities are available.

The Chairman enquired about the rights of the current vendors, to which KSRTC informed that, the current vendors will have only short term rights and the same will end in 2 years time and can alternatively ended by giving 4 months notice. The committee agreed to the proposal but informed to re-examine the necessity & requirement of each component now proposed. The committee approved to proceed with the bidding process subject to common conditions under 3.1.8.
3.1.5. Development of Bus Station and Commercial complex on NWKRTC site at Hubli on PPP basis: -

The project is proposed to be developed in an area of 4.03 Acres with NWKRTC premises comprising of 38 Bus bays, passenger amenities, 445 two wheeler parking, 9 car parking lots; and commercial development comprising of shopping mall with food courts, 3 screen multiplex and business hotel. Capital cost of the project will be Rs 41.60 Crores with a Equity IRR of 25%. The project proponent will receive benefits of up front payment of Rs 10 Lakhs and half yearly lease rental in lieu of leasing 1.37 acres, during the project life time.

Managing Director, KSIIDC emphasized that the project needs marketing during downturn and as it falls in a tier II city. The Committee approved the proposal but instructed that traffic impact assessment and management be reexamined before proceeding with further actions for bidding, subject to common conditions under 3.1.8.

3.1.6. Development of Bus Station and Commercial complex on NWKRTC site at Belgaum on PPP basis: -

The project is proposed to be developed in an area of 5.76 Acres with NWKRTC premises comprising of 41 Bus bays, passenger amenities, 452 two wheeler parking, 40 car parking lots; and commercial development. Capital cost of the project will be Rs 30.60 Crores with a Equity IRR of 27%. The project proponent will receive benefits of up front payment of Rs 10 Lakhs and half yearly lease rental in lieu of leasing 2.0 acres, during the project life time.

The Committee noted that the project should be befitting Belgaum’s status as second capital of Karnataka. The Committee proposed that the work could be taken up in two phases to avoid the alternative arrangements or shifting of the existing activities and asked that this be examined. The committee approved the proposal & gave its go ahead for the bidding process subject to common conditions under 3.1.8.

3.1.7. Development of Bus Station and Commercial complex on NEKRTC site at Gulbarga on PPP basis: -

The project is proposed to be developed in an area of 2.36 Acres with NEKRTC premises comprising of 3 platforms to accommodate 12 Bus bays, passenger amenities, 452 two wheeler parking, 40 car parking lots, ATMs, Kiosks; and commercial development. Capital cost of the project will be Rs 29.60 Crores with a Equity IRR of 26.11%. The project proponent will receive benefits of up front payment of Rs 25 Lakhs and half yearly lease rental in lieu of leasing 1.09 acres, during the project life time.

The committee approved the proposal for going ahead with bidding process.

3.1.8. General Conditions required to be applied within a PPP project.

For all the above proposal (under 3.1.1 to 3.1.7) connected to transport sector, the committee decided to re-examine the following issues with remedial measures before taking further action.
a) The transport sector projects should invariably contain additionality of passenger facilities, an improvement in quality of service or providing a new service not provided before; and not become only a Commercial venture.
b) Traffic growth for next 25-30 years should be accounted for.
c) The proposed designs can be improved upon subject to meeting the guidelines.
d) To examine the need for facilities (eg: Guest house at Chitradurga) before going ahead with any product mix.
e) Necessary clearances from local bodies should be obtained.
f) Developments shall conform to the FAR allowed in these areas and UDDs recent notification.
g) Existing lessee’s, tenant’s rights if any should be factored in..
h) Advanced planning to be ready with all approvals/interim arrangements without causing any problems to local public. Alternatively the authorities should explore the idea of development in a phased manner.
i) Traffic impact assessment of the commercialization should be conducted in consultation with the concerned local authorities.
j) Obtain the development fund from IIPDF/ VGF.
k) Parking area to be provided separately for KSRTC & commercial area.
l) Entry & Exit points and the arrangements within the area of development shall be such that it will not cause traffic congestion or management problems due to mixing of passengers- office, commercial (shopping) and vehicle traffic.
m) KSRTC/ BMTC to prepare a plan of action to manage/ regulate the contract during the construction, operation and maintenance of the project, and submit the plan to IDD.

3.2 Urban Infrastructure

3.2.1. Establishment of KLAC office through development of 1.606 acres land at Hosur Main Road, Bangalore on PPP basis:

The project is proposed to be developed in an area of 1.606 Acres with office space of 25000 sft with parking space to KLAC free of cost and, commercial development of 3 star business hotel with 250 rooms, retail hyper mart of 50000 sft, car parking facilities. Capital cost of the project will be Rs 106.8 Crores with an Equity IRR of 26.01%. The project proponent will receive benefits of up front payment of Rs 4.0 Crores and half yearly lease rental of 0.5 Crores from year 3 onwards with escalation of 10% for first 10 years and 5% for balance of the lease period.

The Committee noted that the project proponent has applied KIPDC (KSIIDC -ILFS Project Development Company) as the TA. The KIPDC (TA) made presentation explaining the components of the projects. The committee observed the following points to be taken care before going ahead with the bidding.

a) Approval of the local area & other authorities should be obtained & FAR regulation is to be considered in the proposal.
b) Parking area for office & commercial area shall be earmarked separately.
c) Traffic impact assessment and the mitigation plans should be in place after consulting the local authorities after consulting the local concerned authorities.

Subject to these, the committee decided to place the project before SHLCC for its approval.
3.2.2. Development of Ring road connecting Ananthpur Road and Bangalore Road at Bellary on PPP basis:

The two-lane road project is proposed to be developed in two phases—phase I- 7.2 KMs; phase II- 10 KMs. Capital cost of the project will be Rs 90 Crores. The project will provide the following benefits i) decongestion of city roads ii) annual premium and iii) development of peripheral areas in the city.

The Committee noted that the IDD has already initiated action for this project based on its urgent necessity. The Committee asked the administrative agency to place the proposal before SHLCC Committee as it exceeds Rs 50 Crores.

The Committee has directed BUDA to obtain the consent/concurrence of NHAI/MOSRTH and should take all necessary steps to avoid conflicts at a later date.

4. Subject 4: Developments in PPP

4.1 Empanelment of additional Transaction Advisors

The Principal Secretary, IDD informed the Committee that GoK projects were facing difficulty in obtaining GoK approval for funding and were not able to incentivize the DEA empanelled TA’s to come to Karnataka and work on GoK projects. In line with DEA recommendations additional prospective Transaction Advisors were invited through open advertisement and 9 members were empanelled. Principal Secretary, IDD informed that this additional empanelment of Transaction Advisors list along with the users guide has been sent to DEA, GoI. The committee directed that DEA’s approval may be sought on the same. Additional Chief Secretary informed that an attempt should be made to list all the empanelled members sector wise.

4.2 Procedure for Swiss Challenge

The Principal Secretary, IDD informed that though Swiss Challenge forms a part of Infrastructure Policy, detailed procedures are not available. In the face of issues with Swiss Challenge as pointed out and the increasing no. of proposals being received under Swiss Challenge, a draft procedure has been developed and placed before the Committee Members for perusal and Comments.

Chairman and Members of the Committee felt that the subject needs detailed deliberations and hence the same has been deferred to be taken up in the next Meeting of SLSWA.
5.0 Subjects under Additional Agenda

4 Subjects under additional agenda were deferred.

Meeting ended with thanks to the Members present.

Sd/-
(Sudhakar Rao)
Chief Secretary
Government of Karnataka.
Chairman of the State Level Single
Window Agency for PPP Projects

(N. Ramesh)
Joint Secretary to Govt.and Director (I/C)
Infrastructure Development Department,
Bangalore.
LIST OF MEMBERS PRESENT IN THE MEETING HELD ON 17/04/2009 UNDER THE CHAIRMANSHIP OF THE CHIEF SECRETARY TO GOVERNMENT OF KARNATAKA ON THE 5th STATE LEVEL SINGLE WINDOW AGENCY FOR PPP PROJECTS.

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<td>Dr. L.Shanthakumari Sundar, I.A.S. Additional Chief Secretary &amp; Development Commissioner.</td>
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