

Guidelines for Integrated Resort Development in Jamaica



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Contents

Guidelines for Integrated Resort Development in Jamaica	2
Disclaimer	2
Integrated Resort Development (IRD) Overview	3
General Objective	3
Introduction	3
The Government’s Objective	4
Development Orders and Casino Gaming Licences	4
Current Gaming Situation	5
Taxation and Resort Development; Gaming Taxes and Fees	6
Hotel Incentives:	6
Gaming Taxes and Fees.....	6
Development of the Regulations under the Act	7
Legal Basis.....	7
Applicants	8
Development Requirements.....	8
Site	8
Physical Development.....	9
Feasibility	9
Economic Effect	10
Exclusivity	10
Processing, Assessment and Evaluation of Proposal	10
EVALUATION CRITERIA.....	11
1. Tourism Appeal and Contribution to Economic Development.....	11
a) Attractiveness of Tourism Products	12
b) Appeal of the Overall Concept.	12
2. Architectural Concept and Design.....	12
3. Development Investment.....	13
4. Strength of the Consortium and Partners	13
Assessment Criteria and Weightings.....	13
Approval Phase	14
Communications and Queries.....	14

Guidelines for Integrated Resort Development in Jamaica

Disclaimer

This publication serves as a guide to assist promoters in formulating their proposals in response to the Government of Jamaica's (GOJ) request for proposal (RFP) for Integrated Resort Developments (IRD). The guidelines are based on provisions of the Applications for Approved Integrated Resort Development Order 2012 and the Casino Gaming Act 2010 and are designed to provide information and assist in decision-making. These Guidelines are not intended to replace the provisions of the laws and should not be construed as such nor should they be interpreted as prescribing an exclusive course of management.

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Integrated Resort Development (IRD) Overview

The IRD is envisaged to be a large-scale sustainable attraction and one that strengthens Jamaica's competitiveness in the tourism industry and appeals to potential and repeat tourists as a must-visit attraction. The facilities will provide offerings that will ensure a fun filled memorable experience for guests and will complement the Island's existing attractions. The IRD is expected to bolster economic development through job creation, tax revenue, the creation of markets for locally produced goods and services, as well as serve as a catalyst for new investments in Jamaica.

General Objective

The document seeks to:

1. Define procedures based on the prerequisite of the Casino Gaming (Application for Declaration of Approved Integrated Resort Development) Regulations 2012.
2. Provide a user-friendly guide and reference document to assist investors in preparing and submitting proposals under the development.
3. Assist in minimizing any misunderstanding in interpretation, application or implementation of the procedures, rulings and regulations and to ensure that the implementation of IRD projects is in conformance with the Regulations.
4. Provide guidelines relating to submission, processing and evaluation of proposals to ensure transparency.

Introduction

The (GOJ) is prepared to grant approvals for a restricted number of IRDs to developers who wish to establish large integrated resort developments in Jamaica that will include casino gaming facilities among the mix of offerings available to guests in the resorts.

GOJ has passed legislation (the Casino Gaming Act, 2010) to facilitate the programme. The Act contemplates that in each case the Government would by way of a development order approve proposed plans for an Integrated Resort Development. In addition, the developer of the Approved Integrated Resort Development (AIRD) or a qualified nominee of the developer would thereby be entitled to apply for a licence to operate a casino or casinos within the resort development subject to the resort being completed in accordance with the approved development plan. The Casino Gaming Act, 2010 of Jamaica (“**the Act**”) currently provides for three (3) such AIRDs.

The Government’s Objective

GOJ is seeking to identify investors who have the capacity and resources to establish and operate first-class IRDs and who by themselves or in partnership with operators of casino gaming facilities licensed in well regulated gaming jurisdictions, can establish and operate casino gaming facilities within the IRD which will be compliant with the regulatory regime provided for under the Act and regulations issued thereunder. The Act and the regulations (the Casino Gaming (Applications for Integrated Resort Development Orders) Regulations, 2012) which govern applications for development orders may be accessed at www.mof.gov.jm. Applicants should examine for themselves the Act and the regulations governing applications.

Development Orders and Casino Gaming Licences

Under the Act the Minister of Finance issues development orders. The Casino Gaming Commission (“**the Commission**”) is the regulatory authority for the granting of casino gaming licences and the conduct of casino gaming. Once the Minister approves a proposed IRD by issuing a development order, the Commission shall receive and consider an application for a Casino gaming licence from the approved developer or its qualified nominee. The casino licence

however only becomes effective if development conditions are met and at least 1,000 newly constructed guestrooms have been completed and available for occupancy.

The preferred condition for issuing a casino licence is based on the aforementioned provisions, however in exceptional circumstances on the recommendation of the Casino Gaming Commission, the Minister may consider providing a temporary licence for a maximum period of 3 years, subject to the commencement of construction of the AIRD. This allows the promoter to operate the casino in a temporary facility while establishing the AIRD based on the approved conditions. An applicant for an Approved Development order who intends to conduct casino gaming before commencement of hotel operations is expected to demonstrate how operation of a casino under a temporary casino gaming licence will enhance the development of the proposed resort.

A casino gaming licence will entitle the holder to provide to guests within the AIRD the full range of gaming facilities including traditional table games as well as gaming machines. If, after negotiation between the prospective promoter and the Minister, the development order has an exclusivity feature, the casino operation would be the only casino operation within a specified geographic area of Jamaica for an agreed period of not less than 12 years subject possibly, to casino gaming conducted for bona fide visiting cruise ship passengers on certain cruise ships during overnight stays in cruise ports. The only full casino operations which would be licensed in Jamaica will be those conducted in the integrated resorts approved under the Act.

Current Gaming Situation

Currently, gaming by way of gaming machines is governed in Jamaica under the Betting Gaming and Lotteries Act and permitted under strict limits as to the number of machines per establishment and number of establishments that can own machines including hotels. The conduct of traditional table games are not and may not be permitted save in casinos licensed

under the Casino Gaming Act. Currently no casino gaming licences have been issued. For purposes of the Casino Gaming Act “casino gaming” involves the playing of live table games. See the Casino Gaming (Prescribed Games) Regulations, 2012. Note however (see above) that a casino gaming licensee will be entitled to conduct table games as well as all other gaming including gaming machines.

Taxation and Resort Development; Gaming Taxes and Fees

Hotel Incentives:

There are existing arrangements under separate legislation for favourable tax consideration for resort developments.

Gaming Taxes and Fees:

The Casino Gaming Act currently provides for a Government levy (“**gross profits tax**”) at a rate of ten per cent (10%) of gross profit accruing to a casino operator monthly. Gross profit refers to the difference between the aggregate amount staked or wagered by patrons and the total amount paid out to patrons as winnings. Regulations under the Act will provide for fees payable to the Casino Gaming Commission including –

- annual licence fee payable by the casino gaming licensee
- annual licence fee payable by the casino gaming licensee per licensed gaming machine
- annual licence fees payable by the holders of personal licences required for the holding of certain key positions in the casino organisation
- application fees for licences

Development of the Regulations under the Act

Regulations governing –

- (a) applications to the Commission for casino gaming licences; and
- (b) application to the Commission for personal licences to hold key positions in casinos –

are in an advanced state of preparation. Other regulations will include provision and orders for

- rules of games
- operation of gaming machines
- sports betting
- accounting and internal controls
- controlled contracts for the provision of goods and services to casinos

Approved developers may be asked to collaborate with the Commission in the finalizing of these other regulations. Proposers may be asked, in the course of review of their applications, to give their views on aspects of the concepts for the abovementioned five regulations.

Legal Basis

These guidelines are based on:

1. The Casino Gaming Act, 2010
2. Gaming (Application for Declaration of Approved Integrated Resort Development) Regulations, 2012

However, applicants should examine for themselves the Act and the Regulations.

Applicants

Applicants are required to provide the following information

- Name
- Address
- Legal form
- Jurisdiction of incorporation
- Ownership structure

Development Requirements

The proposed development should include information on the site, physical development, feasibility, and economic effect.

Site

- Include details on location and description.
- Demonstrate ownership of the proposed development site, or provide supporting legally binding documentation to demonstrate the right to control and develop the property. In the event that the developer does not currently have access to a specific development site, the Urban Development Corporation, 12 Ocean Boulevard, Kingston, Jamaica is prepared to negotiate conditions for possible use of properties it owns in Roaring River, St. Ann; Success Estate (adjacent to Rose Hall), St. James; and Manatee Bay, Hellshire, St Catherine.

- Provide description and time frame for all proposed site modification and infrastructure works.
- Description and Construction Schedule for all facilities that comprise the IRD.
- Identify required approvals to carry out the works from the relevant authorities or include a statement indicating the status, schedule and timeframe for approval.
- Include aerial photograph of the development site.

Physical Development

The proposed hotel development shall include a minimum of 2,000 rooms of which no less than 1,000 should be ready for occupancy prior to the start of the casino gaming activities. The remaining rooms should become operational within the agreed development period specified in the development order. The following should be included in the proposal:

- Name of development.
- Detailed overall development plan including but not limited to, hotels, hotel rooms, villas, casinos, attractions, sporting facilities, entertainment facilities, service centres and shopping centres.
- Total number of rooms and phasing.
- Planning and development phase work plan
- Casino facility

Feasibility

Requirements

- A detailed operating plan for the development including name and detailed information as required on any operator that is expected to manage a major component of the operations

- Detailed financing plan distinguishing between debt and equity including relevant documentation to demonstrate funding commitment and timing
- Business plan for at least 5 years.

Economic Effect

Demonstrate the IRD's effect on

- Direct and indirect employment
- Benefits to local community
- Tax revenue

Exclusivity

If a Proposer wishes to apply for geographical exclusivity status the proposed geographic area and the economic justification will be required.

Processing, Assessment and Evaluation of Proposal

An application shall be considered as ready for processing by the Project Co-ordinator at the date by which all the information and supporting documents have been duly submitted and considered as complete. The Coordinator will be advised by a Technical Assessment team comprised of architect, civil engineer, structural engineer, sociologists, legal advisor, financial analyst, environmentalist, landscape architect, land surveyor, geologist and archaeologist (depending on site) etc.

Assessment includes but is not limited to the following:

- Visit of the proposed site by the Assessment Technical Team
- Evaluation of development plan and designs
- Review of construction budget and development time frame
- Proposer may be required to make presentation to the relevant approval agencies including
 - National Environmental Protection Agency
 - National Works Agency
 - Parish Council/Local Planning Authority
 - National Water Commission
 - Jamaica Public Service Co. Ltd
 - Community representatives
 - National Heritage Trust
 - Ministry of Health (re sewerage)
- Feasibility study assessment
- Examination of strategic plan and budgets
- Study of financing plan and cash flow projections
- Credit checks on Proposer, directors and management staff
- Verification of supporting documentation
- Analysis of proposed economic impact on the community including proposed job creation and utilization of locally generated goods and services

EVALUATION CRITERIA

1. Tourism Appeal and Contribution to Economic Development

In assessing the Proposals, the following key factors will be considered:

a) **Attractiveness of Tourism Products**

Each individual component of the Integrated Resort will be evaluated in turn to determine its strength in attracting visitors, its uniqueness to the region and how well it will complement existing attractions and facilities. In addition, the Proposer's and their partner's track record, competency and specialised knowledge in developing and managing the key individual components in the IRD will also be taken into consideration. Finally, the ability of the Proposer and his/her Consortium partners to demonstrate sound market knowledge of the target customers and how they intend to leverage their customer networks to market the Jamaica tourism product will be assessed.

b) **Appeal of the Overall Concept.**

The IRD will be assessed on the degree of integration amongst the individual tourism products proposed to form a strong overall proposition to enhance overall visitor experience. The track record of Proposers in successfully creating, managing and marketing world-class IRDs as well as their international experience in developing and operating IRDs will also be considered.

2. Architectural Concept and Design

In assessing the proposals, the following key factors will be considered:

- a. Appropriateness to Context** -Proposals will be assessed on the attractiveness of the overall design concept. This includes the integration/interconnectivity of the developments with the surrounding communities, including pedestrian connectivity, provision of public spaces and contribution to the overall environment.
- b. Quality of Architecture** - Proposals will be assessed on the distinctiveness and quality of architecture that will differentiate the IRD from other IRDs internationally. This includes an iconic design which considers facade and roof design, greenery provision, and treatment of building crowns. The track record of the lead architect(s) / designer(s) and supporting architectural / consultant team(s), the team(s)' composition and involvement at each stage of the design and implementation process will also be taken into consideration to assess the ability to implement the proposal.

3. Development Investment

Proposals will be evaluated on the Development Investment committed. All else being equal, Proposers that commit to a higher development/investment outlay before the first issuance of the Casino Licence, will be viewed more favourably.

4. Strength of the Consortium and Partners

In assessing the Proposals, the following key factors will be considered:

- a. Strength of Financial Plan** - The Proposals will be evaluated based on the robustness of the financial plan for the IRD and financial strength of the Proposers.
- b. Commitment of the Controlling Shareholder and Partners** - Proposals will also be evaluated on the level of commitment of the consortium members and partners. All else being equal, the Proposal in which the Invited Controlling Shareholder has a higher stake in the proposed IRD will be viewed more favourably. Similarly, equity partnerships will have an advantage over non-equity partnerships.

Note: The Proposer consortium's track record in successfully creating, managing and marketing world-class IRDs, as well as their commitment to attracting top-tier talents from the international business, creative and marketing communities to ensure the long-term sustainability of the IRD will be regarded favourably.

Assessment Criteria and Weightings

	Assessment Criteria	Weightings
1	Strength of Consortium and Partners	35%
2	Architectural Concept and Design	20%
3	Development Investment	20%
4	Tourism Appeal and Contribution to Economic Development	25%

Approval Phase

If the Minister's Advisory Team has no objection to the proposal a recommendation will be made to the Minister of Finance and Planning. If he is satisfied that all conditions have been met he will recommend to Cabinet that consideration be given to the grant of an order declaring the proposed development an "Approved Integrated Resort Development".

The Order which will be issued by the Minister will contain the terms and conditions of approval. Under the Act an Order is revocable for non-compliance with the conditions of approval including the agreed development time frame. The granting of a casino licence is subject to the resort being completed in accordance with the approved development plan.

Communications and Queries

All communication related to this request for Proposals and the submission thereof should be made in writing to the Project Coordinator. The Ministry of Finance and Planning reserves the right to place on its website information or clarification requested by all interested parties and the responses and explanations provided.