

INVITATION TO TENDER

Tender Procedures for Establishing a Risk Sharing Partnership in Air Route Vilnius Airport (VNO) – Madrid Airport (MAD)

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I. ASSIGNMENT

I.1 Definitions and abbreviations

1. For the purposes of this Invitation to Tender:

- 1.1. **Benchmark Revenue** shall mean all Route-related revenue including but not limited to passenger, ancillary and cargo revenue that the Contract parties negotiated upon during the Tender Procedures in accordance with Tenderer's anticipated Route-related operation costs, profit margins, traffic, cash flows and other issues considered relevant by the Contract parties and is provided for in the Joint Business Plan. Once negotiated, Benchmark Revenue shall not be adjusted throughout the entire Contract performance period, therefore any differences between negotiated and actual Route-related operation costs, profit margins, traffic, cash flows and other issues considered relevant shall be bearded as the risk which the Contract parties accept to take by concluding the Contract.
- 1.2. **Business Class** shall mean a class of service with seating standards which may be superior to those provided on premium economy / economy class but less liberal than standards provided in first class.
- 1.3. **Business Plan** shall mean a business plan, initially prepared by a Pre-selected Tenderer in accordance with a spreadsheet provided by LTOU to the Pre-selected Tenderer (and required substantiations of assumptions used, such as passenger traffic, costs and their increase in time, etc.) and negotiated upon by the Pre-selected Tenderer and LTOU for making a Joint Business Plan for performance of the Contract, as provided for in Section II.5 of the Invitation to Tender.
- 1.4. **Contract** shall mean a contract (including its annexes) intended to be awarded by LTOU as a result of the Tender Procedures to the successful Tenderer for establishment and implementation of the Risk Sharing Partnership. Draft Contract will be provided to the Pre-selected Tenderer that will be invited to negotiations in accordance with Section II.5 of the Invitation to Tender.
- 1.5. **Eligibility Criteria** shall mean criteria under which it is determined if a Tenderer is eligible to participate in the Tender, and which are stipulated in Section II.3 of the Invitation to Tender.
- 1.6. **Evaluation Criteria** shall mean criteria under which the advantageousness of Tenders to LTOU will be evaluated and the Pre-selected Tenderer which will be invited to negotiations will be selected, as provided in Section II.4 of the Invitation to Tender.
- 1.7. **Invitation to Tender** shall mean this document and its annexes, including any subsequent clarifications, supplements and amendments, as the case may be.
- 1.8. **Joint Business Plan** shall mean Business Plan submitted by a Tenderer and negotiated upon with LTOU during the negotiations in accordance with Section II.5 of the Invitation to Tender.
- 1.9. **LTOU** shall mean joint stock company Lietuvos oro uostai (Lithuanian Airports), entity's code 120864074, with a business seat at Rodūnios kelias 10A, LT-02189, Vilnius, Lithuania (more information – on its website www.ltou.lt).
- 1.10. **Mandatory Requirements** shall mean minimal mandatory requirements set forth in Paragraph 8 of the Invitation to Tender, which shall constitute material clauses of the Contract, shall be met by submitted Tenders and that shall not be worsened during the negotiations, or at the time of conclusion or performance of the Contract.
- 1.11. **MEOP** shall mean the Market Economy Operator Principle as explained in Section 4.2 of Commission Notice on the notion of State aid as referred to in Article 107(1) of the TFEU (C/2016/2946) and Sections 3.4 and 3.5 of Commission Communication on State aid to airports and airlines (2014/C 99/03).

- 1.12. **Pre-selected Tender** shall mean a Tenderer which has submitted the highest scoring Tender and was invited to negotiations in accordance with Sections II.4 and II.5 of the Invitation to Tender.
- 1.13. **Risk Sharing Partnership** shall mean a cooperation between LTOU and selected air carrier under which both parties invest into the Route operation, and air carrier operates the Route, all under requirements of the Contract, with an aim, inter alia, to develop economical sustainability of the Route and earn reasonable profits from their investments, as detailed in Paragraph 6 of the Invitation to Tender.
- 1.14. **Risk Support Payments** shall mean payments by LTOU to the selected air carrier which are necessary to ensure the selected air carrier with the pre-agreed Benchmark Revenue for the pre-defined period for development of economically sustainable Route.
- 1.15. **Route** shall mean the air route Vilnius Airport (VNO) – Madrid Airport (MAD).
- 1.16. **State Aid** shall be understood in accordance with Article 107(1) of the Treaty on the Functioning of the European Union.
- 1.17. **Tender** shall mean all documents and information submitted by a Tenderer in accordance with the Invitation to Tender, inter alia, showing Tenderer's compliance with Eligibility Criteria and offering Risk Sharing Partnership implementation conditions under the Evaluation Criteria, and further supplemented or amended during the Tender Procedures, as the case may be, inter alia, with Business Plan, proposals to draft Contract, etc.
- 1.18. **Tender Procedures** shall mean all the procedures and actions conducted in accordance with the Invitation to Tender with an aim for awarding the Contract to the selected air carrier.
- 1.19. **Tenderer** shall mean an air carrier, as understood under Regulation (EC) No. 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community, which has submitted a Tender.

I.2 Principal

2. LTOU is the principal for this Tender Procedures and will be the contracting party to the Tenderer which will be awarded with the Contract in accordance with the Tender Procedure rules, as provided in this Invitation to Tender, including its annexes and any clarifications of supplements, as the case may be.

I.3 Objective

3. The Tender Procedures are announced as part of the flight promotion programme implementing the strategic goal of the Republic of Lithuania for aviation sector by 2030. The vision of the Republic of Lithuania is that by 2030 various promotion measures would ensure that Lithuania may be accessed from or to not less than 150 destinations, and Lithuania will reach 85th place in IATA Air Connectivity Score¹ (in 2019 Lithuania were in 95th place). More detailed information on the strategic goals of Lithuania is available at Aviation Guidelines for Lithuania by 2030².
4. Tenderers are obliged to familiarize themselves with this Invitation to Tender, information provided (or omitted) herein and cannot later claim that they did not know about or understand the information, or that any necessary information was omitted.

¹ Source: <https://www.iata.org/en/iata-repository/publications/economic-reports/air-connectivity-measuring-the-connections-that-drive-economic-growth/>.

² Source: https://sumin.lrv.lt/uploads/sumin/documents/files/Veikla/Planavimo_dokumentai/Aviacijos%20gaires_pagrindinis.pdf

5. Risk Sharing Partnership shall involve no State Aid. The Partnership shall involve the investment of all the parties to the Partnership that neither at the time of the conclusion of the Contract nor its later implementation shall involve State Aid. The Risk Sharing Partnership should at all times comply with the MEOP. The selected air carrier would not be precluded from other support, including marketing or *de minimis* aid, all subject to a respective applicable legal regime.
6. LTOU seeks that the Risk Sharing Partnership would work as follows:
 - 6.1. The parties shall act under the Joint Business Plan for the Route which shall be prepared jointly by LTOU and the Pre-selected Tenderer during the Tender Procedures.
 - 6.2. Depending on the time-period necessary for LTOU to recoup its investments and earn the required return in accordance with the Joint Business Plan, the Contract period could be up to 15 years.
 - 6.3. For a pre-defined period after the inception of the Route LTOU should make the Risk Support Payments to the selected air carrier. The purpose of the Risk Support Payments is to ensure the selected air carrier with the pre-agreed Benchmark Revenue for the pre-defined period for development of economically sustainable Route. Revenue of the Route shall include all Route-related revenue including but not limited to passenger, ancillary and cargo revenue. The Risk Support Payments will be funded by the Ministry of Transport and Communications of the Republic of Lithuania through the investment into LTOU and (or) other means of funding available to LTOU.
 - 6.4. If the actual revenue achieved during the respective 12 months period exceeds the pre-agreed Benchmark Revenue, the excess shall be shared by the selected air carrier with LTOU. Respective 12 months period shall start counting from the day of the first flight of the Route. Any revenue related to the Route received prior to the day of the first flight of the Route shall be included in the revenue of the first 12 months period. The percentage of excess revenue paid to LTOU are intended to cover pre-agreed Risk Support Payments and ensure reasonable investment return to LTOU. Risk Support Payments shall not be repaid if actual revenues do not exceed the pre-agreed Benchmark Revenue or paid percentage of the excess revenue is insufficient to cover the Risk Support Payments. Pre-agreed Benchmark Revenue and the percentage of excess revenue paid to LTOU shall be agreed during the negotiation phase of the Tender Procedures with the Pre-selected Tenderer.
 - 6.5. Selected air carrier shall also pay a fee per each passenger of the Route to LTOU based on the conditions indicated in the Tender submitted by the Tenderer. Fee per each passenger of the Route paid to LTOU shall be used for the evaluation of eligible Tenders under the Evaluation Criteria and determine the highest scoring Tender that will be invited to negotiations in accordance with Section II.5 of the Invitation to Tender. Fee per each passenger of the Route shall be paid to LTOU only during those periods of the Contract when actual revenue achieved during the respective 12 months period does not exceed the pre-agreed Benchmark Revenue. These fees shall be used to cover pre-agreed Risk Support Payments and ensure reasonable investment return to LTOU. These fees shall be paid only if the Tenderer proposed such sharing in its Tender or such sharing was agreed with the Pre-selected Tenderer during the Negotiations phase as per Section II.5 of the Invitation to Tender.
 - 6.6. Should the selected air carrier opt for early termination of the Contract without a due cause, the air carrier should reimburse LTOU for the yet-unpaid Risk Support Payments (including reasonable investment return to LTOU) and other losses of LTOU in accordance with the Contract, draft of which shall be provided to the Pre-selected Tenderer upon invitation to negotiations, in accordance with Section II.5 of the Invitation to Tender.
7. At all times during the performance of the Contract, the selected air carrier shall operate the Route as an air carrier in the Route in compliance with the Mandatory Requirements of the Invitation to Tender, all legal regulations and best industry practices, including its obligation relating to payment of applicable airport charges and other applicable charges and levies.
8. The following requirements shall be the Mandatory Requirements:

- 8.1. The number of seats in the aircraft per flight shall be at least 65.
 - 8.2. Start of flights – not later than April 6, 2025 (with a possibility of delay up to 1 month in case justified circumstances require so).
 - 8.3. Flight tickets shall be sold through the airline's website and global distribution system (GDS).
 - 8.4. Frequency of rotation (round trip) of direct flights – at least 2 per week.
 - 8.5. Connecting flights indicated in Tender and offered by the Tenderer as the Evaluation criterion (P) (as defined in Paragraph 30 and 33) shall be operated by the Tenderer or by the Tenderer's partner under codeshare / interline agreements.
 - 8.6. Flights under the Contract shall be operated for at least 3 years, except if during the Contract performance it becomes apparent that the activities are economically not beneficial, and it cannot be reasonable expected that the situation will change in longer period – then the Contract could be terminated early in accordance with its provisions. Flights must be operated year-round throughout the Contract with an option to pause the operations for up to two months any given calendar year. Said option can be implemented only if (i) it is apparent that it is economically more beneficial to pause the operations and (ii) is agreed beforehand in writing between both Contract parties. Flights under the Contract shall not be operated longer than 15 years.
9. If at any time of the performance of the Contract, cumulative number of connecting flights per week (i) from Madrid Airport (MAD) within a 3-hour window after the scheduled arrival time from Vilnius Airport (VNO) to Madrid Airport (MAD) and (ii) from Madrid Airport (MAD) within a 3-hour window before the scheduled departure time from Madrid Airport (MAD) to Vilnius Airport (VNO) becomes lower than the weekly number of flights offered (if any) by the Tenderer as the Evaluation criterion (P) (as defined in Paragraph 30 and 33), LTOU has the sole right to terminate the Contract. In such case, the air carrier shall reimburse LTOU for the yet-unpaid Risk Support Payments (including reasonable investment return to LTOU) and other losses of LTOU in accordance with the Contract.
10. The Tenderers shall familiarise themselves with all relevant laws, regulations and decisions and other rules in the field of civil aviation and any instructions from public authorities. The Tenderers shall familiarize with the technical and operational requirements, charges and other levies that apply at the relevant airports. Tenderers are themselves fully responsible for the traffic assumptions on which their Tenders are based.

II. CONDUCT OF TENDER PROCEDURES

11. The Tender Procedures are conducted by LTOU in accordance with Section XLIX of the Civil Code of the Republic of Lithuania³. Principles of non-discrimination, equality, proportionality, transparency, and mutual recognition shall be respected throughout the Tender Procedures.
12. The Tender Procedures will be implemented by means of a competitive procedure with the negotiation as defined in this Invitation to Tender. The Tender Procedures shall consist of the following stages:
 - 12.1. Submission of a Tender.
 - 12.2. Assessment of compliance of each Tenderer with the Eligibility Criteria set in Section II.3 of the Invitation to Tender.

³ Source: Available (in Lithuanian) in the Register of Legal Acts at the internet address: <https://www.e-tar.lt/portal/lt/legalAct/TAR.8A39C83848CB/asr> (please make sure that the actual version is considered). Unofficial translation to English (which could be outdated and Tenderer should not rely completely on this translation) is available at the internet address: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.245495>.

- 12.3. Evaluation of Tenders submitted by the eligible Tenderers under Tender Evaluation Criteria set in Section II.4 of the Invitation to Tender.
 - 12.4. Negotiations with the Tenderer who submitted the highest scoring Tender (Pre-selected Tenderer), or subsequent in the scoring rank should the negotiations with the Pre-selected Tenderer terminate for whatever reason.
 - 12.5. Decision on award of the Contract or termination of the Tender Procedures.
13. The rules of each stage of the Tender Procedures are provided below in the respective sections of the Invitation to Tender. During the Tender Procedures LTOU may make minor corrections, supplements and changes to the Invitation to Tender. Corrections, supplements or changes shall be sent immediately to the known (potential) Tenderers and made available on LTOU's website⁴. If corrections, supplements or changes are made at such a late stage that it is difficult for the Tenderers to take them into account in their Tenders, a reasonable extension of the deadline for submission of Tenders shall be granted.

II.1 Submission of Tender

14. Air carriers wishing to participate in the Tender Procedures are required to submit their Tenders.
15. The Tender shall meet the following requirements:
 - 15.1. The Tender shall be submitted in writing, by completing the Tender form attached in Annex 1 and signed. Documents showing authorization to sign the Tender on Tenderer's behalf shall be attached, except if the Tender is signed by the CEO or equivalent officer of the company.
 - 15.2. The Tender shall contain (enclose) documents necessary for assessment of compliance with the Eligibility Criteria and evaluation under the Evaluation Criteria, i. e.:
 - 15.2.1. operating licence.
 - 15.2.2. Documents, showing Tenderer's compliance with the Eligibility Criterion set forth in Paragraph 26.2 of the Invitation to Tender.
 - 15.2.3. Signed Declaration on Compliance with the National Security Interests of the Republic of Lithuania, form of which is provided in Annex 2 to the Invitation to Tender.
 - 15.2.4. all the other information and documents required under the Invitation to Tender and all the supporting documents (where required).
 - 15.3. The Tender shall be submitted in English. LTOU shall also accept Tender documents issued in Lithuanian. Any documents issued in other languages shall be translated into English or Lithuanian. Translations shall be approved by a translator's signature (and stamp, if applicable) or Tenderer's authorised person.
 - 15.4. The Tender shall be submitted either in electronic form or in paper form:
 - 15.4.1. If Tenderer submits its Tender in electronic form, it shall prepare its Tender and all accompanying documents in electronic form (directly or by scanning it), in a format that is generally used and accessible in non-discriminatory manner (e.g., docx, xlsx, odf, pdf, jpeg, png, etc.). In such a case, the submitted Tender (and all accompanying documents issued

⁴ Access to the website: <https://www.ltou.lt/en/aviation/route-development/active-tenders> (English version); <https://www.ltou.lt/lt/aviacines-paslaugos/marsrutu-pletros-skatinimo-programos/vykstantys-konkursai> (Lithuanian version).

by the Tenderer) shall be signed by a qualified electronic signature⁵. The Tender in electronic form shall be submitted to LTOU by sending it to the e-mail address MEOP@ltou.lt. In case the size of the email (including attachments) exceeds 50 MB size limit, the Tenderer shall provide in the email a link for LTOU to access Tender and (or) accompanying documents issued by the Tenderer. E-mail's subject shall be "Tender Vilnius Airport (VNO) – Madrid Airport (MAD) Route".

15.4.2. If Tenderer submits its Tender in paper form, the Tender and all accompanying documents shall be delivered (directly, by registered post, or a courier) to LTOU in a sealed delivery, marked "Tender Vilnius Airport (VNO) – Madrid Airport (MAD) Route". Delivery address: Attn: „Vilnius Airport (VNO) – Madrid Airport (MAD) Route operator selection committee“, Lietuvos oro uostai, Rodūnios kelias 10A, LT-02189, Vilnius, Lithuania. The Tender shall be submitted in 2 (two) copies.

15.5. By submitting the Tender, the Tenderer guarantees that all documents and their copies submitted together with the Tender are true and correct. With regards to any copies submitted, LTOU withholds a right to request the Tenderer to submit the original documents.

16. **The Tender shall be submitted (delivered) before July 29, 2024 15:00 (Lithuanian time)**. LTOU is entitled, but not obliged, to extend the deadline solely on its discretion. In such a case such extension will be published in the same manner as this Invitation to Tender. The extension of deadline applies to all Tenderers.
17. The Tender must be received by the deadline for the submission of Tenders. Tenders that arrive after the deadline will be rejected. LTOU shall not start assessing the Tenders received until the deadline has expired.
18. LTOU shall register the received Tenders and confirm in writing (via e-mail or a receipt slip, depending on whether the Tender was submitted in electronic form or in paper form) when a Tender was received.
19. A Tender can be withdrawn or changed prior to the deadline for the submission of Tenders. Withdrawals must be made in writing. A modified Tender is deemed to constitute a new Tender and must be prepared in accordance with the rules of the Invitation to Tender.
20. Tenderers are legally bound by their Tenders for 150 calendar days, reckoned from the deadline for submission of Tenders. LTOU may ask all the Tenderers to make a declaration extending the binding period. Should the binding period expire, the Tender will not be further assessed in the Tender Procedures.
21. Received Tenders will not be returned.
22. Tenderer shall submit its Tender in accordance with the Invitation to Tender, without making it conditional on any reservations and / or deviations. Conditional Tenders will be rejected and will not be considered.

II.2 Clarification of Tenders

23. Should any part of the Tender contain incomplete or incorrect information, omit some substantiating documents or information, LTOU has a right to request the Tenderer to clarify its Tender and / or submit missing information or document. The Tenderer shall put its best endeavors to clarify the information and / or submit the missing document in accordance with LTOU request. Should the Tenderer fail to clarify or supplement its Tender as requested, or should the Tender still contain incomplete or incorrect information after such clarification requested by LTOU, LTOU is not obliged to request the Tenderer for additional clarification and may reject the Tender.

⁵ As understood under Regulation (EU) 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal markets and repealing Directive 1999/93/EC.

II.3 Assessment of compliance with the Eligibility Criteria

24. Upon expiry of the deadline to submit Tenders LTOU shall acquaint itself with the received Tenders. Acquaintance and further assessment and evaluation procedures are carried out without presence of the Tenderers or their representatives.
25. All the Tenderers who have submitted their Tenders on time and their Tenders contain all required information and documentation (or are clarified or supplemented in accordance with Section II.2 of the Invitation to Tender as the case may be) shall be assessed for compliance with the Eligibility Criteria.
26. The Tenderer shall comply with the following Eligibility Criteria:
 - 26.1. The Tenderer shall hold a valid operating licence, in accordance with Regulation (EC) No. 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community.
 - 26.2. The Tenderer shall have sufficient experience in operating scheduled flights under its own callsign. A Tenderer will be considered as having sufficient experience if (i) scheduled / passenger revenue (excluding auxiliary revenue) constituted at least 50 percent of Tenderer's revenue in the last completed financial year, and / or (ii) at least 50 percent of all flights in the last completed financial year were scheduled and carried under its own callsign.
 - 26.3. The Tenderer complies with national security interests of the Republic of Lithuania.
27. The Tenderer must be able to document that it meets the Eligibility Criteria, even if a specific document or information is not directly requested in the Invitation to Tender. LTOU reserves the right to request the Tenderer any additional evidence on compliance with the Eligibility Criteria if it deems necessary during any stage of the Tender Procedures. This right of LTOU encompass a right at any time of the Tender Procedures to request any information and documents from the Tenderer that are necessary to assess compliance with requirements of the Law on the Protection of Objects Important of Importance to Ensuring National Security of the Republic of Lithuania or to refer to national authorities to assess compliance with national security interests, if such a need would arise, and such compliance being considered as an Eligibility Criterion.
28. If a Tenderer does not comply with any of the Eligibility Criteria, it will be considered non-eligible, and its Tender will be rejected. Only Tenders of eligible Tenderers will be evaluated in accordance with the Evaluation Criteria and further considered in the Tender Procedures.
29. Each Tenderer which submitted a Tender shall be informed about the outcomes of the assessment of its compliance with the Eligibility Criteria (separately or together with outcomes of the Tender evaluation under the Evaluation Criteria).

II.4 Evaluation of eligible Tenders under the Evaluation Criteria

30. The Tenders of the eligible Tenderers will be further evaluated under the following Evaluation Criteria:

Evaluation Criteria	Score
Fee per each passenger of the Route (e.g., € 10.00 per passenger) that the Tenderer will pay to LTOU (value shall not be lower than € 5.00) (C)*. <i>The highest evaluation score shall be obtained by the Tender which has offered to pay the highest fee per each passenger of the Route to LTOU.</i>	C = up to 10

Number of connecting flights per week (Pi) from Madrid Airport (MAD) within a 3-hour window after the scheduled arrival time from Vilnius Airport (VNO) to Madrid Airport (MAD) and (Pii) to Madrid Airport (MAD) within a 3-hour window before the scheduled departure time from Madrid Airport (MAD) to Vilnius Airport (VNO) (P).

$$P = P_i + P_{ii} = \text{up to } 80$$

The highest evaluation score shall be obtained by the Tender which has offered the largest combined number of connecting flights per week (i) from Madrid Airport (MAD) within a 3-hour window after the scheduled arrival time from Vilnius Airport (VNO) to Madrid Airport (MAD) and (ii) to Madrid Airport (MAD) within a 3-hour window before the scheduled departure time from Madrid Airport (MAD) to Vilnius Airport (VNO).

Connecting flights shall be operated by the Tenderer or by the partner under codeshare/interline agreements. The number of connecting flights offered shall be an obligation of the Tenderer throughout the performance of the Contract in case Tenderer is awarded with the Contract.

The Tenderer offers Business Class in every flight of the Route (T)

$$T = 0 \text{ if NO}$$

$$T = 10 \text{ if YES}$$

** Fee per each passenger of the Route shall be paid to LTOU only during those periods of the Contract when actual revenue achieved during the respective 12 months period does not exceed the pre-agreed Benchmark Revenue.*

31. Score of the Tender (S) shall be calculated by adding up the score points for the Evaluation Criterion C and Evaluation Criterion T:

$$S = C + P + T$$

32. The score of the criterion C shall be calculated by multiplying the ratio of the fee per each passenger of the Route offered in the Tender being evaluated (C_p) and the highest offered fee per each passenger of the Route that any of the Tenderers has offered (C_{max}) by the coefficient of 10.

$$C = \frac{C_p}{C_{max}} \cdot 10$$

33. The score of the criterion P shall be calculated by multiplying ratio of the combined number of connecting flights per week (i) from Madrid Airport (MAD) within a 3 hour window after the scheduled arrival time from Vilnius Airport (VNO) to Madrid Airport (MAD) and (ii) to Madrid Airport (MAD) within a 3 hour window before the scheduled departure time from Madrid Airport (MAD) to Vilnius Airport (VNO) offered in the Tender being evaluated (P_p) and the highest combined number of connecting flights that any of the Tenderers has offered (P_{max}) by the coefficient of 80.

$$P = \frac{P_p}{P_{max}} \cdot 80$$

34. The criterion T of the Tender being evaluated shall be scored considering whether the Tenderer in its Tender obliges itself to offer Business Class in the flights of the Route or not.

35. The score of each Evaluation Criteria separately and score of the Tender (S) will be rounded up to two decimal places.

36. The Tenderer which submitted the highest scoring Tender shall become the Pre-selected Tenderer and will be invited to negotiations in accordance with Section II.5 of the Invitation to Tender. If there are several highest scoring Tenders with identical score, a Tenderer having offered the higher fee per passenger of the Route to be paid to LTOU (C) will be invited to the negotiations. In case several Tenderers received identical highest scores and offered same fee per passenger of the Route, the Tenderer having offered the highest combined number of connecting flights per week (i) from Madrid Airport (MAD) within a 3-hour window after the scheduled arrival time from Vilnius Airport (VNO) to Madrid Airport (MAD) and (ii) to Madrid Airport (MAD) within a 3-hour window before the scheduled departure time from Madrid Airport (MAD) to Vilnius Airport (VNO) will be invited to the negotiations. If several highest scoring Tenderers received the identical scores for each of Evaluation Criteria, LTOU shall invite the Tenderer which submitted its Tender earlier.
37. All the Tenderers which submitted eligible Tenders will be informed about the outcomes of the evaluation of their Tenders under the Evaluation Criteria and the highest scoring Tender.

II.5 Negotiations

38. The Pre-selected Tenderer will be invited to submit a Business Plan of the Route and negotiate the terms and conditions of the Contract.
39. The Business Plan shall be based on the form provided by LTOU to the Pre-selected Tenderer. The Business Plan will be used by LTOU to assess the existence of a business case and compliance with MEOP and will serve as the basis for negotiations for the Joint Business Plan in the Risk Sharing Partnership. LTOU reserves the right to ask for the supplementing documents, information and (or) explanations (e. g. marketing strategy for the introduction and maintenance of the Route) that provide the grounds for the assumptions under which the Business Plan was made.
40. The Pre-selected Tenderer will also be provided with a draft Contract and invited to provide its proposed amendments to the draft Contract which would allow the Tenderer to improve its Tender if the proposed amendments are fully or partially accepted by LTOU during the negotiations. The proposed amendments shall serve as a basis for negotiations.
41. Please note that LTOU will not consider any proposed amendments regarding and will not negotiate on deviation from these non-negotiables:
 - 41.1. Eligibility Criteria and Evaluation Criteria.
 - 41.2. Mandatory Requirements stipulated in Section I.3 of the Invitation to Tender, including maximum duration of flights up to 15 years.
 - 41.3. Any involvement of State Aid (compliance with MEOP) as described in Section I.3 of the Invitation to Tender.
 - 41.4. Compliance with the obligation at all times to operate in compliance with all applicable laws, regulations and decisions.
 - 41.5. Worsening the parameters of the Tender which were evaluated under Evaluation Criteria.
42. The Pre-selected Tenderer will be given one month after receiving the invite to negotiations to prepare and submit the Business Plan and proposed amendments to the draft Contract. Negotiations should be completed within two months upon submission of the prepared Business Plan and proposed amendments to the draft Contract by the Pre-selected Tenderer to LTOU. In case of objective reasons, said periods can be extended but the total length of negotiations phase shall not exceed four months from the day the invite to negotiations was received. The said four months period does not include the signing of the Contract, which can be executed beyond four – month period. LTOU kindly requests the Tenderers to reserve sufficient capacities for preparation of the respective documents and negotiations.

43. The business and contractual negotiations will be full on all matters, except the non-negotiables listed in Paragraph 41 above.
44. In the negotiations stage the Pre-selected Tenderer will be given opportunity to reassess the offer in its Tender without breaching the limitations of Paragraphs 41 to 43 above.
45. LTOU may terminate the negotiations with the Pre-selected Tenderer should mutually acceptable terms or compliance with MEOP may not be reached (or, in fair opinion of LTOU, most likely would not be reached) within the period stipulated in Paragraph 42 of the Invitation to Tender, or if the Pre-selected Tenderer refuses to participate in negotiations. In such a case LTOU is entitled (but not obliged) to consider the Tender which submitted the second highest scoring Tender as the Pre-selected Tenderer and invite it to the negotiations (and, consequently, should the negotiations fail with the new Pre-selected Tenderer – invite subsequent highest scoring Tenderer).

II.6 Decision on award of the Contract

46. If LTOU and the Pre-selected Tenderer agree and provided that the MEOP principle is met, the negotiations shall end with the signing of the Contract.
47. All eligible Tenderers which have not been rejected and the binding period of their Tenders have not yet expired will be notified on LTOU's decision on award of the Contract in reasonable time before the Contract is entered into, i.e., before both parties have signed it. The notification shall state the successful Tenderer. However, the terms and conditions of the final Contract (including its annexes) will remain confidential. The decision on award of Contract will also be published on LTOU's website.

II.7 Termination of Tender Procedures

48. LTOU reserves the right to cancel the Tender Procedures, or parts thereof, at any time of the Tender Procedures by notifying all the Tenderers who submitted the eligible Tenders and announcing the termination at its website.
49. The Tender Procedures may be terminated for the following grounds:
 - 49.1. No eligible Tenders were received.
 - 49.2. In case the negotiations fail, as provided for in Paragraph 45 of Invitation to Tender, and LTOU does not invite a subsequent ranking Tenderer (if any) to negotiations.
 - 49.3. Major changes to the Invitation to Tender need to be made, including but not limited any changes to Mandatory Requirements.
 - 49.4. All Tenders are not compliant with the Invitation to Tender (including but not limited to compliance with MEOP).
 - 49.5. If it is in a public interest to terminate the Tender Procedures, such in case of national security, changes for funding Risk Support Payments.
 - 49.6. If there are legal challenges, such as Tender Procedures protest or a lawsuit.
50. LTOU will notify all eligible Tenderers which have not been rejected and the binding period of their Tenders have not yet expired on the decision to terminate the Tender Procedures and its grounds. The decision will also be published on LTOU's website.

III. FURTHER QUESTIONS

51. Tenderers are encouraged to contact LTOU if they have questions about the conditions of the Invitation to Tender. All such questions and any other communication regarding the Tender Procedures shall be conducted only via dedicated e-mail of LTOU, MEOP@ltou.lt.
52. If the Tenderer finds that the Invitation to Tender does not provide sufficient guidance, it should write to the LTOU and request supplementary information.
53. If a request for supplementary information about the Invitation to Tender is submitted to LTOU in sufficient time before the deadline of submission of Tenders, LTOU shall send the question and its response to all the Tenderers who have registered with LTOU and publish it on its website⁶ no later than 4 calendar days before the deadline expires. LTOU reserves the right not to respond to questions that are submitted with insufficient time (i. e. 4 calendar days before the deadline expires) remaining to provide the response.

IV. CONFIDENTIALITY

54. LTOU is obliged to prevent others from gaining access to, or obtaining knowledge of, technical devices and procedures, or operational or business matters which, in the best interests of the party that the information concerns, should be kept secret for competition reasons.
55. The Tenderer shall submit a censored version of its Tender in which information the Tenderer considers to be subject to a duty of secrecy may be blanked out. LTOU has an independent duty to consider which information in the Tender may be subject to a duty of secrecy. The version censored of the Tender is only for guidance. If the Tenderer does not consider that any information in its Tender is secret, this shall be confirmed in the Tender letter.

V. RIGHT TO INFORMATION AND TO A REVIEW

56. LTOU shall inform in writing the Tenderer whose Tender is rejected giving a short explanation on the reasons of rejection.
57. The Tenderer may request in writing more detailed grounds for rejection of its Tender or why the Tender was not chosen. LTOU will respond to such requests no later than 5 calendar days after receipt.
58. Should a Tenderer consider that LTOU has infringed Tenderer's rights or lawful interests by decisions or actions taken during the Tender Procedures, including the publication of the Invitation to Tender, it can submit LTOU a justified claim thereof within 5 (five) business days after the day LTOU sends a notification on or publication of the relevant decision. LTOU will provide the Tenderer with its justified decision regarding the claim within 10 business days, unless LTOU needs more time and informs the Tenderer thereof. However, LTOU shall not consider reparative claims, i. e. subsequent claims by the same Tenderer on the same issues.
59. Tenderers are also entitled to protect their rights and lawful interests that are allegedly infringed by LTOU's decisions and actions related to the Tender Procedures by filing a lawsuit in accordance with the requirements of the Civil Code and Civil Procedure Code of the Republic of Lithuania.

VI. PARTICIPATION COSTS

60. Tenderers shall accept all their costs related to the participation in the Tender Procedures, notwithstanding the outcomes of the Tender Procedures, inter alia, Tender Procedures being terminated, or the Tender being rejected due to any reason.

ANNEXES:

⁶ Access to the website: <https://www.ltou.lt/en/aviation/route-development/active-tenders> (English version); <https://www.ltou.lt/lt/aviacines-paslaugos/marsrutu-pletros-skatinimo-programos/vykstantys-konkursai> (Lithuanian version).

- 1. Annex: Tender Form**
- 2. Annex: Declaration re National Security**

Tender Form

[Tenderers letter-head]

**Tender of [name of Tender] for
Tender Procedures for Establishing a Risk Sharing Partnership in Air Route Vilnius Airport (VNO) –
Madrid Airport (MAD)**

Insert the date

- Name of Tenderer submits this Tender seeking to participate in the Tender Procedures for Establishing a Risk Sharing Partnership in Air Route Vilnius Airport (VNO) – Madrid Airport (MAD) in accordance with Invitation to Tender published by joint stock company Lithuanian Airports on its website⁷. Definitions and abbreviations used in this Tender shall be understood as defined in the Invitation to Tender, unless otherwise indicated herein.
- Information on the air carrier submitting the Tender:

Name	
Entity's Code (if applicable)	
VAT code (if applicable)	
Address	
Bank Account (bank, account no., IBAN, SWIFT codes)	
Person authorised to represent the Tenderer in Tender Procedures and sign the Tender (name, surname, position, e-mail address and telephone number)	

- Tenderer by submitting this Tender confirms that it has fully acquainted itself with the Invitation to Tender, fully agrees with them and obliges to confirm to their requirements and to honour its Tender.
- Tenderer confirms that it complies with the Eligibility Criteria set out in the Invitation to Tender and provides the following documents and information showing such compliance:

Eligibility Criteria	Confirmation, Documents and Information
Tenderer holds a valid operating licence (Paragraph 26.1 of the Invitation to Tender)	<input type="checkbox"/> Yes <input type="checkbox"/> No <i>(Please indicate the supporting documents that are submitted with the Tender)</i>

⁷ Access to the website: <https://www.ltou.lt/en/aviation/route-development/active-tenders> (English version); <https://www.ltou.lt/lt/aviacines-paslaugos/marsrutu-pletros-skatinimo-programos/vykstantys-konkursai> (Lithuanian version).

Eligibility Criteria	Confirmation, Documents and Information
<p>Tenderer has sufficient experience in operating scheduled flights under its own callsign: (Paragraph 26.2 of the Invitation to Tender)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>(i) Tenderer's scheduled / passenger revenue (excluding ancillary revenue) constituted at least 50 percent of Tenderer's revenue in the last completed financial year.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>(If YES, please indicate:</p> <ul style="list-style-type: none"> - The percentage of scheduled / passenger revenue and respective financial year. - Documents showing the indicated percentage (and their exact place where the relevant information can be found. The documents shall be attached to the Tender being submitted)
<p>(ii) at least 50 percent of all flights of the Tenderer in the last completed financial year were scheduled and carried under its own callsign.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>(If YES, please indicate:</p> <ul style="list-style-type: none"> - respective financial year, the number of all flights and number (and percentage) of flights scheduled and carried under the Tenderers own callsign within the last completed financial year. - Documents showing the indicated numbers of flights and percentage (and their exact place where the relevant information can be found. The documents shall be attached to the Tender being submitted)
<p>Tenderer shall comply with national security interests of the Republic of Lithuania (Paragraph 26.3 of the Invitation to Tender)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>(Please provide a signed Annex 2 to Invitation to Tender)</p>

5. Tenderer offers the following conditions for implementation of the Risk Sharing Partnership that shall be evaluated under the Evaluation Criteria set out in the Invitation to Tender:

Evaluation Criteria	Tender's Offer
<p>Tenderer obliges to pay the following fee per each passenger of the Route to LTOU, in EUROS (Evaluation Criterion C).</p>	<p>Please indicate the offered fee value, in EUROS with two decimal places. Offered fee value shall not be lower than € 5.00.</p>
<p>The number of connecting flights per week (i) from Madrid Airport (MAD) within a 3-hour window after the scheduled arrival time from Vilnius Airport (VNO) to Madrid Airport (MAD) and (ii) to Madrid Airport (MAD) within a 3-hour window before the scheduled</p>	<p>Please indicate separately the number of connecting flights per week:</p> <p>(i) from Madrid Airport (MAD) within a 3-hour window after the scheduled arrival time from Vilnius Airport (VNO) to Madrid Airport (MAD)</p>

Evaluation Criteria	Tender's Offer
departure time from Madrid Airport (MAD) to Vilnius Airport (VNO) offered by the Tenderer throughout the performance of the Contract (Evaluation Criterion P).	(ii) (ii) to Madrid Airport (MAD) within a 3-hour window before the scheduled departure time from Madrid Airport (MAD) to Vilnius Airport (VNO))
Tenderer obliges to offer Business Class in every flight of the Route (Evaluation Criterion T)	<input type="checkbox"/> Yes <input type="checkbox"/> No <i>(If YES, please specify aspects qualifying for the Business Class (e. g. extra leg room, additional services, etc.))</i>

6. Tenderer confirms its understanding that if at any time of the performance of the Contract, cumulative number of connecting flights per week (i) from Madrid Airport (MAD) within a 3-hour window after the scheduled arrival time from Vilnius Airport (VNO) to Madrid Airport (MAD) and (ii) from Madrid Airport (MAD) within a 3-hour window before the scheduled departure time from Madrid Airport (MAD) to Vilnius Airport (VNO) becomes lower than the weekly number of flights offered (if any) by the Tenderer as the Evaluation criterion (P) (as defined in Paragraph 30 and 33), LTOU has the sole right to terminate the Contract. In such case, the air carrier shall reimburse LTOU for the yet-unpaid Risk Support Payments (including reasonable investment return to LTOU) and other losses of LTOU in accordance with the Contract.
7. Tender undertakes and confirms that the Tender is valid for at least 150 calendar days from the deadline for submission of Tenders in accordance with the Invitation to Tender.

[Authorised person's signate]
 [Authorised person's position, name, surname]
 [Tenderer's name]

Form of Declaration on Compliance with the National Security Interests of the Republic of Lithuania

[Tenderers letter-head]

Declaration on Compliance with the National Security Interests of the Republic of Lithuania

Hereby I declare and certify that by participating in the Tender Procedures for Establishing a Risk Sharing Partnership in Air Route Vilnius Airport (VNO) – Madrid Airport (MAD) (hereinafter – **Tender Procedures**) entity's name complies with the national security interests of the Republic of Lithuania and does not pose a risk to the national security in accordance with Article 11 of the Law on the Protection of Objects Important to Ensuring National Security of the Republic of Lithuania, i. e., that entity's name is not subject to any of the following assessment criteria:

- During the Tender Procedures has, or had in the past, any relations with foreign authorities or natural or legal persons of those countries, that increases the risk or threatens national security of the Republic of Lithuania.
- During the Tender Procedures has, or had in the past, any connections with organized groups, foreign special services or groups linked to international terrorist organizations or having relations with persons suspected of being members of such organizations, that increase the risk or threatens national security of the Republic of Lithuania.
- Has been convicted by a final court judgement of a grave crime, serious crime, or less serious crime under the Criminal Code of the Republic of Lithuania or of a crime under criminal laws of foreign countries which corresponds to the elements of a grave crime, serious crime or less serious crime specified in the Special Part of the Criminal Code and the criminal record has not expired or has not been revoked, or the person is subject to criminal proceedings in connection with the commission of such crime.
- Has been convicted by a final court judgement of a crime(s) against the independence of the State of Lithuania, the integrity of its territory and the constitutional order, and/or has violated the provisions of the Law on the Protection of Objects Important to Ensuring National Security of the Republic of Lithuania or other legal acts which regulates the operation of objects important to ensuring national security within the last 24 months.
- Is an investor of a specific third country or is engaged in a specific activity that is recognized by law as a threat to the national security of the Republic of Lithuania.
- There is other substantiated data on the risk or non-compliance with the national security interests of the entity's name.

[Signature]

[Position, name, surname]

[Entity's name]