

Tender for Procurement and Construction of 80" Pipelines to Connect the West Galilei Desalination Facility to the Israeli National Water System

For Mekorot Water Company Ltd.

Process number P/7-2021

Volume 1 – Schedules



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Mekorot Water Company Ltd.
Process No. P/7-2021

Schedule 1
Tender Requirements

(Capitalized terms shall have the meaning ascribed to them in the Invitation unless otherwise defined in this Schedule)

Part 1 - General Tender Requirements

1. Each Participating Entity must comply and satisfy all of the following threshold requirements:
 - 1.1. It is a duly organised and a validly existing Entity under the laws of the jurisdiction in which it is organised.
 - 1.2. It has all requisite corporate power and authority for the ownership and operation of its properties and for the carrying on of its business as currently conducted or proposed to be conducted for the purposes of the Project (including the participation in this Tender Process).
 - 1.3. There are no actions or proceedings pending, voluntary or involuntary, in relation to the Participating Entity, with respect to dissolution, liquidation, freeze of assets, bankruptcy, insolvency, appointment of a trustee, a liquidator or a receiver (including temporarily), or any other analogous situation nor, are there to the best of its knowledge, any actions or proceedings which might result in dissolution, liquidation, freeze of assets, bankruptcy, insolvency, appointment of a trustee, a liquidator or a receiver (including temporarily), or any other analogous situation, in relation to the Participating Entity.
 - 1.4. It and any Interested Party (including the office holders thereof involved in the Tender Process or in the Project) (including individuals) are not residents or citizens of a state which does not have diplomatic relations with the State of Israel.
 - 1.5. To the extent required under Law, each Participating Entity incorporated in the State of Israel, or registered in Israel as a Foreign Company (as defined under the Companies Law, 1999) or as a Foreign Partnership (as defined under the Israeli Partnership Ordinance, 1975), shall provide all relevant approvals and statements as required in accordance with the provisions of the Public Entities Transactions Law 1976 by completing Form No. 11 (*Public Entities Transactions Law Declaration*), and an ascertainment of regular reports of revenues to the tax assessor and the director of V.A.T. in transactions that is taxable under the Value Added Tax Law 1975.
 - 1.6. It is not a Declared Entity and it is not a Related Entity of a Declared Entity; and the office holders thereof involved in the Tender Process or in the Project (including individuals) are not Declared Entities or Related Entities of the Declared Entities.
2. **Additional Instructions.**
 - 2.1. Each Participating Entity shall provide an authenticated copy of its certificate of incorporation and articles of association (or the equivalent organisational documents in accordance with the

laws in its domicile).

- 2.2. In the event a foreign Participating Entity is registered in Israel as a Foreign Company, or as a Foreign Partnership under the Israeli Partnership Ordinance, 1975, such Participating Entity shall also provide an authenticated copy of its certification of registration accordingly.
- 2.3. All such documents shall be submitted under the relevant Tender Forms, as indicated therein.

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Schedule 1

Tender Requirements

Part 2 - Professional Tender Requirements

1. The Participant must demonstrate compliance with all of the following Professional Tender Requirements:

1.1 **Licence and Pipe Laying Experience.** The Participant or (in the event of a Joint Venture Participant) one of its Members, satisfies both of the following requirements:

1.1.1 holds on the Bid Last Submission Date a valid contractor licence from the Israeli Registrar of Contractors and is registered pursuant to the Israeli Registration of Contractors for Engineering and Building Works law, 5729- 1969 in the Israeli Ministry of Housing in industry category 200 (*Roads, Infrastructure and Development*) with classification C5 (unlimited); and/or industry category 260 (*Water Lines, Sewage and Drainage*), with classification B5 (unlimited) (the “**Specific Contractor Licence**”); and

1.1.2 within the five years ending on the Bid Last Submission Date for this Tender, has performed at least one project which included the laying of a pipeline consisting of flexible pipes (for example ductile iron and/or fiberglass and/or steel) which reached Completion and with all of the following criteria in relation to such project:

1.1.2.1 a pipeline diameter of at least 64" (1,600 millimetres); and

1.1.2.2 continuous pipeline length of at least 3,000 meters

- The requirement in Paragraph 1.1.1 above (*Specific Contractor Licence*) does not apply to a Foreign Entity, provided however that if the Participant was declared a Successful Bidder, then the Participant shall be required to obtain either: (a) the Specific Contractor Licence; or (b) a formal exemption from obtaining the Specific Contractor Licence pursuant to Article 14A to the Law for the Registration of Contractors for Engineering Works – 1969, in accordance with the instructions set out in Section 13.4 of the Invitation.
- “**Completed**” or “**Completion**” shall mean a pipe laying project wherein all of the work stages were performed including the execution of a field test and that has been delivered to its customer.

1.2 **Licence and Pipe Jacking Experience.** The Participant or (in the event of a Joint Venture Participant) one of its Members satisfies both of the following requirements:

1.2.1 holds on the Bid Last Submission Date a valid Specific Contractor Licence (as defined in Paragraph 1.1.1 above); and

- 1.2.2 within the five years ending on the Bid Last Submission Date has performed at least one project of pipe jacking which reached Completion and with all of the following criteria in relation to such project:
- 1.2.2.1 an outer pipeline diameter of the pipe which was jacked was at least 1.9 meters; and
- 1.2.2.2 a continuous jacking length (between the launch shaft and the reception shaft) of at least 150 meters that has ended.
- The requirement in Paragraph 1.2.1 above (*Specific Contractor Licence*) does not apply to a Foreign Entity, provided however that if the Participant has been declared a Successful Bidder, then the Participant shall be required to obtain either: (a) the Specific Contractor Licence; or (b) a formal exemption from obtaining the Specific Contractor Licence pursuant to Article 14A to the Law for the Registration of Contractors for Engineering Works – 1969, in accordance with the instructions set out in Section 13.4 of the Invitation.
 - “**Completed**” or “**Completion**” shall mean a pipe jacking project wherein the tunneling section has been fully executed between the launch shaft and the reception shaft and which was delivered to its customer.
2. **Additional Instructions.** Without derogating from anything in the Invitation, Participants should note as follows:
- 2.1. Any Participating Entity which demonstrated compliance with any of the Professional Tender Requirements shall be the Entity which will actually perform the operations for which it demonstrated its experience, should the Participant be declared a Successful Bidder.
- 2.2. A Participant or a Member may demonstrate compliance by a Major Sub-Contractor provided that such Major Sub-Contractor satisfied all the requirements set out in Paragraph 1.1 (*Licence and Pipe Laying Experience*); and/or Paragraph 1.2 (*Licence and Pipe Jacking Experience*). No more than two Major Sub-Contractor are allowed (one for each Paragraph). Each Major Sub-Contractor and the Participant (and if the Participant is a Joint Venture then all of the Members) shall complete, execute and submit Form No. 6 (*Undertaking by a Major Sub-Contractor*), wherein the Participant and such Major Sub-Contractor undertake to Mekorot that such Major Sub-Contractor will carry out the work assigned to it in relation to the Project in the event that the Participant is declared the Successful Bidder.
- 2.3. A Participant or a Member may rely on the experience of its Subsidiary to the extent it wishes to satisfy through the experience of such Subsidiary all the requirements set out in Paragraph 1.1 (*Licence and Pipe Laying Experience*); and/or Paragraph 1.2 (*Licence and Pipe Jacking Experience*). In such case, such Participant or Member shall include in Form No. 4 (*Compliance with Professional Tender Requirements*) details and documentation as requested therein with respect to the Subsidiary which executed the referenced projects and the connection between such Subsidiary and the Participant or Member.
- 2.4. A Major Sub-Contractor may **NOT** rely on the experience of a Subsidiary.

2.5. A Participant, a Member, Major Sub-Contractor or a Subsidiary (as applicable) demonstrating compliance with any of the Professional Tender Requirements may rely on the experience gained in a project performed by a joint venture only where such Participant, a Member, Major Sub-Contractor or a Subsidiary (as applicable):

2.5.1 owned at least 25% of the joint venture; and

2.5.2 was the party who performed the referenced work on behalf of the joint venture.

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Schedule 1
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Part 3 - Financial Tender Requirements

1. The Participant must demonstrate compliance with all of the following Financial Tender Requirements;

1.1. **No Going Concern.**

1.1.1. its most recent Financial Statements do not include a "going concern notice" or a notice of a similar effect.

1.2. **Cash Flow.**

1.2.1. its Average CFO for 2016, 2017 and 2018 annual Financial Statements is positive.

1.2.2. For the purpose of this requirement, the Average CFO, shall be calculated in the following manner:

$$\text{Average CFO} = 1/3*[2018 \text{ CFO}] + 1/3*[2017 \text{ CFO}] + 1/3*[2016 \text{ CFO}]$$

Where "CFO" = Cash Flow from Operating Activities

- OR -

2.5.3 its Average CFO for 2017, 2018 and 2019 annual Financial Statements is positive.

2.5.4 For the purpose of this requirement, the Average CFO, shall be calculated in the following manner:

$$\text{Average CFO} = 1/3*[2019 \text{ CFO}] + 1/3*[2018 \text{ CFO}] + 1/3*[2017 \text{ CFO}]$$

Where "CFO" = Cash Flow from Operating Activities

Any Participant whose Average CFO is negative may demonstrate compliance with this Paragraph 1.2 if:

2.5.5 its Equity Erosion Ratio (יחס שחיקת הון) for 2018 is lower than 0.33.

2.5.6 For the purpose of this requirement, the Equity Erosion Ratio, shall be calculated in the following manner:

Equity Erosion Ratio = A / B

B = E - RE

Where:

"A" = the lower of (i) Average CFO for 2016, 2017 and 2018 annual Financial Statements; and
(ii) CFO for 2018 annual Financial Statements, in absolute value.

"E" = its equity, based on its 2018 annual Financial Statements.

"RE" = NIS 30 Million.

- OR -

2.5.7 its Equity Erosion Ratio (יחס שחיקת הון) for 2019 is lower than 0.33.

2.5.8 For the purpose of this requirement, the Equity Erosion Ratio, shall be calculated in the following manner:

Equity Erosion Ratio = A / B

B = E - RE

Where:

"A" = the lower of (i) Average CFO for 2017, 2018 and 2019 annual Financial Statements; and
(ii) CFO for 2019 annual Financial Statements, in absolute value.

"E" = its equity, based on its 2019 annual Financial Statements.

"RE" = NIS 30 Million.

1.3. **Equity.**

1.3.1. its equity, based on its 2018 annual Financial Statements, is of no less than NIS 30 Million.

- OR -

1.4.1 its equity, based on its 2019 annual Financial Statements, is of no less than NIS 30 Million.

1.4. **Revenue.**

- 1.4.1. its Average Revenue for 2016, 2017 and 2018 annual Financial Statements is of no less than NIS 100 Million.
- 1.4.2. For the purpose of this requirement, the Average Revenue, shall be calculated in the following manner:

$$\text{Average Revenue} = 1/3*[2018 \text{ Revenue}] + 1/3*[2017 \text{ Revenue}] + 1/3*[2016 \text{ Revenue}]$$

- OR -

- 1.5.1 its Average Revenue for 2017, 2018 and 2019 annual Financial Statements is of no less than NIS 100 Million.
- 1.5.2 For the purpose of this requirement, the Average Revenue, shall be calculated in the following manner:

$$\text{Average Revenue} = 1/3*[2019 \text{ Revenue}] + 1/3*[2018 \text{ Revenue}] + 1/3*[2017 \text{ Revenue}]$$

2. **Additional Instructions.** Without derogating from Section 3.4 (*Financial Guarantor*) and 5 (*Financial Tender Requirements*) of the Invitation, Participants should note as follows:

2.1. In case of a Participant which is a single Entity:

- 2.1.1. The Participant is required to demonstrate compliance with all of the Financial Tender Requirements.
- 2.1.2. If the Participant wishes to rely on a Financial Guarantor, then:
- 2.1.2.1. such Financial Guarantor is required to demonstrate compliance with all of the Financial Tender Requirements; and
- 2.1.2.2. such Participant shall nonetheless be required to demonstrate compliance with the Financial Tender Requirement set out in Paragraph 1.1 (*No going concern*).

2.2. In case of a Joint Venture Participant:

- 2.2.1. One of the Members is required to demonstrate compliance with all of the Financial Tender Requirements; and
- 2.2.2. each of the other Members is required to demonstrate compliance with the Financial Tender Requirements set out in Paragraphs 1.1 (*No going concern*).
- 2.2.3. If any Member relied on a Financial Guarantor, then:
- 2.2.3.1. such Financial Guarantor is required to demonstrate compliance with all of the Financial Tender Requirements required by such Member; and
- 2.2.3.2. such Member shall nonetheless be required to demonstrate compliance with the Financial Tender Requirement in Paragraph 1.1 (*No going concern*).

- 2.3. Each Major Sub-Contractor (if any) is required to demonstrate its compliance with the Financial Tender Requirements set out in Paragraph 1.1 (*No going concern*).
- 2.4. Each Subsidiary (if any) is required to demonstrate its compliance with the Financial Tender Requirements set out in Paragraph 1.1 (*No going concern*).
- 2.5. A Participating Entity shall demonstrate the Financial Tender Requirements set out in Paragraphs 1.2 (*Cash Flow*) and 1.4 (*Revenue*) based on the annual Financial Statements of the years 2016-2017-2018 or 2017-2018-2019 provided that: (a) all of the Cash Flow (or Equity Erosion Ratio) and Revenue shall be based on the same years; (b) the Equity shall be based on the annual Financial Statement of 2018 (if 2016-2017-2018 were presented) or 2019 (if 2017-2018-2019 were presented).

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Schedule 2

Sourcing Vision Registration Form

To be completed by the Participant and attached to an email sent to Mrs. Hadas Keren hkeren@mekorot.co.il in accordance with Section 2.5.1 of the Invitation.
This form is to be sent in an open form file (not pdf) – (doc / docx only)

(Capitalized terms shall have the meaning ascribed to them in the Invitation)

Name of Participant	
Representative of the Participant (first and last name)	
Registered address	
Country	
Postal code	
Phone	
Mobile phone	
Email	
Company registration number (if applicable)	

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Schedule 3

List of Mekorot's Advisors

The following is a list of Mekorot's Advisors in this Tender:

Design Firms	<ol style="list-style-type: none"> 1. Ecolog engineering ltd 2. Tahal Consulting engineers ltd
Surveyors	1. Company Name: Tillawe Surveying
	2. Company Name: Epleson Engineers
	3. Company Name: A. Pinkas ad Son, Certified Surveyors
	4. Datamap Information Systems
Appraisers	1. Company Name: Irani Azar Appraisers
	2. Company Name: Yoram Yofe – Real Estate Appraiser
	3. Havkin Appraisers
	4. Company Name: Yogev Menahem Real Estate Appraisal
Expropriations Project Manager	Epstein Company
Expropriations Consultant	Zeev Amit – Zvi Yosha Urban Planning Ltd.
Legal Advisers	<ol style="list-style-type: none"> 1. D. Kachalon & Co., Law office 2. Ariel Yunger Law office 3. ERM Law office
Community Relations Management Firm	<ol style="list-style-type: none"> 1. CR Community Relations 2. Via Poria

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Schedule 4

Instructions Regarding Submission of Financial Information

(Capitalized terms shall have the meaning ascribed to them in the Invitation or in Schedule 1 (Tender Requirements))

A. Submission of Financial Statements

1. In order to demonstrate compliance with the Financial Tender Requirements, each Participating Entity which is required to submit its Financial Statements (for purpose of this Schedule 4, a “**Financial Entity**”) shall submit authenticated¹ copies of its Financial Statements for the years 2016, 2017 and 2018 or for the years 2017, 2018 and 2019.
2. Such Financial Statements shall be duly prepared and presented in accordance with one of the following:
 - 2.1. Israeli GAAP (including Standard No. 51 of the Institute of Certified Public Accountants in Israel);
 - 2.2. US GAAP (published by the FASB);
 - 2.3. International Financial Reporting Standards (including, with respect to the cash flow statements, IAS (International Accounting Standards) IAS No. 7 and IFRS updates);and duly executed by the Financial Entity's management (or the equivalent thereof) and by its external auditors.
3. Financial Entities whose Financial Statements are presented based on different accounting principles than those listed in Paragraph 2 above, are required to submit a specific request to Mekorot to approve submission of such Financial Statements, at least thirty (30) days prior to the Bid Last Submission Date. Mekorot will consider each request on a case by case basis and may issue an Addendum as a result thereof.
4. Without derogating from the foregoing, if a Financial Entity submits its Financial Statements based on accounting principles other than the accounting principles listed in Paragraph 2 above, such Financial Entity will submit either:
 - 4.1. a letter signed by a top 10 international accounting firm confirming that the Financial Entity's Cash Flow from Operating Activities, the Revenue and the Equity of the Financial Entity as presented in its Financial Statements, substantially comply with US GAAP or IFRS methodology; or
 - 4.2. a letter signed by a top 10 international accounting firm setting out its Cash Flow from

¹ See Section 9.6 (*Language of the Bid*), Section 9.7 (*Signing of the Bid*) and Section 9.10 (Authorization of Signatures by an Attorney) of the Invitation for instructions regarding submittal of documents.

Operating Activities, Revenue and Equity (as applicable) calculated according to either (i) Israeli GAAP (including Standard No. 51 of the Institute of Certified Public Accountants in Israel) methodology; (ii) US GAAP (published by the FASB) methodology; or (iii) International Financial Reporting Standards (including, with respect to the cash flow statements, IAS (International Accounting Standards) IAS No. 7 and IFRS updates) methodology, which such letter shall also include the explanation how such figures were converted from the original methodology of the Financial Statements.

5. Without derogating from the generality of Paragraphs 2 and 3 above, the Financial Statements must include a balance sheet, a profit and loss statement, a cash flow, and auditor's report and notes.
6. The instruction set out in Section 9.6 (*Language of the Bid*) of the Invitation shall apply to any submission of Financial Statements.
7. In the event of a discrepancy between the Financial Statements and the applicable Form, the provisions of the Financial Statements shall prevail.

B. Currency Exchange Rates

1. The financial figures included in the Tender Documents must be submitted in New Israeli Shekels ("NIS") and, to the extent indicated in relevant Forms, in the applicable original currency.
2. Financial information and the figures included in the Financial Statements, presented in any currency other than NIS, will be converted to NIS. Financial information presented in USD (US\$), Euro (€) or British Pounds (£) shall be converted in accordance with the following instructions:
 - 2.1. Financial Entity's Average Cash Flow from Operating Activities and the Average Revenue shall be converted into NIS in accordance with the average exchange rates for the relevant calendar fiscal year, as are published in by the Bank of Israel, as follows:

For Financial Entities for which the end of the fiscal year is 31 December:

Currency	2016	2017	2018	2019	
1 USD (US\$)	3.8046	3.5998	3.5949	3.5645	
1 EUR (€)	4.2496	4.0613	4.2452	3.9922	
1 GBP (£)	5.2101	4.6345	4.7982	4.5535	

- 2.2. Financial Entity's Equity shall be converted to NIS, in accordance in accordance with the exchange rates, as are published by the Bank of Israel, as follows:

Currency	On 31 December 2018	On 31 December 2019
1 USD (US\$)	3.7480	3.4560
1 EUR (€)	4.2916	3.8782
1 GBP (£)	4.7934	4.5597

3. A Financial Entity whose financial information, or Financial Statements are presented in currencies other than the currencies the exchange rates of which are presented in this Schedule 4, shall convert the respective figures into NIS based on the average exchange rates (for Average Cash Flow from Operating Activities and Average Revenue) and based on the end of the year exchange rates (for Equity) published by the Bank of Israel. In the event that the Bank of Israel's publications do not include such currency, the Participant shall first convert the figures into EUR (€) based on the applicable exchange rates published by the European Central Bank (ECB), and then convert such figures into NIS according to the NIS/EUR exchange rates set out in this Schedule 4.
4. A Financial Entity whose fiscal year, according to its place of registration, ends on a day other than 31 December, is required to request the approval of Mekorot to use alternative exchange rates, at least thirty (30) days prior to the Bid Last Submission Date. The request must specify all the relevant information and exchange rate tables, on which the Financial Entity relies. Mekorot will consider each request on a case by case basis and may issue an Addendum as a result of such request.