



THE STATE OF ISRAEL

MINISTRY OF FINANCE

MINISTRY OF ENERGY

THE WATER AUTHORITY

THROUGH

THE SEA-WATER DESALINATION INTER-MINISTERIAL TENDER COMMITTEE

HEREBY INVITES

Entities and joint ventures from the private sector in Israel and abroad, to participate in a pre-qualification process for

the finance, design, construction, operation and maintenance (for a period of about 25 years), and transfer to the State of Israel, of a sea-water desalination facility at the "Sorek B" site (National Infrastructure Scheme 36), with production capabilities of at least 150 million m³ per annum (the "Project").

1. The Tender Committee intends to conduct a two-phased competitive selection process in order to select the private sector entity to execute the Project, in the following stages:
 - 1.1. A pre-qualification process; and
 - 1.2. A tender process, in which those participants announced as "Eligible Participants" in the pre-qualification process, will be invited to participate.
2. The pre-qualification process includes several pre-qualification requirements, including in the following areas, as detailed in the Invitation for Pre-Qualification:
 - 2.1. Professional Pre-Qualification Requirements
 - 2.1.1. **Desalination Plants Design and Construction Experience** ("Desalination Expert"): Within the past seven (7) Years, the Participant, one of its Members or one of its Major Subcontractors, has designed, installed on site and commissioned, one or more desalination plants, based on the reverse osmosis process design, with accumulated production capacity of

not less than 150,000 m³/day, of which at least one (1) plant is a sea-water desalination plant with production capacity of not less than 100,000 m³/day. The said referenced desalination plant(s) must have been in operation during the past two (2) Years, and have a demonstrated record of successful performance during the entire commercial operation phase.

The Desalination expert shall be required to hold at least 30% of the Project's EPC Contractor.

2.1.2. Water-Treatment Facilities Operation and Maintenance Experience ("O&M Expert"): The Participant, one of its Members or one of its Major Subcontractors, has successfully operated and maintained, during a period of twenty four (24) months within the past seven (7) Years -

2.1.2.1. one or more desalination or other water or waste-water treatment facilities, with an accumulated production capacity of not less than 150,000 m³/day, of which at least one (1) facility is a sea-water desalination facility, based on the reverse osmosis process design, with production capacity of not less than 50,000 m³/day. Such facilities should have a demonstrated record of successful performance during the entire commercial operation phase; or -

2.1.2.2. one (1) sea-water desalination facility, based on the reverse osmosis process design, with production capacity of not less than 100,000 m³/day. Such facility should have a demonstrated record of successful performance during the entire commercial operation phase.

The O&M expert shall be required to hold at least 30% of the Project's O&M Contractor.

2.1.3. Infrastructure Projects "Main Contractor" Experience ("EPC Expert"): Within the past seven (7) Years the Participant, one of its Members or one of its Major Subcontractors, has successfully executed, as a "main contractor" -

2.1.3.1. one (1) infrastructure project, with a total cost of not less than 50 million US Dollars; or -

2.1.3.2. several (up to three (3)) infrastructure projects, with an aggregate total cost of not less than 70 million US Dollars.

Each such project utilizing the combined services of all the following engineering disciplines: civil, mechanical, electrical and controls and instrumentation.

The EPC expert shall be required to hold at least 30% of the Project's EPC Contractor.

2.2. Financial Pre-Qualification Requirements

2.2.1. **Turnover:** The Participant is required to have an annual weighted turnover of at least 510,000,000 NIS during the last three (3) years. The Participant's annual weighted turnover will be calculated according to the average annual turnovers of its Members during the last three (3) years, based on their most recent available audited Financial Statements, pro-rata to their Anticipated Holdings in the Participant.

Note: Adaptation with respect to a Member/s which is/are a "Financial Entity"/ies (as defined in the Invitation) - is included in the Invitation.

2.2.2. **Operating Cash Flow:** Each of the Members in the Participant, which is not a "Financial Entity", complies with one of the following requirements:

2.2.2.1. The Member's average annual cash flow from operating activities during the last three (3) years, based on its most recent available audited Financial Statements, is not negative; or -

2.2.2.2. The ratio between -

2.2.2.2.1. the absolute value of the lesser of: (1) the Member's average operating cash flow during the last three (3) years, based on its most recent available Financial Statements; and (2) the Member's annual operating cash flow during the year of its most recent available Financial Statement; and -

2.2.2.2.2. the Member's equity on December 31 of the year of its most recent available Financial Statement, deducted

by the "Required Equity" (as defined in Section 2.2.3 below and in the Invitation);

is lower than 25%.

- 2.2.3. **Equity:** Each of the Members in the Participant has, for every 1% of its Anticipated Holdings in the Participant, equity of 3,400,000 NIS, on December 31 of the year of its most recent available audited Financial Statement.
- 2.2.4. **Private Investment Fund:** For a Member which is a Private Investment Fund (as defined in the Invitation) - the Member complies with the following requirements:
- 2.2.4.1. As of December 31 of the year of its most recent available audited Financial Statements, the amount of Commitments under its management is not less than NIS 10,200,000 for each 1% of its Anticipated Holdings in the Participant; and -
- 2.2.4.2. As of the date commencing 14 days prior the Pre-Qualification Submission Date, the amount of the Unutilized Commitments under its management is at least 10,200,000 NIS for every 1% of the Member's Anticipated Holdings in the Participant.
- 2.2.5. **Banking Corporation / Institutional Investor:** For a Member which is a Banking Corporation or Institutional Investor (as defined in the Invitation) - the Member complies with at least one of the following requirements:
- 2.2.5.1. Its equity (excluding minimal equity required by law, to the extent relevant) is not less than NIS 5,100,000 for each 1% of Anticipated Holdings in the Participant, on December 31 of the year of its most recent available audited Financial Statement; or -
- 2.2.5.2. It manages assets with a net worth of not less than NIS 85,000,000 for each 1% of Anticipated Holdings in the Participant, on December 31 of the year of its most recent available audited Financial Statement.

2.2.6. **"Going Concern"**: For each Member and each of the Experts (as defined in Sections 2.1.1-2.1.3 above and in the Invitation) - its most recent available audited Financial Statement do not contain a "Going Concern" Notice

3. Additional Requirements

3.1. For the avoidance of any doubt, it is hereby clarified that the pre-qualification requirements are only generally detailed herein, and are subject to the provisions of the Invitation.

3.2. Additional pre-qualification requirements, conditions and definitions - are contained within the Invitation, including the submittal of approvals required by law.

3.3. The Tender Committee reserves the right to change the said pre-qualification requirements as well as additional prerogatives, all as set forth in the Invitation.

4. At this stage, only the Invitation for Pre-Qualification has been published. The Invitation and any updates thereto shall be available for online review starting on April 26, 2018, at :

<https://www.mr.gov.il/OfficesTenders/Pages/SearchOfficeTenders.aspx>

In addition, the Invitation is available for review, at no charge, at the address detailed in Section 7 hereinafter, as of April 29, 2018, Sunday through Thursday, between 09:30-14:30, subject to prior coordination with the Coordinator of the Tender Committee, Ms. Ravit Bar-On; at 972-3-9778169. Additionally, the Invitation may be obtained, for no charge, by sending an e-mail request to: RavitB@inbal.co.il

5. Participation in the Pre-Qualification stage, including the submission of clarification requests to the Tender Committee and the submission of a Pre-Qualification Submission, is conditioned upon the payment of 15,000 NIS. Payment shall be made by credit card at the Government's Payment Services (Accountant General - Fees) website, at:

https://ecom.gov.il/Counter/general/homepage.aspx?counter=62&catalog=1&category=AccountantGeneral_1_FastLanes&language=he

Alternative methods of payment are detailed in the Invitation.

6. Upon such payment, each purchaser shall be required to update the Coordinator of the Tender Committee, according to the connection details set forth in Section 8 below, and

provide details about its appointed representative. All notices and additional information pertaining to the Pre-Qualification process will be sent to the said appointed representative.

7. Participants will submit their Pre-Qualification Submissions in six (6) copies (original + 5 copies), and on a DiskonKey, in sealed signed envelopes, **by no later than 13:00 on September 3, 2018**, to the Tender Committee's tender box, at the following address:

Private Public Partnerships Division, Inbal Insurance Company Ltd., Inbal House, 3
Arava St., 5th Floor, P.O.B. 282, Airport City, Ben-Gurion Airport 7015103

8. Questions and requests for clarifications may be submitted, in writing, subject to the dates set forth in the Invitation, to Ms. Ravit Bar-On, the Coordinator of the Tender Committee, at the address detailed in Section 7 above, or via e-mail: RavitB@inbal.co.il; with a copy to Adv. Michal Schwartz, Lipa Meir & Co. Attorneys-at-Law, through facsimile no. 972-3-6070675, or via e-mail: MichalS@lipameir.co.il. Written answers will be issued to all purchasers of the Invitation.
9. This notice contains general and preliminary information only. Further conditions and requirements with respect to the Pre-Qualification Process are as detailed in the Invitation for Pre-Qualification. The Tender Committee reserves the right to annul and/or revise the conditions of the Pre-Qualification Process and its schedule, to conduct clarification meetings with the Participants (or any of them), and to conduct negotiations with the Participants (or any of them), all in accordance with the provisions of the Invitation for Pre-Qualification.

Respectfully,

Yitsik Marmelshtein

Chairman of the Tender Committee