

Arad Economic Company Ltd.

Public Tender No. 06/2019

Request for Proposals

Cooperation toward initiating and executing environmental quality and renewable energy projects

full information at www.arad.muni.il

The Arad Economic Company Ltd. (hereinafter: **“the Economic Company”**) hereby invites bidders to submit proposals for Public Tender No. **06/2019** toward cooperating on initiating, financing, developing, establishing and operating environmental quality renewable energy projects in the Arad Municipality (**“the Municipality”**) municipal area, all subject to the provisions set forth in the tender documents and the appendices thereto (hereinafter: **“the Tender”**).

This document comprises part of a complete tender, providing an abstract toward understanding the essence of the Tender. Only the complete Tender is binding.

Download the Tender from the Arad Municipality website – **arad.muni.il**

Request for Proposals

1. General

- 1.1 The Economic Company seeks to promote environmental quality and renewable energy initiatives, including the initiation and development of projects relating to waste-to-energy generation, solar electricity, wind, energetic efficiency, recycling, investing and developing cleantech technologies, all for the benefit of the city of Arad (hereinafter: **“Areas of Activity”**). To this end, the Economic Company seeks to utilize the city’s resources toward developing the Areas of Activity, creating a growth lever for the city, increasing employment rates while utilizing local personnel and increasing community involvement, on the one hand, and to achieve the Economic Company’s objectives of transforming Arad into a “green” city of environmental awareness, on the other, all while generating profit.
- 1.2 In order to develop and promote the Areas of Activity, the Economic Company is seeking a strategic partner (hereinafter: **“the Entrepreneur”**)

who will initiate, develop, finance, develop, establish and operate projects within the Areas of Activity, including a “waste-to-energy” project, while the Economic Company will help with logistics, information, removing obstacles and promoting the projects, all as specified below. It is hereby clarified that the content hereof does not comprise a presentation by which projects can indeed be executed within the city of Arad and its surroundings.

- 1.3 The engagement with the Entrepreneur, as well as the implementation and promotion of the projects, is contingent upon obtaining the certificates required by law and the bidders shall have no claims or demands toward the Economic Company in this regard.
- 1.4 The Economic Company may terminate the Tender at any stage thereof, for any reason whatsoever, and the bidders are precluded from and they hereby waive any claim regarding the said termination.

2. Main Engagement Points

- 2.1 This article provides a general and non-exhaustive description of the engagement points between the Economic Company and the Entrepreneur. In any event, the engagement agreement will prevail.
- 2.2 Subject to the Tender conditions, the Economic Company and Entrepreneur shall sign a cooperation agreement relating to the initiation, planning, financing, development, establishment and operation of projects in the Areas of Activity, including at least one “**waste to energy**” project (hereinafter: “**the Projects**”) all as set forth in the agreement attached as **Appendix A** (hereinafter: “**the Engagement Agreement**”). The “**waste to energy**” project – a project for developing, financing, establishing and operating a waste to energy facility on the land set forth in Appendix B hereto.
- 2.3 Under the engagement, the Entrepreneur shall be required to promote, initiate and develop at least two projects, one of which is a waste to energy project, and to begin its establishment within no more than three years after commencing the engagement (hereinafter: “**Initial Engagement Period**”).
- 2.4 Where the promotion of at least one project and the said “waste to energy” project was not commenced as stated, the Economic Company may terminate the Engagement upon the end of the Initial Engagement Period and the Entrepreneur will be required to pay the Economic Company liquidated damages of 1,000,000 NIS, all as set forth in the Engagement Agreement.

- 2.5 Under this Tender, the Entrepreneur will prepare and submit a plan including an analysis of the projects, including economic feasibility and a list of the properties and land resources in the Municipality area that are needed for developing, establishing and operating the Projects (hereinafter: **“Project Plan”**).
- 2.6 The Projects shall be initiated and promoted subject to the provisions of the Engagement Agreement and the law, for a period that will end upon the operation of the last of the Projects, all as set forth in the Engagement Agreement.
- 2.7 In order to remove all doubt, where the Economic Company wishes to promote a project that does not appear on the Project List, the Economic Company may promote it on its own (and with others), all as set forth in the Engagement Agreement.
- 2.8 For the purpose of initiating and/or developing and/or establishing and/or operating projects in the Areas of Activity, engagements will be entered with suitable companies, as needed, including subcontractors as permitted by law.
- 2.9 The Economic Company places a great emphasis on the contribution of the joint venture between the Entrepreneur and the city of Arad, thus it will grant preference to a bidder who integrates the employment of local personnel into the engagement.
- 2.10 Entrepreneur responsibilities under the engagement:
- 2.10.1 To prepare an organized and detailed plan, including a comprehensive analysis of the projects, including economic feasibility, business plan and a list of assets and land resources within the Municipality area that are needed for developing, establishing and operating the Projects.
- 2.10.2 To plan, develop, promote, execute, operate and maintain the Projects.
- 2.10.3 To handle all regulatory and statutory aspects of Project execution, including obtaining all of the certificates, permits and licenses required by law.
- 2.10.4 To manage and lead engagements with subcontractors, consultants and other third parties relevant to the Projects, including the execution of tenders as required by law, all upon full cooperation with the Economic Company.

- 2.10.5 To provide full funding required for operating the joint venture, including ongoing joint venture operation and raising the equity and funding required for executing the Projects.
- 2.10.6 The Entrepreneur and Economic Company will jointly apply for grants and support under requests for bids in the Areas of Activity and where such grants and supports are obtained, they will be applied toward the joint activity under the engagement.
- 2.10.7 It is hereby clarified that the Economic Company may apply for grants and supports under requests for bids intended for local authorities and/or municipal corporations and, where it wins such grants and supports, the Economic Company may, upon its discretion, direct such grants and supports, fully or partially, toward the joint activity under the engagement. However, it shall not apply the grants in a manner that competes with promoting the projects.

The Proposal – Scope and Prerequisites

3. Proposal Components

3.1 The Bidder’s proposal will include the components set forth below and shall be submitted on **Form 2** of the Tender Documents:

- 3.1.1 **Project Plan** – At least 2 projects, one of which is a “waste to energy” project; the project that the Bidder intends to perform on the land, relating to the assets and land resources within the Municipality area that are needed for developing, establishing and operating the Projects. The number of projects proposed will grant the Bidder bonus points under the rating system set forth in Article 19 below.

The Project Plan will include, inter alia, the following details regarding each of the two proposed projects: (A) Business model and required investments; (B) Proposed action plan for developing, promoting and executing the Project, including required permits and certificates, and Entrepreneur estimate of the Project development, execution (including development and execution milestones) and operation periods (hereinafter: “**Operation Period**”); (C) Analysis of market, regulatory and planning barriers; (D) Consideration for employing local personnel for each project.

Toward preparing the Project List as part of this Tender, attached are the following documents and figures for participant review and evaluation:

3.1.1.1 Land for project development: (1) Attached as **Appendix B** hereto – details, parcels, sections and sketches describing the lands within the Municipality area and adjacent industrial zone that may be suitable for developing the Projects (“**the land**”) (it is hereby clarified that the winning bidder may propose projects on other areas within the Municipality’s municipal area, where he believes that they are suitable for developing projects under this Tender, even where they were not included in **Appendix B**); (2) Attached as **Appendix C** hereto are approved outline plans and outline plans that the Municipality intends to promote toward project development.

3.1.1.2 Additional details: Attached as **Appendix D** hereto: (1) Waste to energy land alternatives; (2) City Engineer letter – locations for establishing waste facilities; (3) Annual compilation (2017) of municipal waste – solid and mixed waste; (4) Meteorological information; (5) Arad Municipality planning letter for increasing “Zohar” waste site capacity.

3.1.2 Possible additional projects – Proposing several additional projects in the Areas of Activity, relating to assets and land resources in the Municipality area, which shall be needed for development, construction and operation (hereinafter: “**Additional Project Proposal**”); the Additional Project Proposal is not subject to the requirements for specificity and details relating to the Project Plan.

It is hereby clarified that the Economic Company seeks to establish a technological excellence site (beta site) at which technology companies can install, test and develop new technologies in the Areas of Activity. Including the said center in the Additional Project Proposal will entitle the Bidder to bonus points under the rating system set forth in Article 19 below.

3.1.3 The Financial Proposal

3.1.3.1 Investment commitment – Minimal annual investment guaranteed from the Bidder each year toward Project development.

3.1.3.2 Payments during Development

As of the Engagement date and during the development period as defined in the Engagement Agreement – Fixed monthly payment of no less than 15,000 NIS to the Economic Company for Economic Company contribution to the development (such as: support and accompaniment with the authorities, raising grants, handling environmental issues, help with information compilation, allocating space for office needs).

3.1.3.3 Payments for each of the projects, as of operation –

(A) Percentage of revenues allocated to the Economic Company from each of the project proposed under the joint activity;

(B) Fixed annual payment to the Economic Company for resources provided for each of the Projects, as of Project operation.

4. Prerequisites

Bidders cumulatively meeting all of the conditions and who attached all the documents below are entitled to submit a proposal under the Tender:

4.1 The Bidder must be a duly registered corporation in Israel or a foreign country.

4.1.1 As proof of the above, the Bidder will attach the Bidder's incorporation documents (Registration Certificate) and an updated printout of the register in which it is duly registered (Registrar of Companies or Registrar of Partnerships or, in case of a foreign corporation – Good Standing Certificate). The attached printout or, in case of a foreign corporation – Good Standing Certificate, was issued no more than one month prior to the deadline for submitting Tender proposals.

4.2 The Bidder, Bidder shareholders holding over 50% of Bidder shares and Bidder officers were not convicted and were not subject to a criminal investigation regarding criminal offenses, during the 10 years preceding the Tender.

“Criminal Offense” – Any offense, including environmental offenses, excluding: misdemeanors, choice of fine/trial criminal offenses, offenses by force of local bylaws (excluding offenses of failure to obtain approval, licensing or consent).

- 4.2.1 Toward proving the above, the Bidder must attach an affidavit on the absence of convictions and/or criminal investigations regarding the Bidder, in the form attached as **Form 4** of the Tender Documents, as well as an affidavit on the absence of convictions and/or criminal investigations regarding the Bidder’s shareholders and officers, in the form attached as **Form 4** of the Tender Documents..

4.3 Experience and Capacity

The Bidder must prove knowledge, experience and expertise in the Areas of Activity as well as the capacity to provide funding of no less than 30M NIS for the Projects, inter alia:

- 4.3.1 The Bidder must have proven prior experience of at least three (3) years in the Areas of Activity (fully or partially) during the seven (7) years preceding the deadline for submitting proposals to the Tender.
- 4.3.2 The Bidder must submit equity investments of no less than 50M (50,000,000) NIS in projects within the Areas of Activity during the seven (7) years preceding the deadline for submitting proposals to the Tender.
- 4.3.3 The Bidder must present a proven capacity to raise equity and/or debt of no less than 250M (250,000,000) NIS toward promoting projects in the Areas of Activity during the seven (7) years preceding the deadline for submitting proposals to the Tender.
- 4.3.4 The Bidder must be a corporation employing employees or service providers in the Areas of Activity, fully or partially.
- 4.3.4.1 Toward proving the said requirements, the Bidder must attach a general description for the Bidder, including an organizational structure chart, skills and experience, as set forth in **Form 3**.
- 4.3.5 Toward proving the experience requirement, the Bidder must attach a list of projects and/or activities in the Areas of Activity in which it is involved, noting the Bidder’s role and involvement, the

monetary scope of each project/activity, the type and nature of the project, the execution site and other relevant details.

4.4 Bidder Financial Robustness

4.4.1 The Bidder will submit financial reports demonstrating stable and proven economic capacity, sufficient to uphold all of its undertakings under the terms of the Tender and Engagement Agreement, including details relating the cumulative turnover for 2015-2017, equity for 2017 (itself and/or through affiliated corporations).

4.4.2 Toward proving this requirement, the Bidder must attach a Bidder Declaration and Accountant Certificate in the form attached as **Form 6** of the Tender Documents, as well as an Accountant Certificate regarding the Bidder's equity, in the form attached as **Form 7** of the Tender Documents.

"Affiliated Corporation" – Any of the following: (A) A company in which the Bidder holds at least 50% of the control means; (B) A company that holds at least 50% of the Bidder's control means ("Bidder's Parent Company"); (C) A company in which the Bidder's Parent Company holds at least 50% of its controlling means (i.e. a sister company to the Bidder); (D) A general partner in a registered partnership where the Bidder is a general partner or limited partner; (E) A limited partner in a registered partnership in which the Bidder is a general partner or limited partner.

4.4.3 The Bidder is not subject to liquidation, freeze of proceedings, bankruptcy or winding up proceedings and is not subject of pending applications against it, it is not facing insolvency and its assets were not subject of liens significant to the scope of its operations. The Bidder will attach a certificate from a lawyer or accountant in the form attached as **Form 8** of the Tender Documents.

For further information, please contact Mrs. Lilly Shefi at Lilly@kalkalit-arad.co.il