

Tender No. 41706

**For the Manufacture and Supply of Railbound Vehicle with Rail Surface Defects Elimination System
("Tender")**

General Terms and Conditions

Israel Railways Ltd. ("**ISR**"), in accordance with its obligations under the Israeli Mandatory Tender Laws, its implementing regulations and the International Agreement on Government Procurement, wishes to obtain bids for:

The manufacture and supply of a Railbound Vehicle with a Rail Surface Defect Elimination System (the "**RSDEV**") for a period of five (5) years (the "**Agreement Period**"), all in accordance with and subject to the terms specified in these General Terms and Conditions and the accompanying Tender Documents.

Until Acceptance of the RSDEV, ISR is interested in acquiring on-track rail Grinding/Milling Services performed by Railbound Vehicle with a Rail Surface Defect Elimination System (the "**SRV**"), which includes preventive reprofiling, corrective reprofiling and new-rail reprofiling, to be carried out on a non-exclusive basis along various lines of the Israel Railway Network as ISR may require from time to time, all in accordance with and subject to the terms specified in these General Terms and Conditions and the accompanying Tender Documents.

1. Prerequisites for Participation in the Tender (the "Pre-requisites"):

- 1.1. The bidder must be the designer, manufacturer and supplier of the proposed Railbound Vehicle with a Surface Defect Elimination System.
- 1.2. The bidder has manufactured and supplied, commencing from the beginning of the year 2014 and onwards at least two (2) Railbound Vehicle with a Surface Defect Elimination System with a Minimum Production Capacity that are in commercial use for at least two (2) different Customers.

Minimum Production Capacity - Minimum of 500 [meter] of track per hour with metal removal depth of 1 [mm] from 70° at the running edge to 5° at the field side.

Customer – a customer from a country Israel has diplomatic relations with.

2. Proof of Compliance with the Pre-requisites:

- 2.1. Bidder shall prove full compliance with all the Pre-requisites specified in Section 1 above, by submitting to ISR all the details, documents and confirmations required under the provisions of the Pre-requisites which shall include, *inter alia*, the following:
 - 2.1.1. Bidder shall prove its full compliance with the Pre-requisite set forth in Section 1.1. by submitting a declaration certifying that it is the designer, manufacturer and supplier of the proposed Railbound Vehicle with a Surface Defect Elimination System.
 - 2.1.2. Bidder shall prove its full compliance with the Prerequisite set forth in Section 1.2 by submitting a signed and completed Experience and Reference List, in the form attached hereto as Appendix D evidencing that Bidder has manufactured

and supplied, commencing from the beginning of the year 2014 and onwards at least two (2) Railbound Vehicle with a Surface Defect Elimination System with a Minimum Production Capacity that are in commercial use for at least two (2) different Customers.

- 2.2. In addition, Bidder shall submit additional proof such as reports, client references, statements and other relevant documentation.
- 2.3. Notwithstanding the aforesaid, ISR reserves its right, at its sole discretion, not to disqualify proposals which do not contain all the documents and certificates necessary to prove its compliance with the Pre-requisites. ISR shall have the right, at its sole discretion, to request from any of the Bidders, details and/or approvals and/or recommendations and/or certificates and/or additional documentation, required in order to allow ISR a full and complete review of the aforementioned.
- 2.4. Bidder shall undertake to maintain its compliance with the Pre-requisites specified in Section 1 above at all times, up to and/or including the Proposal Validity Period as set forth in Section 16 below.

3. **Technical Requirements**

All bids must comply with all of the requirements and terms included in the RSDEV Technical Specifications (**Appendix A1**).

All bids must comply with all of the requirements and terms included in the Grinding/Milling Services Specifications (**Appendix A2**).

4. **Bid Guarantee**

- 4.1. In order to secure the due, timely and complete performance of each Bidder's obligations under its proposal, including the validity of its proposal, ISR shall require Bidders to submit ISR a bid guarantee within thirty (30) days following the receipt of such written request from ISR (the "**Bid Guarantee Request**").
- 4.2. The bid guarantee must be an irrevocable first class bank guarantee to the order of Israel Railways Ltd., in the amount of **300,000 € (Three hundred thousand Euro)**, in Euro currency only, valid at least up to and including **July 31st, 2018**.
- 4.3. Prior to submitting the Bid Guarantee, Bidders shall be entitled to present to ISR a draft of the Bid Guarantee, for early approval.
- 4.4. It is hereby clarified that in any event that a Bidder is requested to submit a Bid Guarantee, and fails to submit such Bid Guarantee as specified in Sections 4.2 above, the Bidder shall not be entitled to further participate in the Tender Process.
- 4.5. In any event that a Bidder is requested to extend the Proposal Validity Period (as defined in Section 16 below herein), the Bidder may be required to extend the term of the Bid Guarantee for the same duration of the extension of the Proposal Validity

Period. ISR shall have the right, at its sole discretion, to disqualify a proposal submitted by a Bidder who fails to extend the term of the Bid Guarantee as required herein.

- 4.6. ISR shall be entitled, at its sole and absolute discretion, to exercise the Bid Guarantee or any part thereof, after the Bidder was given the opportunity to present its arguments, in case, *inter alia*, one of the following occurs: (1) during the Tender procedure, the Bidder acted in a misleading manner or with lack of good faith; (2) the Bidder provided misleading information or omitted material information; (3) the Bidder retracted its proposal in the Tender after the Final Submission Date; (4) after being selected as the Winning Bidder in the Tender, the Bidder did not follow the instructions of the Tender, which are a condition for ISR's engagement of the Winning Bidder. The Bid Guarantee shall also serve as agreed compensation without proof of damage as defined in Section 15 of the Contracts (Remedies for Breach of Contract) Law, 1970.
- 4.7. Commencing from the Effective Date as defined in the Agreement, the Bid Guarantee furnished by the Winning Bidder for the purposes of the Tender shall secure the performance of all of the Winning Bidder's obligations under the Agreement, until replacement thereof by the Performance and Warranty Guarantee, as defined in the Agreement. Upon the receipt of the notification of being selected as the Winning Bidder, the Winning Bidder shall extend the validity of the Bid Guarantee submitted by it to ensure the continuing effect of the Bid Guarantee, until replacement thereof by the Performance and Warranty Guarantee, as defined in the Agreement.

5. **Industrial Cooperation Agreement**

All foreign bidders are required to submit as part of their proposal an undertaking to the Industrial Cooperation Authority of the Israel Ministry of Industry and Trade (the "ICA") to carry out mandatory business cooperation if its proposal is selected as the Winning Proposal. The form of such undertaking is attached hereto as **Appendix F**. As an alternative, the bidder may submit evidence that it has entered into an umbrella mandatory business cooperation agreement with the ICA.

6. **Governing Agreement**

- 6.1. The design, manufacture and supply of the RSDEV, including but not limited to, the price, terms of payment, scope of liability, responsibility and all other general and legal terms for the engagement with the Winning Bidder ("**Supplier**") including all terms and conditions relating to the **Grinding/Milling Services**, as defined in the Agreement, shall be governed by the terms and conditions of the Agreement (**Appendix C**). The Agreement and the annexes attached thereto constitute an inseparable part of this Tender.
- 6.2. Each Bidder agrees to be bound by the Agreement in the event that it is chosen as the Supplier. Once the Supplier is chosen and the Agreement executed, the provisions of the Agreement shall take precedence over the provisions of this Tender in the event of a contradiction between them.

7. **Purchase Order**

- 7.1. ISR intends to issue a Purchase Order for one (1) RSDEV (the "**Purchase Order**") within sixty (60) days from the Effective Date of the Agreement (the "**Effective Date**") subject to the terms and conditions set forth in the Agreement.
- 7.2. Additionally, during the Agreement Period, ISR, in its sole discretion, shall have the option to purchase from the Supplier additional RSDEV(s) ("**Optional RSDEV**"). The relevant terms and conditions detailed in this Tender, including its Appendices, shall apply, *mutatis mutandis*, to the Optional RSDEV(s).
- 7.3. Within sixty (60) days of the Effective Date, ISR shall issue an Initial Service Order for the Grinding/ Milling Services as defined in the Agreement.
- 7.4. Additionally, during the Agreement Period, ISR, in its sole discretion, shall have the option to issue from the Supplier additional Service Order ("**Subsequent Services Orders**"), all as detailed and defined in the Agreement.

8. **Delivery Terms & Delivery time of the RSDEV**

- 8.1. The terms of supply and delivery and the time of delivery of the RSDEV(s) shall be as detailed in section 13 of the Agreement.

9. **Grinding/Milling Services**

- 9.1. The Bidder shall undertake to provide Grinding/Milling Services as detailed inter alia in Section 8 of the Agreement.

10. **Spare Parts and Consumables**

- 10.1. The Bidder shall undertake in its proposal, in the event of being elected as the Winning Bidder, shall provide all spare parts, consumables and tools necessary to operate, maintain and repair the RSDEV, all as further detailed in the Agreement.

11. **Warranty**

- 11.1. The Supplier shall provide a Warranty for the RSDEV and/or for Service Warranty, all as further detailed in the Agreement.
- 11.2. ISR shall have the option, exercisable at its sole discretion, to require the Supplier to provide Optional Service Support Visit in accordance with the provisions set forth in the Agreement.

12. **Price Proposal**

- 12.1. The Bidder shall provide the proposed price for the supply of the RSDEV and the Milling/ Grinding Services (the "**Proposed Price** ") attached hereto as **Appendix B** in accordance with the following instructions.

- 12.2. The Bidder is hereby instructed to fill the Proposed Price in each section of **Appendix B**. In the event that no price shall be quoted in one or more section or subsections of **Appendix B**, the Bidder's proposal may be disqualified.
- 12.3. The Prices shall be quoted in Euro (€) or US dollars (US\$) currency and shall be inclusive of all of the services and equipment specified herein, including, the Warranty and all other works and services detailed under the Agreement.
- 12.4. The Bidders are required to clearly elect the currency, Euro (€) or US dollars (US\$), in which their proposal will be submitted by indicating the currency in writing in all places in the Tender Documents where it is required. All prices which the Bidder is required to propose in accordance with the Tender Documents must be stated in the same currency. ISR hereby notifies that any proposal which fails to clearly indicate the currency in which it is made and/or includes prices in different currencies may be disqualified.
- 12.5. In addition, ISR may convert any proposed prices for the Tender submitted Euro (€) or US dollars (US\$), into New Israeli Shekel (NIS) for the purpose of the evaluation process and selection of the Winning Proposal. The exchange rate for converting the proposals into NIS shall be an average of the last five representative exchange rates as published by the Bank of Israel prior to the date of the submission of the proposals (**February 27th, 2018**).
- 12.6. In the event of an Israeli Bidder, the Bidder must hold any and all necessary valid approvals and/or registrations in accordance with the Public Entity Transaction (Enforcement of accounting management and payment of taxation debts) Law, 5736-1976. (In Hebrew: חוק עסקאות גופים ציבוריים - 1976).
- 12.7. The Proposed Price shall be fixed and shall not be linked to any price increase mechanism.
- 12.8. The Proposed Price is the final, complete and inclusive price that will be paid to Supplier all as detailed in the Agreement. Supplier shall not be entitled to any other payment, fee or compensation whatsoever from ISR.
- 12.9. The Proposed Price for the Optional RSDEV and Milling/Grinding Services, shall be fixed and shall not be linked to any price increase mechanism for a period of two (2) years from the Final Submission Date. As from the 2nd anniversary of the Final Submission Date, Proposed Price for the Optional RSDEV Milling/ Grinding Services and/or Optional Service Support Visit Price shall be linked to the European Consumer Price Index all as specified in **Appendix B**.
- 12.10. The Prices include any sum which the Israeli Tax Authorities require to be withheld at source. The amounts required by the applicable law to be withheld at source by the Israeli Tax Authorities shall be deducted from all sums set and shall be paid to the Israeli Tax Authorities.
- 12.11. The Prices shall also include all taxes, fees, duties, licenses, costs or other payments that are to be paid in connection with the exportation, supply and delivery of the RSDEV and SRV, including but not limited to all types of importation and custom duties and services, such as transportation costs, customs agents' fees, purchase tax (in Hebrew "Mas Kniya" or "מס קנייה"), wharfage fees (in Hebrew "Dmei Ratzif" or "דמי

רציף"), Israeli customs duties, port handling fees (in Hebrew "Dmei Nitul" or "דמי ניטול"), port infrastructure fees (in Hebrew "Dmei Tashtit" or "דמי תשתית"), cleaning of the containers, stuffing and unloading of the containers, cam locks for discharging the RSDEV and SRV at port, supervision while discharging at port, discharging terms at port, etc. Notwithstanding the above, Israeli Value Added Tax, if applicable, shall be borne by ISR. For the sake of clarity, the Prices shall include any sum which the Israeli Tax Authorities require to be withheld at source.

12.12. Each Bidder shall solely bear all costs associated with the preparation and submission of its Bid. This shall include, without limitation, any and all expenses and losses, which may be incurred by Bidder, consultations with professionals, conducting investigations and inquiries of any kind, preparation of surveys and documents and the authentication and translation thereof and any other aspects in connection with the Bid. ISR will in no case be responsible or liable for any of the above costs, nor shall it be required, under any circumstances, to reimburse any such costs to any Bidder.

13. Terms of Payment

Payment by ISR to the Supplier shall be as set forth in the Agreement.

14. Evaluation process and selection of Winning Proposal

14.1. The evaluation of the bids submitted by bidders shall be conducted by ISR in accordance with the following process:

14.1.1. Stage A – Preliminary Evaluation –

14.1.1.1. **Stage A1** – Pre-Requisite: Bidders will be evaluated in accordance with Section 1 above.

14.1.1.2. **Stage A2** - Bid Guarantee: Bidders who satisfy Stage A1 above shall be required to submit a Bid Guarantee, as specified in section 4 above.

14.1.1.3. **Stage A3** - Technical Evaluation – in parallel the Technical Proposals shall be evaluated in accordance with the Technical Specifications (Appendix A1) and Milling/Grinding Services (Appendix A2).

14.1.2. **Stage B – Commercial Evaluation** – ISR shall open commercial proposals of bidders who satisfy **Stage A** above and select the Conditional Bidder as specified in Section 14.1.3 below.

14.1.3. Stage C – Nomination of Conditional Bidder:

14.1.3.1. Conditional Bidder shall be the Bidder whose proposal fully complies with all the Pre-requisites specified in Section 1 above and has achieved the lowest TEP (Total Evaluated Price) as specified in Section 9 of the Bidder's Proposal Form (Appendix B).

14.1.3.2. Nevertheless, it should be clarified that in the course of the evaluation process, ISR may consider additional relevant aspects, as ISR may deem fit.

14.1.4. Stage D - Conditional Bidder's Examination:

14.1.4.1. ISR's representatives may visit Conditional Bidder's Factory (as defined in Section 6.3 to the Agreement) on ISR's expense in order to evaluate Conditional Bidder's ability to perform its undertakings under the

Tender. ISR representatives may require (in addition to the visit at Bidder's Factory or in lieu) to inspect RSDEV(s), manufactured by Conditional Bidder's, at Conditional Bidder's Customers, during operation in order to verify Conditional Bidder's ability to perform its undertakings under the Tender.

- 14.1.4.2. ISR's Supreme Tender Committee may cancel the Nomination of Conditional Bidder based on the results of the above visit and in such event ISR may nominate a new Conditional Bidder i.e the Bidder that the next lowest TEP.
- 14.1.4.3. The Winning Bidder shall be the Conditional Bidder that receives from ISR a Winning Bidder's Notice, as detailed below.

14.2. When reviewing the proposals submitted, ISR reserves the right, in its sole discretion, to take into consideration negative past experience of ISR and/or any other entity with any particular bidder and ISR may reject any particular proposal based solely on such past experience.

15. **Submission of Proposals**

- 15.1. All proposals must be submitted no later than **February 27th, 2018 by 13:00 (Israel time)** ("**Final Submission Date**") in three (3) separate envelopes, as specified below and these shall all be inserted into one main envelope, which shall read "Tender No. 41706" (hereinafter: the "**Main Envelope**") at the address set forth below. ISR shall be entitled to postpone the deadline at its sole discretion.
- 15.2. The proposal shall be submitted by a single bidder. Proposals submitted by more than one bidder will be disqualified.
- 15.3. The proposal is to be submitted in two (2) copies into Tender Box No. 8, located at the following address:

Israel Railways Ltd. Contracting & Procurement Division – Tender Box #8 1 Yoseftal Street Lod, Israel
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- 15.4. The Bidder is requested to read carefully all of the documents attached herein and submit the following documents which should be included in the Main Envelope, signed, where applicable, by the authorized signatory bodies.
- 15.5. An envelope which shall read "**Commercial Proposal –Tender 41706**" shall be inserted in the Main Envelope and shall include the following:
 - 15.5.1. A signed and completed Bidder's Proposal Form (**Appendix B**).
- 15.6. A separate envelope which shall read "**Pre-requisites - Tender 41706**" shall be inserted in the Main Envelope and shall include the following:
 - 15.6.1. A signature on the last page of the Agreement (**Appendix C**), including the Bidder's relevant information in the heading thereof (excluding the date) and

including the Bank Account Form, attached to the Agreement as Annex C (only the winning Bidder is required to complete part B of the Bank Account Form).

15.6.2. A signed and completed Experience and Reference List, in the form attached hereto as Appendix D.

15.6.3. Documentation (either receipt issued by ISR's website or voucher with the stamp of the bank) evidencing payment of the Participation Fee as set forth in Section 23.3.

15.6.4. For foreign bidders only - a signed mandatory business cooperation undertaking to the ICA, in the form attached hereto as Appendix F, or as an alternative, evidence that the bidder has entered into an umbrella mandatory business cooperation agreement with the ICA;

15.7. A separate envelope which shall read "Technical Proposal – Tender 41706" shall be inserted in the Main Envelope and shall include the following technical information:

15.7.1. A signed copy of the Technical Specifications (Appendix A1).

15.7.2. A signed copy of the Grinding/Milling Service Specifications (Appendix A2).

15.7.3. Company profile of the Bidder and its expertise; Company profile of any subcontractor and its expertise; relevant information and data regarding the RSDEV.

15.7.4. All documents specified in Appendix G (Technical Documentation regarding Bidder's SRV).

15.7.5. Two (2) sets of instructions regarding the packing, transporting and storage of RSDEV in English or in Hebrew.

15.7.6. Any and all drawings, documentation, information and certifications required pursuant to the Technical Specifications.

15.7.7. All information shall be submitted also in a soft copy (PDF file format).

16. Proposal Validity

All submitted proposals must be valid for at least twelve (12) months from the Final Submission Date as set forth above (the "**Proposal Validity Period**"), and may not be revoked or changed by the Bidder during this period for any reason whatsoever. In the event that ISR, for any reason whatsoever, does not enter into a contractual relationship with the winning bidder, and/or the Agreement with the Winning Bidder is cancelled, ISR shall be entitled to elect a new winning bidder, being the Bidder which proposed the next lowest TEP (Total Evaluated Price, as specified in Section 10 of the Bidders Proposal Form - Appendix B). The terms set forth in this Section shall apply, *mutatis mutandis*, following the replacement of the Bidder's proposal as aforesaid.

17. General

The following appendices are attached hereto:

Appendix A - Technical Specifications;

Appendix B - Bidder's Proposal Form;

- Appendix C* - A copy of the Agreement;
- Appendix D* - Experience and Reference List;
- Appendix E* - Spare Parts List;
- Appendix F* - Mandatory Business Cooperation Undertaking;
- Appendix G* - Technical Documentation regarding Bidder's SRV.

18. Verification

ISR shall have the right, at its sole and absolute discretion, to verify the recommendations and other documents provided by the Bidder, and to request from any of the Bidders additional details, approvals, recommendations and/or certificates. In addition, ISR may, at its sole and absolute discretion, upon prior coordination with the Bidder, inspect the facilities of such Bidder at any time or any facilities where the RSDEV and/or its systems proposed by the Bidders are being manufactured.

ISR may, at its sole and absolute discretion, contact and/or visit each of the customers detailed in Appendix D in order to check and evaluate the Pre-requisites, the Technical Proposal, and/or Bidder's Proposal.

19. Negotiations

19.1. ISR reserves the right, at its sole discretion, to conduct negotiations with any of the Bidders in this Tender that it finds suitable, with respect to their commercial and/or technical proposal, or not to conduct negotiations at all.

19.2. Without derogating from the above, ISR shall have the right to instruct all Bidders whose Commercial Proposals were evaluated, to submit an additional improved Commercial Proposal in the event that all bids received are less favorable to ISR than the ISR estimation and/or to cancel the Tender. Bidders hereby forfeit any claim in the event that ISR shall decide to act in such manner.

20. Language of Bids

All documents submitted by the Bidder in this Tender (including but not limited to all attachments, schedules, annexes, sketches, drawings, diagrams, tables and charts) and any additional information, question, request for clarification and interpretation, or any other communication, must be in English or Hebrew only, unless otherwise specifically stated in the Tender Documents or approved by ISR.

21. Confidentiality and Proprietary Rights

21.1. By participating in the Tender process, each purchaser of the Tender Documents and each Bidder are deemed to have agreed to keep in strict confidence, and not to disclose and not to make any use of any information or data, or any form or media, partial or complete, provided to them by ISR on its behalf or made known to them otherwise as a result of or in connection with the Tender; except that each Bidder may use such information or data solely for the purpose of preparing its bid. It is hereby clarified that this Section 21 shall not apply to documents and/or information published by ISR on its website.

- 21.2. By submitting a bid, each bidder (including its members) shall be deemed to represent and warrant to ISR that (i) it is not bound by any contractual or statutory obligations which would preclude the Bidder from providing the data and information contained in the Bid or any portion thereof, (ii) it has the right to make all disclosures that are made in the Bid; (iii) the data and information contained in the bid do not include any confidential information, trade secret or other proprietary information of the bidder and/or to any third party (except as and to the extent that the bidder may otherwise clearly indicate in writing) that ISR is prevented from using it.
- 21.3. All rights and titles in and to any and all drawings, sketches, and other technical documents and information provided by ISR or on its behalf to the Bidder as well as to all of the Tender Documents and the contents thereof, shall be deemed to be the sole and exclusive proprietary of ISR, and/or their use by ISR allowed by third parties.

22. General Prerogatives of ISR

- 22.1. A proposal reflecting any reservation regarding the attached documents or any part thereof, including the Agreement or the appendices attached thereto, whether by rejection, insertion or amendment to any part of the attached documents, may be disqualified.
- 22.2. ISR shall not be bound to accept the lowest-priced proposal or any other proposal whatsoever. In addition, ISR does not commit itself in any way to acquire the RSDEV or to enter into a contractual relationship with any of the Bidders.
- 22.3. Any of the RSDEV acquired, shall be on a non-exclusive basis and ISR at its sole discretion may at any time obtain RSDEV from any of the Bidders, and/or may acquire similar or identical RSDEV from any third party.
- 22.4. The issuance by ISR of a Purchase Orders under the Agreement shall be following the receipt of the necessary budgetary approvals.
- 22.5. ISR, at its sole discretion, may decide not to select any of the submitted proposals or may decide to cancel the entire Tender at any time.
- 22.6. ISR reserves the right to reject a proposal of a Bidder which does not have the financial strength required for the performance of the Agreement or that its commercial Proposal is significantly lower than ISR's estimation.
- 22.7. In addition to any other event which entitles ISR by law, to cancel the Tender, ISR reserves the right, at ISR's sole discretion, to cancel this Tender in the following events:
- 22.7.1. If only one of the bids is found suitable, according to the Pre-requisites and/or other specification requirements according to this Tender Documents;
- 22.7.2. If ISR concludes that there was a flaw in the Tender process and/or in the evaluation of the bids;
- 22.7.3. If ISR has found that a critical mistake has been made in the Technical Specifications, inter alia, by giving false data, missing data or incomplete data;

22.7.4. If the circumstances and/or ISR's requirements have been significantly changed, to such extent which requires the cancellation of the Tender;

23. **Tender Procedure – General**

23.1. **Download of the Tender Documents**

23.2. Tender Documents are available for review and download at no charge at ISR's website at the following address:

<http://www.rail.co.il/HE/ISRTenders/Pages/TenderList.aspx>

(the interface at ISR's website with respect to the Tender Documents is currently in Hebrew only).

23.3. **Participation Fee**

23.3.1. Submission of a Bid in the Tender is subject to payment (non-refundable) of a participation fee in the amount of **15,000 New Israeli Shekels** (Fifteen thousand NIS), (including VAT) (the "**Participation Fee**"), whether:

23.3.1.1. By credit card at ISR's website:

<http://www.rail.co.il/HE/ISRTenders/Pages/TenderList.aspx>

(the interface at ISR's website with respect to the Tender Documents is currently in Hebrew only).

23.3.1.2. By payment voucher, available daily between 09:00-15:00 (except Fridays and Jewish or national holidays) at the following address: Israel Railways Ltd., Procurement & Contracting Division, 1 Yoseftal Street, Lod, Israel. Vouchers shall be paid in a bank only (excluding the postal bank), by cash only. However, vouchers paid in the bank in which the payer has an account may be paid by check.

23.3.2. It is hereby clarified that (i) the above amount shall not be refunded under any circumstances; and (ii) ISR shall not be responsible in the event that payment cannot be performed by credit card at ISR's website prior to the Submission Date for any reason whatsoever.

23.3.3. Any Bidder who encounters difficulty in the downloading of the Tender Documents or in the payment of the Participation Fee may contact Ms. Anat Regev, International Procurement Coordinator, by facsimile at +972-8-653-3720 or by e-mail: anatr@rail.co.il.

24. **Amendment of Tender Documents**

24.1. At any time prior to the Final Submission Date, ISR may amend the Tender Documents by issuing notices to the Bidders. Any notice thus issued, shall be deemed as an integral part of the Tender Documents, and shall be communicated in writing. Each bidder shall promptly acknowledge receipt of each notice to ISR (however, each notice shall be binding upon each Bidder, regardless whether the bidder has acknowledged receipt of such notice(s) or not).

25. Notification of the Winning Bidder

25.1. ISR shall send notification of its decision to the Bidder selected as the winner in the Tender. Notification shall also be sent to the other Bidders. For the removal of doubt, the aforementioned notification of the winning bid shall not constitute the formation of a contract between ISR and such Bidder, and the entering into a binding agreement is conditioned upon the fulfillment of all required terms and conditions as detailed in the Tender Documents and the Agreement.

26. Request for clarifications and/or additional information

26.1. Any Bidder may submit to ISR, in writing, inquiries and/or requests for clarification and/or additional information regarding the Tender or relating to the Tender Documents, as specified herein below (a "**Request for Clarification**").

26.2. A Request for Clarification shall be titled "Request for Clarification" and shall clearly specify to which Tender Documents (volume, attachment, section) it refers.

26.3. Bidders shall submit Requests for Clarification with respect to any errors, ambiguities, inconsistencies, omissions, erroneous, unclear or imperfect provisions ("**Errors**") in the Tender Documents. It is clarified that by submitting its Bid, Bidder irrevocably and unconditionally waives any claim, demand or legal or administrative proceeding alleging or claiming that the selection process in the Tender has been influenced or biased by an Error and/or that Bidder has suffered any damages as a result of such Error.

26.4. Any Request for Clarifications should be addressed **in writing only** to Ms. Anat Regev, International Procurement Coordinator, no later than **January 11th, 2018**, by e-mail: anatr@rail.co.il. Bidders shall be responsible for verifying receipt by ISR of Requests for Clarification.

27. Notices to Bidders

27.1. Should ISR decide, at its sole discretion, to respond to any Requests for Clarifications, such response shall be published in ISR's website (in the tenders section under the Tender's name) and, as of the date of such publication, shall constitute an integral part of the Tender Documents (each a "**Notice to Bidders**").

27.2. Bidders shall be solely responsible to check ISR's website on a regular basis in order to follow publications by ISR. Any Notice to Bidders published at ISR's website in accordance with Section 24.1 shall be binding upon each Bidder, whether or not Bidder is aware of such Notice to Bidders, and Bidders shall not have any claim in connection therewith.

27.3. It is hereby clarified that only information provided by ISR to the Bidders by the way of a Notice to Bidders in accordance with Section 24.1. shall be binding upon ISR (unless expressly specified otherwise therein), and ISR shall not be bound by any oral or written response or information communicated to Bidders in any other way, including any response or information conveyed during any meeting held with the Bidders (if held).

28. **Meetings, Conferences or Discussions**

ISR, at its sole discretion, may arrange clarification meetings, site visits, conferences or discussions, and instruct Bidders that participation is compulsory on all Bidders wishing to submit a Bid.

Appendix A1

**For the Manufacture and Supply of a Railbound Vehicle with a Rail Surface Defect
Elimination System**

**TECHNICAL SPECIFICATIONS
(Attached Separately)**

Appendix A2

For Grinding/Milling Service by On-Track Railbound Vehicle

**SERVICE SPECIFICATIONS
(Attached Separately)**

Appendix B
Tender No. 41706

Bidder's Proposal Form

Date: _____

Re: Proposal for the Supply of a Railbound Vehicle with a Rail Surface Defect Elimination System for Israel Railways Ltd ("Tender")

1. Bidder declares that it has read, fully understands, and agrees to the terms and conditions included in the tender documents of Tender No. 41706, including the General Terms and Conditions, the Technical Specifications and any Appendices thereof (collectively the "**Tender Documents**"), and hereby submits to ISR (as that and all other capitalized terms not otherwise defined in this Appendix are defined in the Tender Documents) its proposal for the supply of the RSDEV. All of the terms and conditions included in the Tender Documents shall be considered integral parts of this proposal.
2. Any price stipulated herein shall be quoted in Euro (€) currency or US dollars (US\$). Bidder hereby acknowledges and declares that all of the sums stated herein (**Appendix B**) shall constitute the final price that will be paid to the bidder for the supply of the RSDEV, including all of the related services, warranty and spare parts obligations, equipment, cost, fees duties and taxes as specified in the Agreement.
3. The Prices shall also include all taxes, fees, duties, licenses, costs or other payments that are to be paid in connection with the exportation, supply and delivery of the RSDEV, including but not limited to all types of importation and custom duties and services, such as transportation costs, customs agents' fees, purchase tax (in Hebrew "Mas Kniya" or "מס קנייה"), wharfage fees (in Hebrew "Dmei Ratzif" or "דמי רציף"), Israeli customs duties, port handling fees (in Hebrew "Dmei Nitul" or "דמי ניטול"), port infrastructure fees (in Hebrew "Dmei Tashtit" or "דמי תשתית"), cleaning of the containers, stuffing and unloading of the containers, cam locks for discharging the RSDEV at port, supervision while discharging at port, discharging terms at port, etc. Notwithstanding the above, Israeli Value Added Tax, if applicable, shall be borne by ISR. For the sake of clarity, the Prices shall include any sum which the Israeli Tax Authorities require to be withheld at source.
4. **Stage A for Total Evaluated Price**

4.1. The Proposed Price for the Purchase Order of RSDEV including three (3) years of Warranty and Consumables Delivered with the RSDEV as defined in the Agreement, is as follows:

Item	Price per Unit (in EURO (€) or USD (\$))	Quantity (for evaluation purposes only)	Total Price
RSDEV		1	

Total Price for ("TRSDEV")			A Total sum of _____ EURO (€) <u>or</u> USD (\$) (in words) _____ EURO (€) <u>or</u> USD (\$)

5. All prices set forth pursuant to this Section 4 shall be fixed and shall not be linked to any price increase mechanism for a period of two year commencing on the Final Submission Date.
6. In the event that ISR wishes to order Optional RSDEV(s), the proposed price for the Optional RSDEV shall be the proposed price for one RSDEV as specified in the table in Section 3.1 above.
7. The Proposed Price for Optional Metal Removal Elements is as follows:

Purchase Order for Work Consumables for 1 [mm] metal removal depth along the entire rail head through 50 [km] ("PWC")
A total sum of _____ EURO (€) or USD (\$) (in words: _____ EURO (€) <u>or</u> USD (\$))

*** All in accordance with Section 7.4 to the Agreement.

- 7.1. The Bidder's Stage A for Total Evaluated Price ("TEPA") shall be calculated in accordance with the following formula -

TEPA = TRSDEV + 10PWC

- 7.2. All prices set forth pursuant to this Section 7 shall be fixed and shall not be linked to any price increase mechanism for a period of two year commencing on the Final Submission Date.

8. Stage B for Total Evaluated Price

- 8.1. The Proposed Price for the Grinding/Milling Services is as follows:

Grinding/Milling Services ("GMS")			
Type of Grinding	Price per Kilometer EURO (€) <u>or</u> USD (\$)	Quantity	Total Price EURO (€) <u>or</u> USD (\$)
Initial Reprofileing	\$/€ _____	100 Kilometers	_____ (A)
Corrective Reprofileing	\$/€ _____	50 Kilometers	_____ (B)

Preventive Cycle Reprofiling	\$/€ _____	50 Kilometers	_____ (C)
Total Price for ("A)+(B)+(C")			A Total sum of (A)+(B)+(C) <hr/> <hr/> EURO (€) <u>or</u> USD (\$) (in words) _____ <hr/> EURO (€) <u>or</u> USD (\$)

*** All in accordance with Section 8.5 to the Agreement.

8.2. The Bidder's Stage B for Total Evaluated Price ("**TEPB**") shall be calculated in accordance with the following formula -

TEPB = GMS

8.3. All prices set forth pursuant to this Section 8 shall be fixed and shall not be linked to any price increase mechanism for a period of two year commencing on the Final Submission Date.

9. Stage C - for Total Evaluated Price

9.1. The Proposed Price for Optional Grinding/Milling Services is as follows:

Optional Grinding/Milling Services ("OGMS")			
Type of Grinding	Price per Kilometer (€) <u>or</u> USD (\$)	Quantity (for evaluation purposes only)	Total Price (Quantity multiplied by Price per Kilometer) (€) <u>or</u> USD (\$)
Initial Reprofileing	\$/€ _____	35 Kilometers	_____ (A)
Corrective Reprofileing	\$/€ _____	35 Kilometers	_____ (B)
Preventive Cycle Reprofileing	\$/€ _____	100 Kilometers	_____ (C)

Total Price for ("A)+(B)+(C")			A Total sum of (A)+(B)+(C) (_____ _____ EURO (€) <u>or</u> USD (\$) (in words)_____ _____ _____ EURO (€) <u>or</u> USD (\$)
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*** All in accordance with Section 8.6 to the Agreement.

9.2. The Proposed Price for Optional Service Support Visit is as follows:

<u>Price for Optional Service Support Visit</u>		
Price per Visit (€) <u>or</u> USD (\$)	Quantity (for evaluation purposes only)	Total Price (Quantity multiplied by Price per Visit) (€) <u>or</u> USD (\$)
\$/€ _____	3	_____

9.3. The Bidder's Stage C for Total Evaluated Price ("TEPC") shall be calculated in accordance with the following formula -

$$\text{TEPC} = \text{OGMS} + \text{OSSV}$$

9.4. All prices set forth pursuant to this Section 9 shall be fixed and shall not be linked to any price increase mechanism for a period of two year commencing on the Final Submission Date.

10. The Bidder's total evaluated price ("TEP") shall be calculated in accordance with the following formula -

$$\text{TEP} = \text{TEPA} + \text{TEPB} + (0.7 * \text{TEPC})$$

11. Linkage Mechanism

11.1. The Proposed Price for the Optional RSDEV specified in Section 4 above and the prices of Grinding/Milling Services and/or the Spare Parts (Annex Q to the Agreement) & Works Consumables and Optional Service Support Visit shall be fixed and shall not be

linked to any price increase mechanism for a period of two year commencing on the Final Submission Date.

11.2. As from the second year from the Final Submission Date the Proposed Price for the Optional RSDEV, the Spare Parts and Work Consumables and Optional Service Support Visit shall be linked to the European Consumer Price Index (HICP E25 - Overall index, Monthly Index, (2005=100) as published at Eurostat website <http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/data/database>) ("**HICP**").

11.3. The basic index for the HICP shall be the last known index on the Final Submission Date.

11.4. The price adjustments set forth herein shall be performed once a year only from the second anniversary of the Final Submission Date.

12. Bidder understands that payment by ISR to the Supplier for the RSDEV shall be made by way of bank transfer in the manner and terms set forth in the Agreement.

13. Bidder hereby permits representatives of ISR to inspect its facilities, at any time.

Signature of Bidder

By: (print or type name):

Title:

Attorney Confirmation

I the undersigned _____, Adv. (license no. _____) hereby confirm that the Bidder's Proposal has been signed by the Bidder's duly authorized representative(s), that all consents required on the part of the Bidder for such signatures have been obtained, and that the above signature duly binds the Bidder for all intents and purposes.

Signature

Date

Appendix C
Agreement for Tender No. 41706

Attached Separately

Appendix D
Tender No. 41706

EXPERIENCE AND REFERENCE LIST OF THE BIDDER

Date: _____

Experience and Reference List of the Bidder

1. Bidder confirms that in accordance with Section 1.1 it is the designer, manufacturer and supplier of the proposed Railbound Vehicle with a Surface Defect Elimination System.
2. Bidder confirms that in accordance with Section 1.2 of the Tender's General Terms and Conditions, the Bidder has manufactured and supplied, commencing from the beginning of the year 2014 and onwards at least two (2) Railbound Vehicle with a Surface Defect Elimination System with a Minimum Production Capacity that are in commercial use for at least two (2) different Customers.
3. **Minimum Production Capacity** - Minimum of 500 [meter] of track per hour with metal removal depth of 1 [mm] from 70° at the running edge to 5° at the field side.

Customer – a customer from a country Israel has diplomatic relations with.

Name of company for which RSDEV was designed, manufactured and supplied	Date RSDEV has begun commercial use	Quantity of RSDEV that was manufactured and supplied	Name of contact person in the Railway Company	Tel., E-mail and Fax No. of Contact Person

Signature of Bidder: _____

By: _____

Title: _____

Appendix F
Tender No. 41706
Mandatory Business Cooperation Undertaking
Attached Separately

Appendix G

Tender No. 41706

Technical Documentation regarding Bidder's SRV

1. **SRV APPROVAL:**

The SRV and the Grinding/Milling System's technical description shall be submitted by Bidder as part of its Technical Proposal. All documents and certificates required below shall also be submitted:

- Documents approving that the SRV and all of its systems are designed for full continuously operation in accordance with ISR track superstructure, specified in **Appendix B** of the Grinding/ Milling Service Specifications Technical Specifications and Israel climate (hot and dusty environmental conditions), as specified in **Appendix A** of the Grinding/ Milling Service Specifications.
- Documents approving that the SRV clearance envelope shall fit into ISR loading gauge, as specified in Appendix D of the Grinding/ Milling Service Specifications.
- Documents approving that the SRV is designed to travel and operate in tunnels.
- Documents approving that the SRV has the following basic operating characteristics:

Operation Characteristics			
a.	Track gauge nominal		1435 [mm]
b.	Track gauge maximum		1470 [mm]
c.	Track gauge minimum		1426[mm]
d.	Travel speed – self propelled	Greater than	60 [Km/h]
e.	Travel speed – towed	Up to	80 [Km/h]
f.	Max gradient		30 ‰
g.	Min curve radius		140 [m]
h.	Max superelevation		160 [mm]

- Documents approving that the SRV frame, suspension, propelling system and braking system is designed to enable safe operation with maximum traveling speed and at gradient of up to 30‰ as a single vehicle as well as in train formation. (Maximum braking distance - 800 meters at 80 km/h)
- Documents approving that the SRV is designed to keep the environment protection of noise, pollution etc. - in accordance with the relevant regulation.
- Documents approving that the SRV is designed to operate continuously On-Track with electric system and electronic signaling.
- Documents and certificates approving that the SRV is design to operate efficiently near high voltage electrical wire line, on electrified track with 25k VAC and on non-electrified track with CWR and jointed track.
- Documents approving that the SRV fully recognized at any speed by the axle counters installed in ISR track network (See **Appendix E** of the Grinding/ Milling Service Specifications).

- Documents approving that the SRV is equipped with Coupling and Buffers as follows -
Each headstock shall be fitted with UIC type coupling system and buffers, namely:
 - ✓ 1 central Draw Gear to UIC 520 with an elastic draw system;
 - ✓ 1 Draw Hook to UIC 520 OR with a breaking force of 1,000KN;
 - ✓ 1 Screw coupler to UIC 520 OR with a breaking force of 850KN;
 - ✓ 2 side buffers with a stroke of 105 mm to UIC 526-1; at height of 1060 mm;
 - ✓ 1 brake hose with valve.

(To enable towing by ISR locomotives when needed. The relevant technical details shall be submitted.)

- ✓ The wheel drawing and wheel rail interface drawings shall be submitted.