

REQUEST FOR PROPOSALS

FEASIBILITY STUDY FOR THE

BALMACEDA AIRPORT MODERNIZATION MASTER PLAN PROJECT

Submission Deadline: 1:00 pm LOCAL TIME

MONDAY, FEBRUARY 16, 2009

Submission Place:

Contact: John Rathkamp Swinburn
Dirección Nacional de Aeropuertos
Ministerio de Obras Públicas
Morandé 59, piso 11
Santiago, Chile

Phone: (56-2) 449-3494 / 449-3408 / 449-3476

SEALED PROPOSALS SHALL BE CLEARLY MARKED AND RECEIVED PRIOR TO THE TIME AND DATE SPECIFIED ABOVE. PROPOSALS RECEIVED AFTER SAID TIME AND DATE WILL NOT BE ACCEPTED OR CONSIDERED.

REQUEST FOR PROPOSALS

| | |
|------------|-----------------------------------------------------------------------------|
| SECTION 1: | INTRODUCTION |
| 1.1 | BACKGROUND SUMMARY |
| 1.2 | OBJECTIVE..... |
| 1.3 | PROPOSALS TO BE SUBMITTED |
| 1.4 | CONTRACT FUNDED BY USTDA..... |
| SECTION 2: | INSTRUCTIONS TO PROPOSERS..... |
| 2.1 | PROJECT TITLE |
| 2.2 | DEFINITIONS..... |
| 2.3 | DEFINITIONAL MISSION REPORT |
| 2.4 | EXAMINATION OF DOCUMENTS |
| 2.5 | PROJECT FUNDING SOURCE..... |
| 2.6 | RESPONSIBILITY FOR COSTS |
| 2.7 | TAXES |
| 2.8 | CONFIDENTIALITY..... |
| 2.9 | ECONOMY OF PROPOSALS |
| 2.10 | SUBSTANTIVE PROPOSALS |
| 2.11 | CONDITIONS REQUIRED FOR PARTICIPATION |
| 2.12 | LANGUAGE OF PROPOSAL..... |
| 2.13 | PROPOSAL SUBMISSION REQUIREMENTS |
| 2.14 | PACKAGING..... |
| 2.15 | AUTHORIZED SIGNATURE |
| 2.16 | EFFECTIVE PERIOD OF PROPOSAL |
| 2.17 | EXCEPTIONS..... |
| 2.18 | OFFEROR QUALIFICATIONS |
| 2.19 | RIGHT TO REJECT PROPOSALS..... |
| 2.20 | PRIME CONTRACTOR RESPONSIBILITY |
| 2.21 | AWARD..... |
| 2.22 | COMPLETE SERVICES |
| 2.23 | INVOICING AND PAYMENT |
| SECTION 3: | PROPOSAL FORMAT AND CONTENT..... |
| 3.1 | SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY..... |
| 3.2 | SECTION 2: COMPANY INFORMATION..... |
| 3.2.1 | COMPANY PROFILE |
| 3.2.2 | OFFEROR'S AUTHORIZED NEGOTIATOR..... |
| 3.2.3 | NEGOTIATION PREREQUISITES |
| 3.3 | SECTION 3: ORGANIZATIONAL STRUCTURE, MANAGEMENT, AND KEY PERSONNEL |
| 3.4 | SECTION 4: TECHNICAL APPROACH AND WORK PLAN |
| 3.5 | SECTION 5: EXPERIENCE AND QUALIFICATIONS |
| SECTION 4: | AWARD CRITERIA..... |

- ANNEX 1 FEDBIZOPPS ANNOUNCEMENT
- ANNEX 2 BACKGROUND DEFINITIONAL MISSION REPORT
- ANNEX 3 USTDA NATIONALITY REQUIREMENTS
- ANNEX 4 USTDA GRANT AGREEMENT, INCLUDING MANDATORY CONTRACT CLAUSES
- ANNEX 5 TERMS OF REFERENCE (FROM USTDA GRANT AGREEMENT)

Section 1: INTRODUCTION

The U.S. Trade and Development Agency (USTDA) has provided a grant to conduct the Balmaceda Airport Modernization Master Plan on behalf of the Airports Directorate of Chile (DAP). The grant agreement is attached at Annex 4 for reference. The Grantee is soliciting technical proposals from qualified U.S. firms to provide expert consulting services to carry out the Feasibility Study.

1.1 BACKGROUND SUMMARY

Balmaceda Airport is located in the Aisén Region in the south of the Chile, 900 miles from Santiago. Access to Aisén is limited due to its geography which is characterized by a combination of small islands and high mountains. The airport at Balmaceda is an important gateway to the area and serves over one-third of all people entering the region. Due to an increased number of international tourists and the distance of Aisén to the country's main gateway in Santiago, the modernization of Balmaceda Airport is vital to support tourism and commerce in Aisén.

Passenger traffic through the airport increased from 50,000 passengers in 1995 to 187,000 in 2005. During the last five years average growth at Balmaceda has been six percent, with the airport exceeding 220,000 passengers in 2007, and 4,000 flights per year.

A background definitional mission report is provided in Annex 2.

1.2 OBJECTIVE

The objective of this Feasibility Study is to assist the Grantee with assessing the technical and financial viability of expanding the Balmaceda airport as a means of allowing the operation of larger aircraft and responding to current and forecasted demand. The Terms of Reference (TOR) for this Feasibility Study is attached as Annex 5.

1.3 PROPOSALS TO BE SUBMITTED

Technical proposals are solicited from interested and qualified U.S. firms. The administrative and technical requirements as detailed throughout the Request for Proposals (RFP) will apply. Specific proposal format and content requirements are detailed in Section 3.

COST will not be a factor in the evaluation and therefore, cost proposals should not be submitted; upon detailed evaluation of technical proposals, one firm will be selected for contract negotiations. The amount for the negotiated contract has been established by a USTDA grant of U.S. \$351,200 dollars.

1.4 CONTRACT FUNDED BY USTDA

The negotiated contract will be funded by USTDA in accordance with the terms and conditions of its grant to the Grantee. The contract must include certain USTDA mandatory clauses relating to nationality, taxes, payment, reporting, and other matters. The USTDA nationality requirements and the USTDA mandatory clauses are attached at Annexes 3 and 4 for reference.

Section 2: INSTRUCTIONS TO PROPOSERS

2.1 PROJECT TITLE

The project is called the "Balmaceda Airport Modernization Master Plan Project."

2.2 DEFINITIONS

Please note the following definitions of terms as used in this RFP.

The term "Request for Proposals" means this solicitation of a formal technical proposal including qualifications statement.

The term "Offeror" means the U.S. individual, or U.S. firm, including any and all subcontractors, which responds to the RFP and submits a formal proposal and which may or may not be successful in being awarded this procurement.

2.3 DEFINITIONAL MISSION REPORT

USTDA sponsored a Definitional Mission to address technical, financial, sociopolitical, environmental and other aspects of the proposed project. A copy of the Report is attached at Annex 2 for background information only.

2.4 EXAMINATION OF DOCUMENTS

Offerors should carefully examine this RFP. It will be assumed that Offerors have done such inspection and that through examinations, inquiries and investigation they have become familiarized with local conditions and the nature of problems to be solved during the execution of the Feasibility Study.

Offerors shall address all items as specified in this RFP. Failure to adhere to this format may disqualify an Offeror from further consideration.

Submission of a proposal shall constitute evidence that the Offeror has made all the above mentioned examinations and investigations, and is free of any uncertainty with respect to conditions which would affect the execution, and completion of the Feasibility Study.

2.5 PROJECT FUNDING SOURCE

The Feasibility Study will be funded under a grant from USTDA. The total amount of the grant is not to exceed U.S. \$ 351,200 dollars.

2.6 RESPONSIBILITY FOR COSTS

Offeror shall be fully responsible for all costs incurred in the development and submission of the proposal or any other cost incurred by Offeror prior to issuance of an agreement or contract. Neither USTDA nor the Grantee assumes any contractual obligation as a result of the issuance of this proposal request, the preparation or submission of a proposal by an Offeror, the evaluation of proposals, or final selection.

2.7 TAXES

Offerors should submit proposals which note that in Annex 4, USTDA Mandatory Contract Provisions, USTDA funds are not to be used to pay taxes or duties under the laws of host country.

2.8 CONFIDENTIALITY

The Grantee will use its best efforts to preserve the confidentiality of any business proprietary or confidential information submitted by the Offeror, which is clearly designated as such by the Offeror.

2.9 ECONOMY OF PROPOSALS

Proposal documents should be prepared simply and economically, providing a comprehensive and concise description of the Offeror's capabilities to satisfy the requirements of the RFP. There is no necessity for expensive bindings, colored displays, or other promotional material unless such material is absolutely pertinent to the proposal. Emphasis should be placed on completeness and clarity of content.

2.10 SUBSTANTIVE PROPOSALS

The Offeror shall certify (a) that its proposal is genuine and is not made in the interest of, or on the behalf of, any undisclosed person, firm, or corporation, and is not submitted in conformity with, and agreement of, any undisclosed group, association, organization, or corporation; (b) that it has not directly or indirectly induced or solicited any other Offeror to put in a false proposal; (c) that it has not solicited or induced any other person, firm, or corporation to refrain from submitting a proposal; and (d) that it has not sought by collusion to obtain for himself any advantage over any other Offeror or over the Grantee or USTDA or any employee thereof.

2.11 CONDITIONS REQUIRED FOR PARTICIPATION

Only U.S. firms are eligible to participate in this tender. However, U.S. firms may utilize subcontractors from host country for up to 20 percent of the amount of the USTDA grant. USTDA nationality requirements are detailed in Annex 3.

2.12 LANGUAGE OF PROPOSAL

All proposal documents shall be prepared and submitted in English and Spanish.

2.13 PROPOSAL SUBMISSION REQUIREMENTS

The **Cover Letter** in the proposal must be addressed to:

John Rathkamp Swinburn
Address: Dirección Nacional de Aeropuertos
Ministerio de Obras Públicas
Morandé 59, piso 11
Santiago, Chile
Phone: (56-2) 449-3494 / 449-3476 / 449-3476

An Original in English and Spanish and two (2) copies in Spanish of your proposal must be received at the above address no later than 1:00 pm (local time), on February 16, 2009.

Proposals may be either sent by mail, overnight courier, or hand-delivered. Whether the proposal is sent by mail, courier or hand-delivered, the Offeror shall be responsible for actual delivery of the proposal to the above address before the deadline. Any proposal received after the deadline will be returned unopened.

Upon timely receipt, all proposals become the property of the Grantee.

2.14 PACKAGING

Each proposal must be sealed to ensure confidentiality of the information. The proposals should be individually wrapped and sealed, and labeled for content including "original" or "copy number x"; the original in English and Spanish and two (2) copies in Spanish should be collectively wrapped and sealed, and clearly marked for content.

Neither USTDA nor the Grantee will be responsible for premature opening of proposals not properly labeled.

2.15 AUTHORIZED SIGNATURE

The proposal must contain the signature of a duly authorized officer or agent of the Offeror empowered with the right to bind the Offeror.

2.16 EFFECTIVE PERIOD OF PROPOSAL

The proposal shall be binding upon the Offeror for sixty (60) days after the proposal due date, and Offeror may withdraw or modify this proposal at any time prior to the due date upon written request, signed in the same manner and by the same person who signed the original proposal.

2.17 EXCEPTIONS

Firms agree by their response to the RFP announcement to abide by the procedures set forth therein. Material modifications in the TOR or responsibilities of the parties will not be accepted.

Any exceptions in the proposal shall be clearly identified, and shall include the scope of such exception, and its impact, on the procurement. The Grantee shall make final determination as to the responsiveness of such exceptions and their acceptability.

2.18 OFFEROR QUALIFICATIONS

As provided in Section 3, Offerors shall submit evidence that they have relevant past experience and have previously delivered advisory and Feasibility Study services similar to those required in the TOR.

2.19 RIGHT TO REJECT PROPOSALS

The Grantee reserves the right to reject any and all proposals and to accept or reject any or all of the items in the proposal, and to award the contract in whole or in part if it is deemed in the best interest of the Grantee.

2.20 PRIME CONTRACTOR RESPONSIBILITY

Offerors have the option of subcontracting parts of the services they propose. The Offeror's proposal must include a description of any anticipated subcontracting arrangements, including the name, address, and qualifications of consultants and subcontractors. USTDA nationality provisions are set forth in detail in Annex 3. The successful Offeror shall cause appropriate provisions of its contract, including all mandatory USTDA clauses, to be inserted in all subcontracts ensuing to ensure fulfillment of all contractual provisions by subcontractors.

2.21 AWARD

An award resulting from this RFP shall be made to the best qualified Offeror, taking into consideration the evaluation factors set forth herein; however, the right is reserved to reject any and all proposals received and, in all cases, the Grantee will be the judge as to whether a proposal has or has not satisfactorily met the requirements of this RFP.

2.22 COMPLETE SERVICES

The successful Offeror shall be required to (a) furnish all supplies, supervision, transportation, and other execution accessories, services, and facilities; (b) provide and perform all necessary labor; and (c) in accordance with good technical practice, with due diligence, and in accordance with the requirements, stipulations, provisions and conditions of this RFP and the resultant contract, execute and complete all specified work to the satisfaction of the Grantee.

2.23 INVOICING AND PAYMENT

Deliverables under the contract shall be delivered on a schedule to be agreed upon in a contract with the Grantee. The Contractor may submit invoices to the designated Grantee Project Director in accordance with a schedule to be negotiated and included in the contract. Upon approval of each invoice, the Grantee will forward the invoice to USTDA which will process payment to the Contractor. All payments by USTDA under the Grant Agreement will be made in U.S. currency.

The successful Offeror shall be required to (a) furnish all supplies, supervision, transportation, and other execution accessories, services, and facilities; (b) provide and perform all necessary labor; and (c) in accordance with good technical practice, with due diligence, and in accordance with the requirements, stipulations, provisions and conditions of this RFP and the resultant contract, execute and complete all specified work to the satisfaction of the Grantee.

2.23 INVOICING AND PAYMENT

Deliverables under the contract shall be delivered on a schedule to be agreed upon in a contract with the Grantee. The Contractor may submit invoices to the designated Grantee Project Director in accordance with a schedule to be negotiated and included in the contract. Upon approval of each invoice, the Grantee will forward the invoice to USTDA which will process payment to the Contractor. All payments by USTDA under the Grant Agreement will be made in U.S. currency.

Section 3: PROPOSAL FORMAT AND CONTENT

To expedite proposal review and evaluation, and to assure that each proposal receives the same orderly review, all proposals must follow the format described in this section.

Proposal sections and pages shall be appropriately numbered and the proposal shall include a Table of Contents. Offerors are encouraged to submit concise and clear responses to the RFP. Proposals shall contain all elements of information requested without exception. Instructions regarding the required scope and content are given in this section. The Grantee reserves the right to include any part of the selected proposal in the final contract.

The proposal shall consist of a technical proposal only. No cost proposal is required as the value of the USTDA grant is established at U.S. \$351,200 dollars.

Offerors shall submit one (1) original in English and Spanish and two (2) copies of the proposal in Spanish. Proposals received by fax cannot be accepted.

The following sections and content are required for each proposal:

- Transmittal Letter,
- Cover/Title Page,
- Table of Contents,
- Introduction and Executive Summary,
- Company Information,
- Organizational Structure, Management Plan, and Key Personnel,
- Technical Approach and Work Plan,
- Experience and Qualifications, and
- Miscellaneous.

Detailed requirements and directions for the preparation of each section are presented below.

3.1 SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY

An Executive Summary should be prepared describing the major facts or features of the proposal, including any conclusions, assumptions, and generalized recommendations the Offeror desires to make. Offerors are requested to make every effort to limit the length of the Executive Summary to no more than five (5) pages.

3.2 SECTION 2: COMPANY INFORMATION

3.2.1 Company Profile

Provide the information listed below relative to the Offeror's firm. If the Offeror is proposing to subcontract some of the proposed work to another firm(s), similar information must be provided for each subcontractor. Offerors are requested to limit the length of the Company Profile Information to one (1) page per firm.

1. Name of firm and business address, including telephone and fax numbers.
2. Year established (include former firm names and year established, if applicable).
3. Type of ownership and parent company, if any.
4. Project Manager's name, address, telephone and fax number, if different from (1).

3.2.2 Offeror's Authorized Negotiator

Provide name, title, address, telephone and fax number of the Offeror's authorized negotiator. The person cited shall be empowered to make binding commitments for the Offeror and its subcontractors, if any.

3.2.3 Negotiation Prerequisites

1. Discuss any impact of any current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Feasibility Study as proposed and within the project schedule.
2. Identify any specific information which is needed from the Grantee before commencing contract negotiations.

3.3 SECTION 3: ORGANIZATIONAL STRUCTURE, MANAGEMENT, AND KEY PERSONNEL

Describe the Offeror's proposed project organizational structure. Discuss how the project will be managed including the principal and key staff assignments for this Feasibility Study. Identify the Project Manager who will be the individual responsible for this project. The Project Manager must have the responsibility and authority to act on behalf of the Offeror in matters related to the proposed Feasibility Study.

Provide a listing of personnel (including subcontractors and consultants) to be engaged in the project, either U.S. or local with the following information for key staff: position in the project; pertinent experience, curriculum vitae; other relevant information. If subcontractors are to be used, the organizational relationship between the firms must be described.

A manpower schedule and the level of effort for the project period, by activities and tasks, as detailed under the Work Plan shall be submitted. A statement confirming the availability of the proposed project manager and key staff over the duration of the project must be included in the proposal.

3.4 SECTION 4: TECHNICAL APPROACH AND WORK PLAN

Describe in detail the proposed technical approach and work plan. Discuss the project requirements as perceived by the Offeror. Include a brief narrative of tasks within each activity series. Begin with the information gathering phase and continue through delivery and approval of all required reports.

Prepare a detailed schedule of performance that describes all activities and tasks within the Technical Work Plan, including periodic reporting or review points, incremental delivery dates, and other project milestones.

Based on the Technical Work Plan, and previous project experience, explain when and where Offeror will require support from the Grantee. Detail the amount of staff time required by the Grantee or participating agencies and any work space or facilities needed to complete the Feasibility Study.

3.5 SECTION 5: EXPERIENCE AND QUALIFICATIONS

Provide a discussion of the Offeror's experience and qualifications which are relevant to the objectives and TOR for the Feasibility Study. If a subcontractor(s) is being used, similar information must be provided for the prime and each subcontractor firm proposed for the project. Relevant experience and qualifications of key staff proposed shall be provided including letters of commitment from the individuals proposed concerning their availability for contract performance.

As many as possible but not more than six (6) relevant and verifiable project references must be provided, including the following information:

- Project name,
- Name and address of client (indicate if joint venture),
- Client contact person (name/ position/ current phone and fax numbers),
- Period of Contract,
- Description of services provided,
- Dollar amount of Contract, and
- Status and comments.

Offerors are strongly encouraged to include in their experience summary primarily those projects that are similar to or larger in scope than the Feasibility Study as described in this RFP.

Section 4: AWARD CRITERIA

Individual proposals will be initially evaluated by a Procurement Selection Committee of representatives from the Grantee. The Committee will then conduct a final evaluation and completion of ranking of qualified Offerors, and the Grantee shall promptly negotiate a contract with the best qualified Offeror. If a satisfactory contract cannot be negotiated with the best qualified Offeror, negotiations will be formally terminated. Negotiations shall then be undertaken with the second most qualified Offeror and so forth.

The selection of the Contractor will be based on the following criteria:

Technical Experience (40 points): Firm and team's experience (including detailed resumes) in airport master plans, including experience in the following areas:

- Air traffic forecasting
- Demand-capacity analysis
- Environmental impact assessments
- Airside/landside facility requirements
- Conceptual and final airport design
- Demonstrated understanding of FAA, IATA and ICAO regulations

Work Plan and Methodology (25 points): Adequacy of the proposed work plan and suggested overall approach in responding to the Terms of Reference. Soundness and thoroughness of the technical approach and work plan sections of the proposal, and overall quality of proposal presentation will be evaluated. The proposal should also provide an organization chart of key personnel with their qualifications, and a staffing schedule for each key activity.

Financial Experience (25 points): Firm and team's experience in airport financing, cost estimating, and development of capital investment programs for airport and infrastructure projects. Specific experience with the identification of financing mechanisms, concession/privatization schemes, airport project financing and experience structuring finance for projects in Chile and Latin American markets.

Regional Experience (10 points): Firm and team's familiarity with the aviation sector in Chile and Latin America and experience working with local authorities, as well as familiarity with local regulations.

Proposals which do not include all requested information may be considered non-responsive.

Price will not be a factor in contractor selection.

ANNEX 1

John Rathkamp Swinburn, Dirección Nacional de Aeropuertos, Ministerio de Obras Públicas, Morandé 59, piso 11, Santiago, Chile, Phone: (56-2) 449-3494 / 449-3408 / 449-3476, Fax:(56-2) 698-5048

B - CHILE: BALMACEDA AIRPORT MODERNIZATION MASTER PLAN PROJECT

POC John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. BALMACEDA AIRPORT MODERNIZATION MASTER PLAN PROJECT. The Grantee invites submission of qualifications and proposal data (collectively referred to as the "Proposal") from interested U.S. firms which are qualified on the basis of experience and capability to develop a feasibility study aimed at assessing the technical and financial viability of expanding and modernizing the Balmaceda airport. The study will provide an implementation plan to expand existing infrastructure and redesign terminal areas in order to accommodate current and forecasted passenger and cargo demand and allow the operation of larger type aircraft.

Among the broad objectives of the Master Plan are:

- A demand-capacity analysis to assess development requirements based on projected air traffic demand;
- A development plan that identifies and prioritizes investments for the short, medium and long terms;
- A financial plan to finance the proposed improvements and recommend concession strategies/privatization options, if appropriate; and
- An evaluation of environmental and developmental impacts associated with recommended projects.

The Master Plan will also analyze the objectives of: designing a new parallel taxiway that can also be used as an alternate runway, expanding the current runway, relocating the existing passenger terminal to a new facility, modernizing the cargo terminal, installing new security and navigations systems, and upgrading the airport to meet Chilean and international standards. In addition, the DAP seeks to evaluate the potential for airport privatization. Chile has privatized most of the airports in the country and the DAP is extremely interested in evaluating potential privatization options for Balmaceda.

In addition, the Master Plan will serve as an investment promotion tool to attract private sector participation and create a roadmap of development for any potential future concessionaire. The project will have significant social and economic impacts in the Aisén Region by providing increased accessibility to isolated areas and supporting trade.

The U.S. firm selected will be paid in U.S. dollars from a \$351,200 grant to the Grantee from the U.S. Trade and Development Agency (USTDA).

A detailed Request for Proposals (RFP), which includes requirements for the Proposal, the Terms of Reference, and a background definitional mission report are available from USTDA, at 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901. To request the RFP in PDF format, please go to <https://www.ustda.gov/USTDA/FedBizOpps/RFP/rfpform.asp>. Requests for a mailed

hardcopy version of the RFP may also be faxed to the IRC, USTDA at 703-875-4009. In the fax, please include your firm's name, contact person, address, and telephone number. Some firms have found that RFP materials sent by U.S. mail do not reach them in time for preparation of an adequate response. Firms that want USTDA to use an overnight delivery service should include the name of the delivery service and your firm's account number in the request for the RFP. Firms that want to send a courier to USTDA to retrieve the RFP should allow one hour after faxing the request to USTDA before scheduling a pick-up. Please note that no telephone requests for the RFP will be honored. Please check your internal fax verification receipt. Because of the large number of RFP requests, USTDA cannot respond to requests for fax verification. Requests for RFPs received before 4:00 PM will be mailed the same day. Requests received after 4:00 PM will be mailed the following day. Please check with your courier and/or mail room before calling USTDA.

Only U.S. firms and individuals may bid on this USTDA financed activity. Interested firms, their subcontractors and employees of all participants must qualify under USTDA's nationality requirements as of the due date for submission of qualifications and proposals and, if selected to carry out the USTDA-financed activity, must continue to meet such requirements throughout the duration of the USTDA-financed activity. All goods and services to be provided by the selected firm shall have their nationality, source and origin in the U.S. or host country. The U.S. firm may use subcontractors from the host country for up to 20 percent of the USTDA grant amount. Details of USTDA's nationality requirements and mandatory contract clauses are also included in the RFP.

Interested U.S. firms should submit their Proposal in English and Spanish directly to the Grantee by 1:00pm (local time), February 16, 2009 at the above address. Evaluation criteria for the Proposal are included in the RFP. Price will not be a factor in contractor selection, and therefore, cost proposals should NOT be submitted. The Grantee reserves the right to reject any and/or all Proposals. The Grantee also reserves the right to contract with the selected firm for subsequent work related to the project. The Grantee is not bound to pay for any costs associated with the preparation and submission of Proposals.

ANNEX 2

EXECUTIVE SUMMARY

In March 2008, Travis Design Associates was selected by the U.S. Trade and Development Agency (USTDA) to conduct a definitional mission for Chile's aviation sector. The mission was aimed at evaluating three projects that had been requested by local authorities. These projects included implementation programs for the application of ADS-B and LAAS airspace technologies and a master plan for the Balmaceda Airport in Chile's Aisén region. The latter was requested by the Airports Directorate (DAP), an agency under the Ministry of Public Works (MOP). This report focuses on Travis Design Associates' analysis of the viability and need for a master plan for the Balmaceda Airport.

The Travis Design Associates Team traveled in mid April to Chile to conduct visits and meetings with officials from the DGAC and DAP, as well as a site visit to Balmaceda Airport, in order to identify, prioritize and assess the viability of the proposed activities. **The results of the visit indicated that there is a need to modernize Balmaceda Airport in order to cope with increasing demand and foster economic development in the region.** Our mission indicated that the DAP is now targeting the development of the airport as means to open new areas to ecotourism and fostering trade of perishable products. Furthermore, the assessment conducted by our team indicates that this project has a high likelihood of implementation either through government funds or through private sector participation, would foster U.S. exports, and would contribute to the development of the Chile's aviation sector. The project will have significant social and economic impacts in the Aisén region by providing increased accessibility to isolated areas and supporting trade. A summary of our analysis is presented below:

Project Description: The objective of the master plan is to provide the DAP with guidance for development of the Balmaceda Airport in Aisén. The main objective of the study will be to expand existing infrastructure and redesign terminal areas in order to accommodate current and forecasted passenger and cargo demand and allow the operation of larger type C aircraft. In addition, the DAP has requested assistance in evaluating the potential interest of the private sector and identify possible privatization schemes. The primary tasks associates with the preparation of the master plan include the following:

- Demand Forecasting
- Demand-Capacity Analysis
- Investment Program
- Options for Privatization

Project Sponsor Commitment: The DAP has demonstrated and expressed that it places the highest priority on the development of this airport as means of developing domestic air transport



Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

and promoting increase trade and tourism. DAP has a long history of successful project implementation in Chile and the country has one of the most modern and efficient aviation systems in Latin America. Funding for this study was requested to USTDA in October 2007.

U.S. Export Potential and Foreign Competition: We anticipate that potential exports will exceed US\$13 million. Passenger terminal equipment such as baggage conveyors and handling systems, boarding bridges and security systems are among the largest potential exports. Foreign competition is anticipated from European and Japanese companies, but the U.S. is well positioned and well regarded in Chile. A weak dollar and the trade agreement between the U.S. and Chile provide the U.S. with additional competitive advantages.

Implementation Financing: The implementation of the study is financially viable. Based on conversations with the DAP, they anticipate that a large majority of the projects will be funded through airport revenues and government funds. It is also important to note that Chile has privatized almost all the airports in the country and the DAP is extremely interested in evaluating potential privatization options for Balmaceda, which could facilitate availability of funds. External sources include the World Bank and the Inter-American Development Bank. Supplier export credits may also be a potential source for funding through U.S. Exim.

Developmental Impact: The implementation of the project will open opportunities in the tourism and service sectors and enhance the productivity of the overall air transportation system through increased capacity and higher levels of service. We anticipate that the projects resulting from the master plan would generate new employment opportunities for design and construction of facilities; airport operations and; in the tourism sector. Of particular relevance to this project is the increased accessibility that will be provided to Aisen and the potential for export of perishable products, particularly fish, which are a key component of the local economy.

Impact on the Environment: Since the project will affect existing facilities, it is anticipated that the environmental impacts will be minimal. However, it would be important to consider factors related to land use, expropriation and noise. Chile has strict environmental policies and the DAP has already requested that the master plan considers potential impacts based on local regulations.

Impact on U.S. Labor: No negative impacts on U.S. labor are expected as result of project implementation.

The following sections present an assessment of the project and our conclusions and recommendations. Terms of Reference and Budget for the study are also provided.



PROJECT BACKGROUND

The Aviation Sector in Chile

The Chilean economy has shown sustained growth since the early 1990s, with an average GDP growth of over six percent between 1990 and 2005. This growth has responded to increased economic liberalization, stable macroeconomic policies and increased trade links and investment. The transportation sector, including the aviation subsector, have played a vital role in supporting economic growth, reflecting Chile’s transition from a primarily manufacturing and mining economy to a more service-oriented economy.

Between 2005 and 2006, the transportation sector grew at an annual rate of five percent, increasing its overall direct share of the Chilean GDP from five percent in 1996 to almost seven percent in 2006. Growth is particularly significant in the air transportation sector. Since 1999, the number of international air passengers has increased by more than 50% and is expected to continue growing at a rate close to seven percent, more than the world’s average. Since 2002, air traffic has grown at a much faster rate than the rest of Chile’s economy and has contributed directly and significantly to Chile’s development. Table 1 presents a summary of the economic benefits of air transport to Chile for year 2007:

**Table I
Economic Benefits from Air Transport in Chile**

| Economic Benefits from Air Transport in Chile | Impact (US\$m) | % of Chile's GDP |
|------------------------------------------------------------------|-----------------------|-------------------------|
| Economic benefits to passengers (consumer surplus) | \$1,120 million | 0.80% |
| Supply-side benefits from a 10% increase in connectivity/GDP | \$105 million | 0.07% |
| Demand-side benefits to GDP from air transport | \$4,707 million | 3.20% |
| *Air transport direct impact | \$687 million | 0.50% |
| *Air transport indirect and induced impacts | \$1,072 million | 0.70% |
| *Air transport facilitated tourism | \$2,948 million | 2.00% |
| Jobs supported by air transport (inc. tourism impact) | 198, 539 | 3.2% of employment |
| Wage income generated by air transport (inc. tourism impact) | \$1,848 million | 3.4% of income |
| Tax revenues generated by air transport (inc. tourism impact) | \$758 million | 2.8% of revenues |
| Export earnings generated by air transport (inc. tourism impact) | \$1,908 million | 2.9% of earnings |

Source: Oxford Economics and IATA Estimates



In terms of operations, international air transport has focused in recent years on providing routes to Latin America. In 2002, most routes were to neighboring countries such as Argentina, Bolivia and Brazil and a few to the U.S. and main locations in Europe. In 2007, Chile was able to expand to new markets, including two new routes to Europe and the U.S. – such as a flight from Santiago to Atlanta which provided more than 2,000 available seats to this destination. The capacity (number of available seats) to existing routes was also expanded, i.e., number of available seats to Madrid tripled. In general, the number of international routes increased by 19% from 2002 to 2007 and the frequency of flights increased by 23%. The market for passengers flying to and from Chile totaled \$2.24 billion in 2006.

Chile's civil aviation authority (DGAC) is the government entity in charge of regulating civilian airports and aviation. DGAC primary responsibilities include air traffic control and the implementation of air traffic and navigation, surveillance and communications projects. The Department of Airports (DAP), an agency under the Ministry of Public Works (MOP), is responsible for the planning, design and construction of airfield and landside projects at seven international airports and over 80 other smaller facilities. Ten airports have been concessioned to private sector operators, including the Arturo Merino Benitez (AMB) International Airport in the country's capital, Santiago. In 1997, under Chile's MOP's ambitious national infrastructure privatization program, MOP awarded a 15-year concession to SCL Terminal Aéreo Santiago S.A. (SCL) to operate AMB International Airport's landside area, including the passenger terminals and associated facilities. Concessions for all infrastructure projects are implemented through the Concessions Department of the MOP.

Demand and Capacity Issues at Balmaceda Airport

Balmaceda Airport is located in the Aisén Region of Chile, an isolated area at the South of the country. Aisén's capital city, Coyhaique, is located 1,450 kilometers from Santiago, 840 kilometers from Punta Arenas and 601 kilometers from Puerto Montt. Access to Aisén is limited in part due to the region's stringent weather conditions and its particular geography which is characterized by a combination of small islands and high mountains. The airport at Balmaceda is an important gateway and serves over a third of all people entering the region. Table II provides information on number of people entering the region between 2000 and 2005 by mode of transportation.

Table II
Traffic to Aisén Region by Mode of Transport

| <i>Year</i> | <i>Air</i> | <i>Land</i> | <i>Port</i> | <i>Total</i> |
|-------------|------------|-------------|-------------|--------------|
| 2000 | 88,836 | 60,918 | 43,254 | 193,008 |
| 2001 | 81,634 | 63,902 | 56,758 | 201,294 |
| 2002 | 82,853 | 64,685 | 52,966 | 200,504 |
| 2003 | 87,406 | 80,903 | 46,140 | 214,449 |
| 2004 | 90,616 | 79,617 | 50,479 | 220,712 |
| 2005 | 91,305 | 102,358 | 60,914 | 254,577 |

Source: Policía Internacional, Capitania de Puerto, Puerto Chacabuco, Dirección General de Aeronáutica Civil.

There are over 4,000 aircraft movements per year at Balmaceda Airport. Although the number of operations has remained steady during the last 15 years, passenger traffic has increased from close to 50,000 passengers in 1995 to 187,000 in 2005, close to 380% in a 10-year period. During the last five years average growth has been six percent with the airport exceeding 220,000 passengers in 2007. Peak months for passenger traffic at the airport are December, January and February. These months coincide not only with increased tourism, but also with a good number of students returning to the area. In regards to cargo movements, demand for cargo has varied during the last ten years. Notable is an increase in demand during the 1995-1996 period, after which the airport has handled anywhere between 1,300 to 3,800 tonnes of cargo.

Existing airside facilities at Balmaceda Airport include a 2,500-meter runway and two small 220-meter taxiways: Alfa and Beta. The apron has 3 positions, 173 x 119 meters each. In terms of the landside, the passenger terminal is 2,300 m² and currently reaches maximum capacity if two flights are served simultaneously. There is one boarding bridge and one cargo terminal that is 333 m². The airport also provides 160 vehicle parking spaces and several commercial services (kiosk, cafeteria, etc.).

The site visit conducted by Travis Design Associates indicated that the existing level of operations and air traffic demand greatly exceed the existing infrastructure. A major requirement at this time is a parallel taxiway which would also be used as an emergency runway and alternate runway in case of increased demand. The airport also requires a new passenger and cargo terminals, relocation of the fueling and parking facilities and new fire fighting, ground handling and passenger terminal equipment. Other issues that have been identified by the DAP include sewerage, heating and air in the passenger terminal area, and airside lighting.

DAP has made several efforts to maintain and modernize certain areas of the airport. In 1995, the agency invested a significant amount in the rehabilitation of pavements and in 2004 it conducted several modernization projects in the terminal area. However, the agency has been exploring the possibility of privatizing the airport as means of financing the modernization and maintenance program for the facility. Balmaceda is one of two airports within the Chilean airport network that is not under concession or has been modernized and the DAP believes that a privatization process may be appropriate due to the airport's increased traffic and financial sustainability.

The meetings with airport authorities at Balmaceda indicated that most of the modernization or improvements projects conducted have not been based on a current master plan, but instead of immediate needs of the facility. In this regard, airport representatives explained that existing studies are outdated and have made recommendations that are no longer feasible. For instance, previous studies have recommended expropriating the front block of the town. Town authorities have clearly opposed to this recommendation. If implemented, the expropriation could result in serious social issues that should be avoided. DAP is interested in developing a plan that considers the current development of the area and the conditions in the vicinity of the airport facilities.

DAP also expressed during the visit that is interested in working with a specialized consultant that can develop a master plan consistent with the challenges of the region. We believe that a U.S. firm could apply airport concepts used in areas such as Alaska (i.e. using a spoke-and-wheel concept where the spoke is towns and villages served by general aviation in Alaska and the wheel is the Anchorage-Fairbanks used as commuter airport for larger commercial carriers). In addition, the study will serve as a marketing tool to promote private sector participation and create a roadmap of development for any potential future concessionaire.

In summary, the results of our visit indicate that the development of a master plan for Balmaceda is necessary to accommodate existing demand and to respond to future challenges. The master plan should apply new airport concepts (i.e. operation of large carriers) as means of modernizing and responding to increased air traffic.

Furthermore, it is anticipated that the development of Balmaceda Airport will have important economic benefits in the region. As noted above, over a third of people enter the Aisén by air; this is a significant amount. Furthermore, the airport plays a key role in supporting the development of Aisén's two main economic activities: tourism and export of perishable products¹.

¹ Aisén has shown significant economic growth in recent years due to both increased trade and tourism. From 1996 to 2003, the region's GDP increased by almost 50%, a high number particularly when compared to the country's 18% average. The economic activity in the region is concentrated in fishing, particularly salmon, construction and tourism, which is supported by the region's vast natural resources.

In regards to tourism, Aisén offers, among others, over five million hectares of protected wildlife areas, including five national parks: Queulat, Magdalena Island, Guamblin Island, San Rafael Lake and Bernardo O'Higgins. Between 1996 and 2000, visitors to the parks increased by close to eight percent, most of them were foreign tourists. Other activities that have attracted tourists to the area include fishing, rafting, kayaking, and camping. It is estimated that Aisén received over USD\$65 million from tourism in year 2005², an increase of over 30% for a five-year period (2000-2005). The Balmaceda Airport plays an important role in supporting tourism and is the fastest and most dependable mode of transportation for tourists, especially international visitors that enter the country through Santiago. According to data from Sernatur, Chile's Tourism Promotion Agency, over a third of tourists entering the Aisén region do so through air transportation, while 40% enter by land and 24% enter through the Port of Chacabuco, the largest port in the region. **With increased number of international tourists and the distance of Aisén to the country's main gateway in Santiago, the modernization of Balmaceda Airport is vital to support tourism in Aisén.**

Aisén is also highly dependant from the export of fish products. Since 1996, Aisén has reported export rates much higher than the national average. Fish, particularly salmon, and other food products account for over 25% of the region's GDP and a large majority of exports. From 1996 to 2004, exports of food products increased by over 230% from US\$70 to US\$175 million. **The modernization plan proposed for Balmaceda Airport will foster trade by providing a sound infrastructure for the export of perishable food products in Aysen.**

PROJECT DESCRIPTION

Balmaceda Airport is the largest facility in the Aisén Region of Chile. The airport provides access to an isolated area that has experienced recent increases in tourism. The region is also dependant of perishable exports such as fish and food products which will benefit from using cargo services at the airport. In response, DAP has requested assistance for a master plan that will guide the future development of Balmaceda Airport in order to accommodate existing and future demand. Specifically, the master plan will respond to the following objectives:

- Designing a new taxiway and expansion of the runway and airside components
- Relocating the passenger terminal to a new facility and modernizing the cargo terminal
- Upgrading the airport to international standards, as well as those of other airports in Chile

² Based on a study conducted by Sernatur and the Austral University of Chile.

Final Report – Balmaceda Airport Master Plan

The master plan will include the following components:

- Task 1: Kick-Off Meeting, Data Collection and Site Visit
- Task 2: Demand Forecasting
- Task 3: Demand-Capacity Analysis
- Task 4: Conceptual Plans and Development Program
- Task 5: Environmental Impact Analysis
- Task 6: Capital Costs and Investment Requirements
- Task 7: U.S. Suppliers
- Task 8: Financial Analysis and Plan
- Task 9: Privatization Strategy
- Task 10: Development Impact Considerations
- Task 11: Final Report

PROJECT SPONSOR COMMITMENT

Created in 1964 under the Ministry of Public Works (MOP), the DAP is the entity responsible for the planning, design and implementation of airport projects in Chile. DAP has established two main objectives:

- Improve and maintain existing infrastructure through government funds and through private sector financing (concessions).
- Develop a small airport program aimed at increasing connectivity to isolated areas and respond to demand.

Furthermore, MOP and DAP have developed a five-year infrastructure development program that will focus on regional connectivity within the country. The plan will promote the development of airport infrastructure in areas that show the highest economic growth and in accordance with the particular needs of each region.

The first phase of the program, to be completed in 2007 and 2008, will focus on increasing capacity at tourism centers, particularly in the south and austral regions of the country, including Aysen, where tourism activity has peaked. Several improvements have been planned at airports such as Puerto Natales, Puerto Williams and the proposed Balmaceda Airport. Similarly, the plan envisions increased connectivity with the islands such as a new airport in Chiloé and the improvement of the Mataverí Airport in Easter Island.

During the site visits conducted by Travis Design Associates, it was confirmed that the airport authorities and the DAP place the highest priority and are fully committed to implement the results of the master plan. They understand and believe that the Balmaceda Airport needs to be



modernized, in particular to allow operations of larger aircraft, in order to foster economic development through tourism and trade in the region. They also believe that the development of Balmaceda Airport will meet the objectives established by the agency by providing enhanced access to the isolated region of Aisén. DAP has invested significant amounts in the modernization of the airport, particularly a large pavement rehabilitation program in late 1990s and the reorganization of the passenger terminal area in 2005, demonstrating their commitment to the development of the facility. However, much more is needed for Balmaceda to meet international standards. The recommended master plan will ensure that DAP's investments responds to suitable planning that takes advantage of the selected airport in the most efficient manner and meets the objectives identified for this facility.

IMPLEMENTATION FINANCING

We estimate that the implementation for all improvements at the airport will cost approximately US\$30 million in the medium term (7 to 10 years). This would include the construction of a new international passenger terminal and the expansion of the runway (or addition of a new one). At this time, it is anticipated that the improvements will be financed either through revenues from the airport, or through a private sector financing. Potential sources of funding include:

- *Airport Revenues:* It is anticipated that some modernization projects may be funded through airport revenues received from commercial or aeronautical activities. In addition, the airport may modify its existing passenger rates – for instance adding a security fee or passenger facility charges– if required.
- *Government funds:* Additional government funds, including state and national funds may be available.
- *Ex-Im Bank/Supplier Credits:* Ex-Im Bank offers loans and loan guarantees to U.S. suppliers of equipment, including aviation equipment. Currently there are no limitations imposed to Chile's public or private sector and Ex-Im has been active in Chile's aviation sector providing several loans and guarantees for Lan Chile to purchase Boeing aircraft. During the visit, Travis Design Associates met with Alberto Martin from EdiConsult, a local firm that specializes in assisting public and private sector companies obtaining loans and guarantees from among others, Ex-Im. Mr. Martin's opinion was that there were some opportunities for U.S. firms to export airport technologies using Ex-Im at this time.
- *International Financial Institutions:* Funds may be provided by other international institutions such as the World Bank or the Inter-American Development Bank. The Inter-American Development Bank has been historically active in Chile and is currently financing

some projects in the transportation sector, including one for TranSantiago, Santiago's urban transportation system. In 2005, the Bank funded a project for airport security as well. World Bank has also been involved in Chile and is currently working with the Ministry of Public Works in a project that will strengthen the entity's planning functions; develop performance standards for contracts and concessions; improve project management and; strengthen regulatory oversight of public works and private contracts.

DEVELOPMENTAL IMPACTS

The following are some identified developmental impacts for the project:

Infrastructure: The project will result in the development of Chile's aviation infrastructure, including airport facilities at the Balmaceda Airport. Specifically, we anticipate that the project will result in the construction of a new parallel taxiway and a new passenger terminal at the facility. Other projects may include a new emergency facility and the relocation of fuel storage and distribution areas. It is important to note that airport improvements and modernization will enhance the airport's level of service, increase operational efficiency and attract additional passenger and cargo traffic to the airport.

Human Capacity Building: It is expected that the implementation of development projects at the Balmaceda Airport would be accompanied with training programs for existing personnel, such as training in the use of security equipment, including navigational aids, IT equipment, cargo/baggage handling equipment and methods, etc. New jobs may also be required in the area of traffic control and security.

Technology Transfer and Productivity Enhancement: Technology transfer and training in U.S. technology of local work force in areas such as airport security will result in additional benefits for airport employees, and will increase productivity and efficiency levels. Of particular importance for this airport will be training in particular navigation, surveillance and communications technologies.

Market-oriented Reforms: It is anticipated that this project will promote private sector involvement through a possible concession process. Balmaceda is one of the few airports that has not yet been privatized in Chile and this study will assess potential opportunities for private sector participation. Furthermore, the modernization of Balmaceda Airport could result in significant opportunities for exporters of perishable products, such as Pesca Chile, S.A., Salmones Antártica, Friosur, S.A., Alimentos Chacabuco Ltda. and other producers that may be able to further utilize the airports cargo facilities for exports. It is important to note that over 10% of the region's exports come to the U.S.

IMPACT ON U.S. LABOR

Projects proposed by the Master Plan will have a positive impact in the U.S. labor market by opening business opportunities in the region for U.S. engineering firms, manufacturers and equipment suppliers. Examples of anticipated tasks available for U.S. firms include the design, engineering, manufacture and installation of airport equipment and training of the local operators in the use of such equipment.

IMPACT ON THE ENVIRONMENT

It is anticipated that the master plan proposed by this Definitional Mission will have minimal impacts on the environment. However, as airport expansion/modernization projects are implemented, environmental and social issues such as noise levels, air and water quality, wastewater management, land use and erosion shall be considered. Environmental impacts and mitigation mechanisms should be studied in detail during the master plan. Of particular relevance to this facility is to consider the development of communities surrounding the airport. It is important therefore to consider the social and economic consequences and implications of any recommended land use.

US EXPORT POTENTIAL

There are several factors that have contributed in the commercial success between Chile and the U.S., among them the geographical proximity between the two and the recently signed free trade agreement. Overall, there is a supply of high quality, competitively-priced U.S. products in the Chilean market. U.S. products enjoy a good reputation for high quality and are extremely competitive. Chile is an open market with limited trade barriers, thus providing great opportunities to U.S. suppliers. It is expected that the recommended master plan would result in the creation of opportunities for U.S. exports in various aviation-related industries including:

Airport Equipment

Balmaceda Airport requires modern passenger terminal equipment, including baggage handling systems, escalators, elevators boarding bridges and IT systems. The construction of a new passenger terminal as it is now proposed will open several business opportunities for U.S. companies. As noted under the implementation financing section, U.S. firms should consider financing through Ex-Im Bank.

Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

Consulting and Engineering Services

The planning, design and construction of airport facilities would generate attractive business opportunities for U.S. firms in the areas of consulting, engineering and construction. We anticipate that detailed design services will be needed for the taxiway and passenger terminals.

Airport Security and Safety

During recent years, a very important component of airport improvement and upgrading projects at airports worldwide has been the modernization of security and safety systems. At this time, security systems in Balmaceda are limited, but it is anticipated that the airport will have to consider the modernization of security systems in order to comply with international regulations.

Below is a list and contact information for potential U.S. Suppliers.

FKI Logistex (Baggage Handling Systems)

9301 Olive Boulevard
St. Louis, MO 63132
502-244-8811
www.fkilogistex.com

IBM North America (Baggage Handling)

1133 Westchester Avenue
White Plains NY 10604
800-426-4968 Phone (General Information Line)

Jervis B Webb Company (Material Handling Equipment)

34375 West Twelve Mile Road
Farmington Hills, MI 48331
248-553-1224 Phone Int'l
248-553-1228 Fax
Colin Oatley- Sales Manager

NMC Wollard (Ground Support Equipment)

2021 Truax Blvd.
Eau Claire, WI 54703
715-835-3151 Phone
715-835-6625 Fax
Carl Langgaard- Sales



Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

715-835-3151 ext. 7251

www.nmc-wollard.com

US Airmotive (Cargo Handling and Movement Equipment)

5439 Northwest 36th Street

Miami, FL 33166

305-885-5425 Phone

305-887-2405 Fax

Veronica Hernandez- Sales

www.usairmotive.com

sales@usairmotive.com

InVision Technologies (Security Screening Devices)

7151 Gateway Boulevard

Newark, CA 94560

Tel: 510-739-2400

Fax: 510-739-6400

All Phase Security Inc. (Security Screening Devices)

114 -49th Street South

St Petersburg, FL 33707

727-328-2272 Phone

allphase@tampabay.rr.com

www.allphasesecurityinc.com

Tyco Fire and Security Services (Security Screening Devices)

One Town Center Road

Boca Raton, Florida 33483

561-988-7200 Phone

tfssinfo@tycoint.com

www.tycofireandsecurity.com

Coastcom (Telecommunications)

1151 Harbor Bay Parkway

Alameda, CA 94502-6511

510-523-6000 Phone



Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

Mark Packwood – Sales

4093 Nulty Drive

Concord, CA 94521

925-686-6169

Mpackwood@coastcom.com

www.coastcom.com

Rockwell Automation (Telecommunications)

1201 South Second Street

Milwaukee, Wisconsin 53204-2496 USA

414-382-2000 Phone

www.rockwellautomation.com

Automatic Terminal Information Systems Inc. (Telecommunications)

7110 Satsuma Dr

Houston, TX 77041

713-937-4993 Phone

713-937-6405 Fax

Sherry Allen – Sales

Infax Incorporated (Telecommunications)

3400 Corporate Way, Suite D

Duluth, GA 30096

770-209-9925 Phone

7707-209-0671 Fax

www.infaxinc.com

AAR Corp. (Cargo Handling and Movement Equipment)

1100 North Wood Dale Road

Wood Dale, IL 60191

630-227-2000 or 877-227-2238

John Johnson

Group Vice President

630-227-2340

jjohnson@aarcorp.com

www.aarcorp.com



Final Report – Balmaceda Airport Master Plan

Jetway Systems FMC Technologies Inc.

(Cargo Handling and Movement Equipment, Ground Support Equipment)

7300 President's Drive

Orlando, FL 32809

407-850-2895

www.jetway.com

Emergency One (Crash, Fire and Rescue Equipment)

1601 SW 37th Avenue

Ocala, FL 34474

352-861-5003 Phone

352-237-1161 Fax

Adele Evans – International Sales Specialist

Oshkosh Truck Corporation (Crash, Fire and Rescue Equipment)

2307 Oregon Street

Oshkosh, Wisconsin 54903

920-235-9151

Wright Aero Industries, LLC (Fuel Distribution Equipment)

6781 Sunrise Boulevard

Plantation, Florida 33313

TEL: 954.791.9577

FAX: 954.578.1557

E-mail: sales@dd-aviation.com

Atlantic Jet Support (Fuel Distribution Equipment)

681 NW 46th Avenue

Deefield Beach, FL 33442

TEL: (954) 571-1805

FAX: (954)429-3025

Davin, Inc. (Fuel Distribution Equipment)

95 Crooked Hill Road

Commack, NY 11725



Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

631-499-6363 Phone

631-499-4222 Fax

Dave Zschunke –Sales

d.zschunke@worldnet.att.net or sales@davin-inc.com

www.davin-inc.com

Harris Corp. (Computer Systems)

Gov't Communications Systems Division

P.O. Box 37

Melbourne, FL 32902

321-727-4000

Janice Lindsay

321-724-3881

jlindsay@harris.com

http://www.harris.com

Intertech

8283 Northwest 64th Street

Bay No. 7 and 8

Miami, FL 33166

305-592-8090 Phone

305-592-5290 Fax

Rod Insignares

Sunstrand Corp.

4747 Harrison Avenue

Rockford, IL 61125

815-226-6000

Aerospace.customerservice@hs.utc.com

www.hamiltonsundstrandcorp.com

Line Maintenance Service Global (Aircraft Parts, Power Systems, MROs)

Service Partners

Pratt & Whitney

400 Main Street M/S 132-23

East Harford, CT 06108



Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

860-610-2690

Mr. Anupam Bhargava

General Manager

Anupam.bhaegava@pw.utc.com

The Boeing Company (Aircraft Parts, Power Systems, MROs)

Air Traffic Management

460 Herndon, VA 20170

703-467-2511

Mr. Kevin S. Brown

V.P. & General Manager

Kevin.s.brown2@boeing.com

Ammann & Whitney (Aviation Engineers)

2445 M. Street NW

Washington, DC 20037

202-331-1029

Mr. Bal K. Cherwoo, P.E.

Senior Vice President

bcharwoo@ammann-whitney.com

Advanced Management Tech., Inc. (Information Technology)

1515 Wilson Boulevard, Ste. 1100

Arlington, VA 22209

703-841-2624

Ms. Sue Chodakewitz

President

Harpreet.singh@amti.com

GE-Aviation (Aircraft Engines and Parts)

One Neumann Way

Cincinnati, OH 42515

513-243-8141

Mr. Chet Fuller

Vice President, Marketing

Chet.fuller@ge.com



Computer Sciences Corporation (Information Technology)

15245 Shady Grove Road

Rockville, MD 20850

301-921-3036

Mr. Christopher M. Francis

Director, Business Development

Cfrancis3@csc.com

Freestate Electronics, Inc. (Radars and Beacons)

6530 Commerce Court

Warrenton, VA 20187

540-349-4727

Mr. Ronald M. Harris

President

pres@fse-inc.com

Airport Business Solutions (Consulting Services)

10014 N. Dale Mabry Hwy., Ste. 101

Tampa, FL 33618

813-269-2525

Mr. Michael A. Hodges, MAI

President/CEO

mhodges@airportbusiness.net

L-3 Communications Security & Detection Systems (Communications and Navigation Systems)

10 Commerce Way

Woburn, MA 01801

727-369-4037

Ms. Patricia R. Krall

Vice President

Patricia.r.krall@l-3com.com

Textron, Inc. (Navigation and Defense Products)

40 Westminster Street



Final Report – Balmaceda Airport Master Plan

Providence, RI 02903

401-588-3410

Ms. Kimie Lishman

Senior Manager, Customer

klishman@textron.com

Gateway Security Inc. (Security Systems)

604-608 Market Street

Newark, NJ07105

973-681-0682

rpatel@gatewaysecurity.com

C² Technologies, Inc. (IT Systems, Air Crew Training)

1921 Gallows Road, Ste. 1000

Vienna, VA 22182

703-448-7901

Ms. Dolly Oberoi

doberoi@c2ti.com

ProLogic, Inc. (Information Technology)

1000 Technology Drive, Ste. 3140

Fairmont, WV 26554

304-363-1157

Mr. Jay Reddy

CEO, Chairman

rdrain@prologic-inc.com

A preliminary estimate of potential exports by category is presented in Table III below:



Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

Table III
Potential U.S. Exports

| Potential of US Exports | Unit | Qty | Unit Cost | Total Cost |
|------------------------------------------------|------|-----|-------------|---------------------|
| PAX TERMINAL | | | | |
| Passenger Loading Bridges | EACH | 2 | \$450,000 | \$900,000 |
| Baggage Handling Systems | LS | 1 | \$1,000,000 | \$1,000,000 |
| Security Screening Devices | EACH | 1 | \$700,000 | \$700,000 |
| IT and communication equipment in the terminal | LS | 1 | \$500,000 | \$500,000 |
| Fligh Information Display Systems | LS | 1 | \$350,000 | \$350,000 |
| Escalators and Elevators | LS | 1 | \$800,000 | \$800,000 |
| Sub total | | | | \$4,250,000 |
| TAXIWAY AND PLAFTRM | | | | |
| Aircraft Tugs Push back Equipment | LS | 1 | \$480,000 | \$480,000 |
| Light system | LS | 1 | \$1,500,000 | \$1,500,000 |
| LAAS or ILS Cat 1 | LS | 1 | \$700,000 | \$700,000 |
| Sub total | | | | \$2,680,000 |
| AIR TRAFFIC CONTROL TOWER | | | | |
| Equipment | LS | 1 | \$2,400,000 | \$2,400,000 |
| Sub total | | | | \$2,400,000 |
| CARGO TERMINAL | | | | |
| Refrigeration Equipment | LS | 1 | \$100,000 | \$100,000 |
| Cargo Movement Equipment | LS | 1 | \$150,000 | \$150,000 |
| IT System for Cargo Control | LS | 1 | \$100,000 | \$100,000 |
| Sub total | | | | \$350,000 |
| CRASH FIRE RESCUE EQUIPMENT | | | | |
| Large Trucks | EACH | 2 | \$450,000 | \$900,000 |
| Medium Size trucks | EACH | 2 | \$360,000 | \$720,000 |
| Rapid Intervention Vehicle | EACH | 1 | \$240,000 | \$240,000 |
| Water Tender | EACH | 1 | \$180,000 | \$180,000 |
| Support vehicles | EACH | 2 | \$50,000 | \$100,000 |
| Sub total | | | | \$2,140,000 |
| FUEL DISTRIBUTION EQUIPMENT | | | | |
| Aircraft fueling Trucks | EACH | 3 | \$230,000 | \$690,000 |
| Control Equipment | LS | 1 | \$150,000 | \$150,000 |
| Fire supresion equipment | LS | 1 | \$300,000 | \$300,000 |
| Miscellaneous equipment | LS | 1 | \$50,000 | \$50,000 |
| Sub total | | | | \$1,190,000 |
| Total | | | | \$13,010,000 |



FOREIGN COMPETITION

It is anticipated that the U.S. will face competition from European and Asian airport equipment suppliers such as Exel, Smith Detection, Logan Teleflex, IDECO and others. However, based on conversations with Mrs. Marta Campusano from DAP, we believe that the U.S. is extremely well positioned in the Chilean market. U.S. products are extremely well regarded and U.S. technology is widely used. The funding of this study will contribute by opening opportunities to U.S. suppliers.

During meetings held with DAP officials, they also indicated that they are extremely interest in a possible airport privatization; we believe that a study financed by USTDA may contribute to the involvement of U.S. companies in the privatization process, if this option is recommended by the Contractor.

JUSTIFICATION

After conducting the site visit to Balamaceda Airport and meeting with the appropriate government representatives that will be responsible for this project, Travis Design Associates believes that the project is well-justified and necessary because of the following:

- **The urgent need for a roadmap that can clearly guide the development of the airport.** Balmaceda Airport has experienced healthy growth rates in recent years; however, our visit of the facility indicated that the existing infrastructure does not adhere to international standards and does not provide adequate capacity to serve the existing and projected demand. Most improvements at the airport have responded to an urgent or immediate need. Therefore, the proposed master plan will allow airport authorities to allocate financial resources effectively and create sustainable growth at the airport.
- **Projects resulting from the master plan will provide significant economic and developmental benefits to the region.** This report has presented the need for adequate air transport facilities as means of promoting tourism and trade in Aisén. The project will thus foster the economic conditions of the region, improve productivity, and allow Aisén to benefit from ecotourism opportunities. Furthermore, it will allow the airport to handle certain type of aircraft that are needed to export perishable products that are a key element of the local economy. Most importantly, it will increase accessibility to a region that is at this time isolated from the rest of the country.

There is high potential for increased trade between Chile and the U.S. Our analysis indicates that there are over \$13 million potential U.S. exports. The U.S. is already well positioned in Chile and

a project of this nature will promote trade and allow U.S. firms to take advantage of the trade agreement between the U.S. and Chile. U.S.-Chile trade totaled \$16.36 billion in 2006, an increase of 154% over pre-FTA bilateral trade in 2003, which totaled \$6.43 billion³. There are a number of opportunities for U.S. companies ranging from NAVAIDS to security to construction equipment. Furthermore, the project will open opportunities to the U.S. private sector if the privatization of the airport is recommended.

TERMS OF REFERENCE

Objectives of the Master Plan

Traffic at Balmaceda Airport has increased at approximately 5% per year since 2000. The airport is located in an isolated area in the Aysen Region which has experienced increased ecotourism development in recent years. Tourists, particularly international, have been attracted by the natural resources of the area. In addition, the airport is the only link to Chile's Southern region where roads are difficult to use due to weather. This project is aimed at assessing the technical and financial viability of expanding the airport as means of allowing the operation of larger aircraft and responding to current and forecasted demand.

Scope of Work

Task 1: Project Kick-Off Meeting, Data Collection and Site Visit

- 1.1 The Contractor shall conduct a kick-off meeting with representatives from DAP to review the project schedule, project activities and action plan. The Contractor shall present for review or approval its proposed work methodology. The methodology shall be as detailed as possible, including phases for development, growth scenarios and project activities.
- 1.2 The Contractor shall collect, review and analyze all existing documents, plans and supporting information available from DAP, DGAC and JAC, as well as any other national or international agencies. Data collection shall cover, but not be limited to, the following (if available):
 - Existing airport master plans, feasibility and other related studies for the airport;
 - Air traffic forecasts and traffic statistics from 1997 to date;

³ International Trade Administration 2006 Report.

Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

| Task | FEASIBILITY STUDY BUDGET | | | | | | | | | | Total |
|-----------------------|--------------------------|----------------------------|-----------------|----------------------------|--------------------------|-----------------------------|----------------------|--------------------|-----------------|-----------|-------|
| | Project Manager | Aviation Demand Forecaster | Airport Planner | Airport Engineer/Architect | Environmental Specialist | Construction Cost Estimator | Financial Specialist | AutoCAD Technician | Report Preparer | Total | |
| Task 1 | 5 | 3 | 5 | 5 | 2 | 2 | 5 | 2 | 3 | 32 | |
| Task 2 | 5 | 15 | 7 | 3 | 1 | 0 | 2 | 0 | 2 | 35 | |
| Task 3 | 7 | 5 | 15 | 10 | 3 | 3 | 2 | 3 | 3 | 51 | |
| Task 4 | 5 | 2 | 10 | 22 | 3 | 4 | 5 | 10 | 3 | 64 | |
| Task 5 | 2 | 0 | 2 | 3 | 10 | 2 | 0 | 0 | 2 | 21 | |
| Task 6 | 3 | 0 | 2 | 3 | 2 | 7 | 5 | 2 | 3 | 27 | |
| Task 7 | 5 | 2 | 3 | 3 | 2 | 2 | 15 | 0 | 3 | 35 | |
| Task 8 | 3 | 0 | 0 | 0 | 0 | 0 | 10 | 0 | 2 | 15 | |
| Task 9 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 0 | 2 | 17 | |
| Task 10 | 4 | 3 | 5 | 5 | 3 | 3 | 7 | 4 | 10 | 44 | |
| Total | 41 | 32 | 51 | 56 | 29 | 25 | 53 | 21 | 33 | 341 | |
| Daily Rate (\$ / day) | \$1,200 | \$1,160 | \$880 | \$1,080 | \$1,160 | \$680 | \$1,200 | \$600 | \$480 | | |
| Value (US\$) | \$49,200 | \$37,120 | \$44,880 | \$60,480 | \$33,640 | \$17,000 | \$63,600 | \$12,600 | \$15,840 | \$334,160 | |
| Expenses | | | | | | | | | | | |
| Air Travel | 6 | | \$850 | \$5,100 | | | | | | | |
| Ground Trans. | 48 | | \$40 | \$1,920 | | | | | | | |
| Lodging & Per Diem | 48 | | \$140 | \$6,720 | | | | | | | |
| Other Expenses | | | | | | | | | | | |
| Reproduction/Binding | | | | \$1,200 | | | | | | | |
| Telephone/Facsimile | | | | \$1,100 | | | | | | | |
| Postage & Delivery | | | | \$800 | | | | | | | |
| Total Expenses | | | | \$16,840 | | | | | | | |
| Total Budget | | | | \$16,840 | | | | | | \$351,200 | |



BUDGET NARRATIVE

Project Manager: This individual will provide the necessary guidance and support for the successful completion of the project. The Project Manager should have at least 15 years of experience managing aviation or other transportation projects, including experience related to master plans and feasibility studies. The Project Manager should have at least 5 years experience working internationally, preferably in Latin America. It is expected that 41 days will be required at a daily rate of \$1,200.

Aviation Demand Forecaster: This individual will work under the supervision of the Project Manager. He/she should have at least 10 years of experience as an aviation demand forecaster. Experience working in international projects is highly advisable. It is expected that 32 days will be required at a daily rate of \$1,160.

Airport Planner and Airport Architect/Engineer: These individuals should have at least 10 years of experience in the planning and design of aviation projects. They will be responsible for conducting an evaluation of facility requirements and preparing conceptual plans. The Airport Planner will assist other team members in the preparation of capital costs and in the development of a concession strategy. It is expected that 51 days will be required at a daily rate of \$880 for the Airport Planner and 56 hours will be required at a daily rate of \$1,080 for the Airport Architect/Engineer.

Environmental Specialist: This individual should have experience in the preparation of environmental impact analysis for transportation projects, preferably airport-related projects. He/she will be responsible for conducting an environmental impact assessment for the project. Knowledge of local conditions and regulations is important. It is expected that this task will require 29 days at a daily rate of \$1,160.

Construction Cost Estimator: This individual should have at least 8 years of experience working as construction estimator for aviation projects. Experience in Latin America, specifically in Chile, is highly advisable. It is expected that 25 days will be required at a daily rate of \$680.

Financial Specialist: This individual should have at least 10 years of experience working as financial analyst or economist for aviation projects. He/she will be responsible for developing a financial analysis of the proposed project and recommending a concession strategy. Experience working in international projects is highly advisable. It is expected that 53 days will be required at a daily rate of \$1,200.

Chile Aerospace Systems, Facilities, and Safety and Security Improvements

Final Report – Balmaceda Airport Master Plan

AutoCAD Technician: This individual will support tasks conducted by the Project Manager, Airport Planner and Airport Engineer. He/she will work under the supervision of the Airport Engineer in the development of conceptual plans. It is expected that 21 days will be required at a daily rate of \$600.

Report Preparer: The Report Preparer will provide administrative support for all other personnel. It is expected that 33 days will be required at a daily rate of \$480.

TRAVEL SUMMARY

The Project Manager and Airport Planner will be required to travel to the host country for Task 1. Seven (7) days of travel time will be required for each individual.

Roundtrip Airfare: $\$850 \times 2 \text{ people} = \$1,700$

Lodging and Per Diem: $\$140 \times 7 \text{ days} = \$980 \times 2 \text{ people} = \$1,960$

Ground Transportation: $\$40 \times 7 \text{ days} = \$280 \times 2 \text{ people} = \560

The Financial Specialist will be required to travel to the host country for Task 7 and 8. Seven (7) days of travel time will be required for each individual.

Roundtrip Airfare: \$850

Lodging and Per Diem: $\$140 \times 7 \text{ days} = \980

Ground Transportation: $\$40 \times 7 \text{ days} = \280

The Project Manager, Airport Planner and Financial Specialist will be required to travel to the host country for Task 10.

Seven (7) days of travel time will be required for each individual.

Roundtrip Airfare: $\$850 \times 3 \text{ people} = \$2,550$

Lodging and Per Diem: $\$140 \times 7 \text{ days} = \$980 \times 3 \text{ people} = \$2,940$

Ground Transportation: $\$40 \times 7 \text{ days} = \$280 \times 3 \text{ people} = \840



ANNEX 3



**U.S. TRADE AND DEVELOPMENT AGENCY
Arlington, VA 22209-2131**

NATIONALITY, SOURCE, AND ORIGIN REQUIREMENTS

The purpose of USTDA's nationality, source, and origin requirements is to assure the maximum practicable participation of American contractors, technology, equipment and materials in the prefeasibility, feasibility, and implementation stages of a project.

USTDA STANDARD RULE (GRANT AGREEMENT STANDARD LANGUAGE):

Except as USTDA may otherwise agree, each of the following provisions shall apply to the delivery of goods and services funded by USTDA under this Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from host country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for implementation of the Technical Assistance and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to support (e.g., local lodging, food, and transportation) in host country are not subject to the above restrictions. USTDA will make available further details concerning these standards of eligibility upon request.

NATIONALITY:

1) Rule

Except as USTDA may otherwise agree, the Contractor for USTDA funded activities must be either a U.S. firm or a U.S. individual. Prime contractors may utilize U.S.

subcontractors without limitation, but the use of host country subcontractors is limited to 20% of the USTDA grant amount.

2) Application

Accordingly, only a U.S. firm or U.S. individual may submit proposals on USTDA funded activities. Although those proposals may include subcontracting arrangements with host country firms or individuals for up to 20% of the USTDA grant amount, they may not include subcontracts with third country entities. U.S. firms submitting proposals must ensure that the professional services funded by the USTDA grant, to the extent not subcontracted to host country entities, are supplied by employees of the firm or employees of U.S. subcontractor firms who are U.S. individuals.

Interested U.S. firms and consultants who submit proposals must meet USTDA nationality requirements as of the due date for the submission of proposals and, if selected, must continue to meet such requirements throughout the duration of the USTDA-financed activity. These nationality provisions apply to whatever portion of the Terms of Reference is funded with the USTDA grant.

3) Definitions

A "U.S. individual" is (a) a U.S. citizen, or (b) a non-U.S. citizen lawfully admitted for permanent residence in the U.S. (a green card holder).

A "U.S. firm" is a privately owned firm which is incorporated in the U.S., with its principal place of business in the U.S., and which is either (a) more than 50% owned by U.S. individuals, or (b) has been incorporated in the U.S. for more than three (3) years prior to the issuance date of the request for proposals; has performed similar services in the U.S. for that three (3) year period; employs U.S. citizens in more than half of its permanent full-time positions in the U.S.; and has the existing capability in the U.S. to perform the work in question.

A partnership, organized in the U.S. with its principal place of business in the U.S., may also qualify as a "U.S. firm" as would a joint venture organized or incorporated in the United States consisting entirely of U.S. firms and/or U.S. individuals.

A nonprofit organization, such as an educational institution, foundation, or association may also qualify as a "U.S. firm" if it is incorporated in the United States and managed by a governing body, a majority of whose members are U.S. individuals.

SOURCE AND ORIGIN:

1) Rule

In addition to the nationality requirement stated above, any goods (e.g., equipment and materials) and services related to their shipment (e.g., international transportation and insurance) funded under the USTDA Grant Agreement must have their source and origin in the United States, unless USTDA otherwise agrees. However, necessary purchases of goods and project support services which are unavailable from a U.S. source (e.g., local food, housing and transportation) are eligible without specific USTDA approval.

2) Application

Accordingly, the prime contractor must be able to demonstrate that all goods and services purchased in the host country to carry out the Terms of Reference for a USTDA Grant Agreement that were not of U.S. source and origin were unavailable in the United States.

3) Definitions

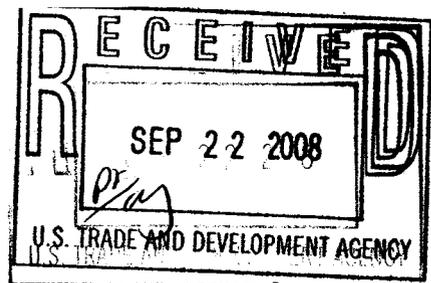
“Source” means the country from which shipment is made.

“Origin” means the place of production, through manufacturing, assembly or otherwise.

Questions regarding these nationality, source and origin requirements may be addressed to the USTDA Office of General Counsel.

ANNEX 4

08-510020
GRANT AGREEMENT



This Grant Agreement is entered into between the Government of the United States of America, acting through the U.S. Trade and Development Agency ("USTDA") and the National Airports Directorate of the Ministry of Public Works of Chile ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Agreement US\$351,200 ("USTDA Grant") to fund the cost of goods and services required for a feasibility study ("Study") on the proposed Balmaceda Airport Modernization Master Plan ("Project") in Chile ("Host Country").

MJ
Gut
EK
AS
HL

1. USTDA Funding

2. Copy

The funding to be provided under this Grant Agreement shall be used to fund the costs of a contract between the Grantee and the U.S. firm selected by the Grantee ("Contractor") under which the Contractor will perform the Study ("Contract"). Payment to the Contractor will be made directly by USTDA on behalf of the Grantee with the USTDA Grant funds provided under this Grant Agreement.

2. Terms of Reference

The Terms of Reference for the Study ("Terms of Reference") are attached as Annex I and are hereby made a part of this Grant Agreement. The Study will examine the technical, financial, environmental, and other critical aspects of the proposed Project. The Terms of Reference for the Study shall also be included in the Contract.

3. Standards of Conduct

USTDA and the Grantee recognize the existence of standards of conduct for public officials, and commercial entities, in their respective countries. The parties to this Grant Agreement and the Contractor shall observe these standards, which include not accepting payment of money or anything of value, directly or indirectly, from any person for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study.

4. Grantee Responsibilities

The Grantee shall undertake its best efforts to provide reasonable support for the Contractor, such as local transportation, office space, and secretarial support.

5. USTDA as Financier

(A) USTDA Approval of Competitive Selection Procedures

Selection of the U.S. Contractor shall be carried out by the Grantee according to its established procedures for the competitive selection of contractors with advance notice of the procurement published online through *Federal Business Opportunities* (www.fedbizopps.gov). Upon request, the Grantee will submit these contracting procedures and related documents to USTDA for information and/or approval.

(B) USTDA Approval of Contractor Selection

The Grantee shall notify USTDA at the address of record set forth in Article 17 below upon selection of the Contractor to perform the Study. Upon approval of this selection by USTDA, the Grantee and the Contractor shall then enter into a contract for performance of the Study. The Grantee shall notify in writing the U.S. firms that submitted unsuccessful proposals to perform the Study that they were not selected.

(C) USTDA Approval of Contract Between Grantee and Contractor

The Grantee and the Contractor shall enter into a contract for performance of the Study. This contract, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing. To expedite this approval, the Grantee (or the Contractor on the Grantee's behalf) shall transmit to USTDA, at the address set forth in Article 17 below, a photocopy of an English language version of the signed contract or a final negotiated draft version of the contract.

(D) USTDA Not a Party to the Contract

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of the contract and any amendments thereto, including assignments, the selection of all contractors, the Terms of Reference, the Final Report, and any and all documents related to any contract funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of funding the Study and shall not be construed as making USTDA a party to the contract. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the contract or any subcontract, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not bar the Grantee or USTDA from asserting any right they might have against the

Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Grantee or USTDA.

(E) Grant Agreement Controlling

Regardless of USTDA approval, the rights and obligations of any party to the contract or subcontract thereunder must be consistent with this Grant Agreement. In the event of any inconsistency between the Grant Agreement and any contract or subcontract funded by the Grant Agreement, the Grant Agreement shall be controlling.

6. Disbursement Procedures

(A) USTDA Approval of Contract Required

USTDA will make disbursements of Grant funds directly to the Contractor only after USTDA approves the Grantee's contract with the Contractor.

(B) Contractor Invoice Requirements

The Grantee should request disbursement of funds by USTDA to the Contractor for performance of the Study by submitting invoices in accordance with the procedures set forth in the USTDA Mandatory Clauses in Annex II.

7. Effective Date

The effective date of this Grant Agreement ("Effective Date") shall be the date of signature by both parties or, if the parties sign on different dates, the date of the last signature.

8. Study Schedule

(A) Study Completion Date

The completion date for the Study, which is March 31, 2010 is the date by which the parties estimate that the Study will have been completed.

(B) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this Grant Agreement for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

9. USTDA Mandatory Clauses

All contracts funded under this Grant Agreement shall include the USTDA mandatory clauses set forth in Annex II to this Grant Agreement. All subcontracts funded or partially funded with USTDA Grant funds shall include the USTDA mandatory clauses, except for clauses B(1), G, H, I, and J.

10. Use of U.S. Carriers

(A) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(B) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

11. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

12. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Grantee nor the Contractor will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.

13. Cooperation Between Parties and Follow-Up

The parties will cooperate to assure that the purposes of the Grant Agreement are accomplished. For five (5) years following receipt by USTDA of the Final Report (as defined in Clause I of Annex II), the Grantee agrees to respond to any reasonable inquiries from USTDA about the status of the Project.

14. Implementation Letters

To assist the Grantee in the implementation of the Study, USTDA may, from time to time, issue implementation letters that will provide additional information about matters covered by the Grant Agreement. The parties may also use jointly agreed upon implementation letters to confirm and record their mutual understanding of matters covered by the Grant Agreement.

15. Recordkeeping and Audit

The Grantee agrees to maintain books, records, and other documents relating to the Study and the Grant Agreement adequate to demonstrate implementation of its responsibilities under the Grant Agreement, including the selection of contractors, receipt and approval of contract deliverables, and approval or disapproval of contractor invoices for payment by USTDA. Such books, records, and other documents shall be separately maintained for three (3) years after the date of the final disbursement by USTDA. The Grantee shall afford USTDA or its authorized representatives the opportunity at reasonable times to review books, records, and other documents relating to the Study and the Grant Agreement.

16. Representation of Parties

For all purposes relevant to the Grant Agreement, the Government of the United States of America will be represented by the U. S. Ambassador to Host Country or USTDA and Grantee will be represented by the National Airports Director. The parties hereto may, by written notice, designate additional representatives for all purposes under the Grant Agreement.

17. Addresses of Record for Parties

Any notice, request, document, or other communication submitted by either party to the other under the Grant Agreement shall be in writing or through a wire or electronic medium which produces a tangible record of the transmission, such as a telegram, cable or facsimile, and will be deemed duly given or sent when delivered to such party at the following:

To: Director Nacional de Aeropuertos
Dirección Nacional de Aeropuertos

Ministerio de Obras Públicas
Morandé 59, piso 11
Santiago, Chile

Phone: (56-2) 696-4787 / 361-2001
Fax: (56-2) 696-2350

To: U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

All such communications shall be in English, unless the parties otherwise agree in writing. In addition, the Grantee shall provide the Commercial Section of the U.S. Embassy in Host Country with a copy of each communication sent to USTDA.

Any communication relating to this Grant Agreement shall include the following fiscal data:

Appropriation No.: 118/91001
Activity No.: 2008-51005C
Reservation No.: 2008510053
Grant No.: GH 2008510016

18. Termination Clause

Either party may terminate the Grant Agreement by giving the other party thirty (30) days advance written notice. The termination of the Grant Agreement will end any obligations of the parties to provide financial or other resources for the Study, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the written notice of termination.

19. Non-waiver of Rights and Remedies

No delay in exercising any right or remedy accruing to either party in connection with the Grant Agreement shall be construed as a waiver of such right or remedy.

20. U.S. Technology and Equipment

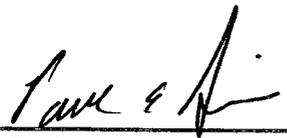
By funding this Study, USTDA seeks to promote the project objectives of the Host Country through the use of U.S. technology, goods, and services. In recognition of this purpose, the Grantee agrees that it will allow U.S. suppliers to compete in the procurement of technology, goods and services needed for Project implementation.

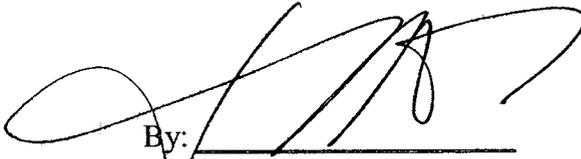
[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Government of the United States of America and the National Airports Directorate of the Ministry of Public Works of Chile, each acting through its duly authorized representative, have caused this Agreement to be signed in the English language in their names and delivered as of the day and year written below. In the event that this Grant Agreement is signed in more than one language, the English language version shall govern.

**For the Government of the
United States of America**

**For the Ministry of Public Works
of Chile**

By: 
Paul E. Simons
U.S. Ambassador in Chile

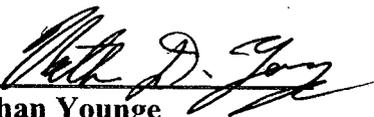
By: 
Yazmin Balboa
National Airports Director
National Airports Directorate

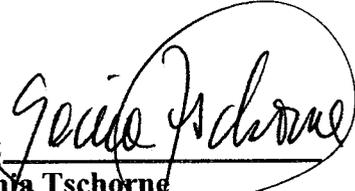
Date: 12/09/08

Date: 12/09/08

Witnessed:

Witnessed:

By: 
Nathan Younge
Regional Director USTDA

By: 
Sonia Tschorne
Subsecretary of Public Works (s)
Ministry of Public Works of Chile

Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses

Annex I

Terms of Reference

Objectives of the Master Plan

This project is aimed at assessing the technical and financial viability of expanding and modernizing the Balmaceda airport. The study will provide an implementation plan to expand existing infrastructure and redesign terminal areas in order to accommodate current and forecasted passenger and cargo demand and allow the operation of larger type aircraft.

Scope of Work

Task 1: Project Kick-Off Meeting, Data Collection and Site Visit

- 1.1 The Contractor shall conduct a kick-off meeting with representatives from the Airports Directorate of Chile (DAP) to review the project schedule, project activities and action plan. The Contractor shall present for review or approval its proposed work methodology. The methodology shall be as detailed as possible, including phases for development, growth scenarios and project activities.
- 1.2 The Contractor shall collect, review and analyze all existing documents, plans and supporting information available from DAP, the Civil General Aviation Directorate (Dirección General de Aeronáutica DGAC), and Junta de Aeronáutica Civil (JAC), as well as any other national or international agencies. Data collection shall cover, but not be limited to, the following (if available):
 - Existing airport master plans, feasibility and other related studies for the airport;
 - Air traffic forecasts and traffic statistics from 1997 to date;
 - Relevant national, tourism and industry development plans and growth projections, including Aisen's Competitiveness Plan and Land Use Program;
 - As-built plans to the extent available for all existing major airport facilities;
 - Status of on-going and short-term airport development projects;
 - Plans of the area surrounding the airport and environmental information concerning the airport;
 - Schedule of airport rates and charges and financial statements and projections;
 - Information related to ground traffic to and from the airport, aviation fuel consumption and number of employees at the airport by location;
 - Legal information, i.e. contracts and regulations that may affect the operation at the airport;
 - Organization, staffing and operations data; and
 - Existing arrangements for the provision of ground handling services, cargo handling and other operations and services.

- 1.3 The Contractor shall conduct a site visit to the airport and inspect the current condition and operability of all airport facilities in Balmaceda, for both airside and landside components. Based on the site visit, the Contractor shall develop an airport inventory containing the condition of each facility at the airport and the equipment used at each facility, its condition and operability.
- 1.4 The Contractor shall provide DAP with a report containing all collected documentation, including the airport inventory.

Task 2: Forecast of Demand for Passengers and Cargo

- 2.1 The Contractor shall review and assess the air traffic demand from 1997 to date (for passenger, cargo, and aircraft movements, for annual, monthly and peak hour demand) and based on this information develop a baseline forecast. The forecasting effort shall be completed for the next 20 years, using 5-year periods.
- 2.2 In gathering additional background for making revised air traffic forecasts, the Contractor shall interview the airlines operating or that plan to operate at Balmaceda Airport to determine their plans and prospects for future operations. The Contractor shall utilize this information, as well as historical data, to model the forecast considering changes in (a) fleet mix, (b) number and type of operators, (c) schedules and frequencies, (d) flight pricing, and (e) other market drivers. The Contractor shall also use and apply socio-economic data such as national and regional GDP, population and workforce, among others. The Contractor shall conduct an investigation of the potential growth of the airport business through interviews with the government body responsible for promoting economic development, including regional programs.
- 2.3 The Contractor shall prepare forecasts for international origin, destination and transit passengers, domestic passengers, air cargo including airmail and aircraft movements over a twenty-year period in 5-year intervals. The forecasts shall present a baseline, high (optimistic) and low (pessimistic) scenarios. The methodology used to develop all forecasts shall be documented and presented to DAP for approval prior to commencement of this task.
- 2.4 The Contractor shall develop the following forecasts at a minimum:
 - Annual Forecasts for international and domestic passenger traffic broken down into arriving, departing and transit passengers and, if possible, by purpose (i.e. business, tourism);
 - Annual and Monthly Forecasts for air cargo by export, import and transfer broken down into categories for planning purposes;
 - Annual Forecasts for aircraft movements;
 - Peak hour passenger and aircraft operations, and peak day cargo operations;
 - Vehicular parking volumes;

- Scheduled peak hour parking demand based on estimates of current and future fleet mix and probable arrival and departure times;
 - Overnight parking demand; and
 - Fixed base and itinerant aircraft parking demand.
- 2.4 The Contractor shall prepare a Report containing the findings from Tasks 1 and 2. Four copies of the report shall be provided to DAP in Spanish. This report shall consist of, but not be limited to, a list of information/documents collected, an airport facility inventory, and annual and peak hour forecasts for the baseline, high and low scenarios.

Task 3: Demand/ Capacity Analysis and Development of Facility Requirements

- 3.1 The Contractor shall analyze the condition of all airport basic operations and facilities and any requirements for improvements and modernization. As part of this task, the Contractor shall conduct a demand/capacity analysis aimed at comparing the existing capacity of key airport facilities versus forecasted demand (based on Task 2). This analysis should include airside and landside airport components. At the minimum, the Contractor shall present to DAP requirements for improvement, modernization or expansion of the following:
- Runway, Taxiways and Apron
 - Control Tower and NAVAIDS
 - Passenger and Cargo Terminals
 - Vehicle Parking and Access Roads
 - Ancillary Facilities
- 3.2 As a result of this analysis, the Contractor shall estimate airport development requirements in five-year planning stages for the next twenty years for key airport facilities. The airport development program shall be prepared in accordance with IATA's "Airport Development Reference Manual", 9th edition (January 2004).

Task 4: Conceptual Plans and Development Program

- 4.1 Based on the results of Task 3, The Contractor shall prepare a development program for all airport facilities, but focusing on areas largely impacted by air traffic growth such as the runway and passenger terminal. The development plan shall provide recommendations for the expansion of the airport during the next twenty years in five-year phases based on international standards such as ICAO's Planning Manual and local design requirements.
- 4.2 The Contractor shall develop schematic plans for all recommended improvements. Conceptual plans shall be presented in phases to meet the forecast requirements for 2014, 2019, 2024 and 2029. All plans shall be developed in very close coordination and consultation with the DAP and the airports' management.

The Contractor shall prepare the following plans:

- Existing Facility Layout
- Airport Layout Plan for each phase of development (Years 2014, 2019 and 2024/Scale 1:5000)
- 20-Year Airport Layout Plan (Year 2029/Scale 1:5000)
- Passenger and Cargo Terminal Layout Plan (Scale 1:1000 or 1:1500)
- Land Use Plan, including land use for airport and surrounding areas
- Airport Access Plan, including access roads

All drawings shall be presented in AutoCAD, Land Development Desktop or Autodesk Civil Design formats.

- 4.3 The results of the conceptual planning phase are the basis for developing capital cost estimates and an investment program which shall become an important input to the financial models and financial plans. The Contractor shall use the conceptual plans to identify, prioritize, and establish a schedule for priority development projects.

Task 5: Environmental Impact Analysis

- 5.1 The Contractor shall perform a general review of the recommended projects' environmental impacts consistent with local requirements from the SEIA (Sistema de Evaluación de Impacto Ambiental) and those of the World Bank. This review shall identify potential negative impacts, discuss the extent to which they can be mitigated, and develop plans for full environmental impact assessment if and when the projects move forward to the implementation stage. The environmental impact analysis should include the assessment of environmental conditions at the airport, including sewerage treatment plants, solid waste disposal procedures, noise contours, land use and zoning requirements, air and water quality, etc. The Contractor shall review any existing environmental improvement plans/programs.
- 5.2 The Contractor shall specifically review the environmental regulations affecting the development of the airport. An outline of short and long term environmental concerns or impacts of construction and operations on the air, noise, social, and water quality shall be developed. Measures for environmental control and mitigation, and treatment facilities shall be proposed, including their cost.

Task 6: Capital Costs and Investment Requirements

- 6.1 The Contractor shall prepare detailed cost estimates, including engineering costs, capital construction costs and equipment costs for each item of development or improvement at the airport and for each phase of development.

- 6.2 The cost estimates will be based on the Contractor's knowledge of the local market and costs provided by DAP. The costs shall be developed using unit and total prices and adjusted by a correction factor provided by DAP.

Task 7: US Suppliers

- 7.1 The Contractor shall identify the potential value of U.S. exports of equipment and services and prepare a U.S. supplier list which shall outline potential U.S. sources for procurement of goods and services required to implement the development plan at Balmaceda Airport. The list shall include company name, contact information, contact person and a general description of products and services that may be procured.
- 7.2 At the end of Task 7, the Contractor shall present a report incorporating comments received from DAP on previous reports and shall include findings from Tasks 1 through 7. Four copies of the report shall be provided to DAP in Spanish. This report should include, among other things, the development program as detailed in the Terms of Reference, the results of the environmental impact analysis and the investment requirements.

Task 8: Financial Analysis and Plan

- 8.1 The Contractor shall develop a financial model aimed at assisting in the analysis of the financial feasibility of the proposed airport development and investment program. This financial model shall show cash flows over the twenty year period and shall be constructed in a manner so as to permit the evaluation of possible modifications in air traffic forecast assumptions, aeronautical rates and charges, revenues, investment costs, airport operating and maintenance costs, the investment program, and the estimated costs of financing. The model shall be constructed in such a way that the potential for private sector participation, including, but not limited to, concessioning or privatization can be examined. The financial model shall include:
- A projection of airport revenues based on the air traffic forecasts and on existing rates and charges as well as estimates of other income;
 - A comparison of the airport's schedule of fees and charges with those for similar airports in the region. An analysis of airport operating and maintenance costs, including a twenty-year cost projection;
 - A schedule of current investment repayment obligations; and
 - An analysis of the future self-financing capabilities of the airport.
- 8.2 In the financial analysis, the ability to generate future revenues sufficient to cover all future expenses of maintenance, operation, administration and debt service shall be assessed. The financial analysis shall address historic revenues and expenses to determine the ability to support the required funding for the proposed airport improvements. Projected operating revenues and expenses shall be

developed according to projected growth and the potential of additional revenues and expenses as facilities come on-line. Potential alternatives for enhancing the revenue stream such as modifications in existing rates and charges or in existing concession and airport operational practices shall be explored and recommendations made.

- 8.3 The financial plan shall summarize the financial analysis and recommend a plan for financing the required development. The financial model shall be provided to the airport management and to the Grantee for its continued use in evaluating the impact of changes in the actual growth of air traffic and other input variables in the years ahead.

Task 9: Privatization Strategy

- 9.1 The Contractor shall analyze the viability of promoting private sector participation through privatization, public private partnership strategies, turnkey operation, build-transfer-operate, build-own-operate-transfer and/or concession. If adequate, recommendations shall be made in regard to the strategy to be followed, including a proposed schedule and outline of the process, as well as a proposed scope of services for technical assistance during concession implementation.
- 9.2 As part of this task, the Contractor shall provide a roadmap for the recommended process by designing an effective implementation strategy for private sector participation, including advice and guidelines on how to establish a project team, refine the scope of a project, select the preferred procurement process, establish a schedule for the delivery of the service, design an appropriate communications strategy and obtain the necessary approvals. The privatization strategy shall be developed in accordance with MOP's new financial evaluation procedures (NVP assessment).

Task 10: Developmental Impact Considerations

- 10.1 The Contractor shall report on the potential development impacts for the project in Chile. While specific focus should be paid to the immediate impact(s) of the Project, the Contractor will include, where appropriate, any additional developmental benefits of the projects, including spin-off and demonstration effects. The Contractor's analysis of potential benefits shall be as concrete and detailed as possible. The development impact factors are intended to provide the Project's decision-makers and other interested parties with a broader view of the Projects' potential effects on the Host Country. The Contractor shall provide estimates of the Project's potential benefits in the following areas:
- Infrastructure and Industry. The Contractor shall provide a statement on the infrastructure impact giving a brief synopsis.

- **Market-Oriented Reforms.** The Contractor shall provide a description of any regulations, laws, or institutional changes that are recommended and the effect they would have if implemented.
- **Human Capacity Building.** The Contractor shall address the number and type of positions that would be needed to implement, manage, and operate the proposed projects as well as the number of people who will receive training and a brief description of the training program.
- **Technology Transfer and Productivity Enhancement.** The Contractor shall provide a description of any advanced technologies that will be implemented as a result of the projects. The Contractor shall provide a quantitative description of any efficiency that will be gained.
- **Other:** The Contractor shall identify any other developmental benefits of the Projects, including any spin-off or demonstration effects.

10.2 The Contractor shall present a Draft Final Report and an Executive Summary which shall incorporate comments from DAP on previous reports and shall include findings from Tasks 1 through 10. Four copies of this report and the executive summary shall be provided to DAP in Spanish.

Task 11: Final Report and Executive Presentation

11.1 The Contractor shall prepare and deliver to the Grantee and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference ("Final Report"). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to the Grantee. The Final Report shall be prepared in accordance with Clause I of Annex II of the Grant Agreement.

The Final Report shall also include a comprehensive list of potential sources of U.S. equipment and services relevant to the implementation of each component of the project as outlined in the Study.

The Contractor shall submit to the Grantee four (4) copies of the Final Report in Spanish and one (1) copy in English. The Contractor shall also provide one (1) electronic version of both the confidential and public versions of the Final Report to the Grantee, and shall provide copies to USTDA in English in accordance with Clause I of Annex II of the Grant Agreement. All files provided electronically shall be in Microsoft Office or AutoCAD format.

11.2 When the Final Report is complete, the Contractor shall provide a final oral presentation of the Final Executive Summary and the Final Report to the Grantee and other stakeholders.

Notes:

- (1) The Contractor is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.**
- (2) The Contractor and the Grantee shall be careful to ensure that the public version of the Final Report contains no security or confidential information.**
- (3) The Grantee and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.**

Annex II

USTDA Mandatory Contract Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this contract acknowledge that this contract is funded in whole or in part by the U.S. Trade and Development Agency ("USTDA") under the Grant Agreement between the Government of the United States of America acting through USTDA and the National Airports Directorate of the Ministry of Public Works of Chile ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("Contractor") to perform the feasibility study ("Study") for the Balmaceda Airport Modernization Master Plan project ("Project") in Chile ("Host Country"). Notwithstanding any other provisions of this contract, the following USTDA mandatory contract clauses shall govern. All subcontracts entered into by Contractor funded or partially funded with USTDA Grant funds shall include these USTDA mandatory contract clauses, except for clauses B(1), G, H, I, and J. In addition, in the event of any inconsistency between the Grant Agreement and any contract or subcontract thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Contract

All contracts funded under the Grant Agreement, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing in order to be effective with respect to the expenditure of USTDA Grant funds. USTDA will not authorize the disbursement of USTDA Grant funds until the contract has been formally approved by USTDA or until the contract conforms to modifications required by USTDA during the contract review process.

(2) USTDA Not a Party to the Contract

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of this contract and amendments thereto, including assignments, the selection of all contractors, the Terms of Reference, the Final Report, and any and all documents related to any contract funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of financing the Study and shall not be construed as making USTDA a party to the contract. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the contract or any subcontract, jointly or separately, without thereby incurring any responsibility

or liability to such parties. Any approval or failure to approve by USTDA shall not bar the Client or USTDA from asserting any right they might have against the Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Client or USTDA.

C. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

D. Recordkeeping and Audit

The Contractor and subcontractors funded under the Grant Agreement shall maintain, in accordance with generally accepted accounting procedures, books, records, and other documents, sufficient to reflect properly all transactions under or in connection with the contract. These books, records, and other documents shall clearly identify and track the use and expenditure of USTDA funds, separately from other funding sources. Such books, records, and documents shall be maintained during the contract term and for a period of three (3) years after final disbursement by USTDA. The Contractor and subcontractors shall afford USTDA, or its authorized representatives, the opportunity at reasonable times for inspection and audit of such books, records, and other documentation.

E. U.S. Carriers

(1) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(2) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

F. Workman's Compensation Insurance

The Contractor shall provide adequate Workman's Compensation Insurance coverage for work performed under this Contract.

G. Reporting Requirements

The Contractor shall advise USTDA by letter as to the status of the Project on March 1st annually for a period of two (2) years after completion of the Study. In addition, if at any time the Contractor receives follow-on work from the Client, the Contractor shall so notify USTDA and designate the Contractor's contact point including name, telephone, and fax number. Since this information may be made publicly available by USTDA, any information which is confidential shall be designated as such by the Contractor and provided separately to USTDA. USTDA will maintain the confidentiality of such information in accordance with applicable law.

H. Disbursement Procedures

(1) USTDA Approval of Contract

Disbursement of Grant funds will be made only after USTDA approval of this contract. To make this review in a timely fashion, USTDA must receive from either the Client or the Contractor a photocopy of an English language version of a signed contract or a final negotiated draft version to the attention of the General Counsel's office at USTDA's address listed in Clause M below.

(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant funds to the Contractor shall be included in this Contract. Such payment schedule must conform to the following USTDA requirements: (1) up to twenty percent (20%) of the total USTDA Grant amount may be used as a mobilization payment; (2) all other payments, with the exception of the final payment, shall be based upon contract performance milestones; and (3) the final payment may be no less than fifteen percent (15%) of the total USTDA Grant amount, payable upon receipt by USTDA of an approved Final Report in accordance with the specifications and quantities set forth in Clause I below. Invoicing procedures for all payments are described below.

(3) Contractor Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the Contractor. The Contractor must provide USTDA with an ACH Vendor Enrollment Form (available from USTDA) with the first invoice. The Client shall request disbursement of funds by

USTDA to the Contractor for performance of the contract by submitting the following to USTDA:

(a) Contractor's Invoice

The Contractor's invoice shall include reference to an item listed in the Contract payment schedule, the requested payment amount, and an appropriate certification by the Contractor, as follows:

(i) For a mobilization payment (if any):

"As a condition for this mobilization payment, the Contractor certifies that it will perform all work in accordance with the terms of its Contract with the Client. To the extent that the Contractor does not comply with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA. "

(ii) For contract performance milestone payments:

"The Contractor has performed the work described in this invoice in accordance with the terms of its contract with the Client and is entitled to payment thereunder. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(iii) For final payment:

"The Contractor has performed the work described in this invoice in accordance with the terms of its contract with the Client and is entitled to payment thereunder. Specifically, the Contractor has submitted the Final Report to the Client, as required by the Contract, and received the Client's approval of the Final Report. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(b) Client's Approval of the Contractor's Invoice

(i) The invoice for a mobilization payment must be approved in writing by the Client.

(ii) For contract performance milestone payments, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions and the terms and conditions of the USTDA Grant Agreement."

(iii) For final payment, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions and terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the Contractor has been reviewed and approved by the Client. "

(c) USTDA Address for Disbursement Requests

Requests for disbursement shall be submitted by courier or mail to the attention of the Finance Department at USTDA's address listed in Clause M below.

(4) Termination

In the event that the Contract is terminated prior to completion, the Contractor will be eligible, subject to USTDA approval, for reasonable and documented costs which have been incurred in performing the Terms of Reference prior to termination, as well as reasonable wind down expenses. Reimbursement for such costs shall not exceed the total amount of undisbursed Grant funds. Likewise, in the event of such termination, USTDA is entitled to receive from the Contractor all USTDA Grant funds previously disbursed to the Contractor (including but not limited to mobilization payments) which exceed the reasonable and documented costs incurred in performing the Terms of Reference prior to termination.

I. USTDA Final Report

(1) Definition

"Final Report" shall mean the Final Report described in the attached Annex I Terms of Reference or, if no such "Final Report" is described therein, "Final Report" shall mean a substantive and comprehensive report of work performed in accordance with the attached Annex I Terms of Reference, including any documents delivered to the Client.

(2) Final Report Submission Requirements

The Contractor shall provide the following to USTDA:

(a) One (1) complete version of the Final Report for USTDA's records. This version shall have been approved by the Client in writing and must be in the English language. It is the responsibility of the Contractor to ensure that confidential information, if any, contained in this version be clearly marked. USTDA will maintain the confidentiality of such information in accordance with applicable law.

and

(b) One (1) copy of the Final Report suitable for public distribution ("Public Version"). The Public Version shall have been approved by the Client in writing and must be in the English language. As this version will be available for public distribution, it must not contain any confidential information. If the report in (a) above contains no confidential information, it may be used as the Public Version. In any event, the Public Version must be informative and contain sufficient Project detail to be useful to prospective equipment and service providers.

and

(c) Two (2) CD-ROMs, each containing a complete copy of the Public Version of the Final Report. The electronic files on the CD-ROMs shall be submitted in a commonly accessible read-only format. As these CD-ROMs will be available for public distribution, they must not contain any confidential information. It is the responsibility of the Contractor to ensure that no confidential information is contained on the CD-ROMs.

The Contractor shall also provide one (1) copy of the Public Version of the Final Report to the Foreign Commercial Service Officer or the Economic Section of the U.S. Embassy in Host Country for informational purposes.

(3) Final Report Presentation

All Final Reports submitted to USTDA must be paginated and include the following:

(a) The front cover of every Final Report shall contain the name of the Client, the name of the Contractor who prepared the report, a report title, USTDA's logo, USTDA's mailing and delivery addresses. If the complete version of the Final Report contains confidential information, the Contractor shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The Contractor shall be responsible for labeling the front cover of the Public Version of the Final Report with the term "Public Version." The front cover of every Final Report shall also contain the following disclaimer:

"This report was funded by the U.S. Trade and Development Agency (USTDA), an agency of the U. S. Government. The opinions, findings, conclusions or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position or policies of USTDA. USTDA makes no representation about, nor does it accept responsibility for, the accuracy or completeness of the information contained in this report."

(b) The inside front cover of every Final Report shall contain USTDA's logo, USTDA's mailing and delivery addresses, and USTDA's mission statement.

Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

(c) The Contractor shall affix to the front of the CD-ROM a label identifying the Host Country, USTDA Activity Number, the name of the Client, the name of the Contractor who prepared the report, a report title, and the following language:

“The Contractor certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution.”

(d) The Contractor and any subcontractors that perform work pursuant to the Grant Agreement must be clearly identified in the Final Report. Business name, point of contact, address, telephone and fax numbers shall be included for Contractor and each subcontractor.

(e) The Final Report, while aiming at optimum specifications and characteristics for the Project, shall identify the availability of prospective U.S. sources of supply. Business name, point of contact, address, telephone and fax numbers shall be included for each commercial source.

(f) The Final Report shall be accompanied by a letter or other notation by the Client which states that the Client approves the Final Report. A certification by the Client to this effect provided on or with the invoice for final payment will meet this requirement.

J. Modifications

All changes, modifications, assignments or amendments to this contract, including the appendices, shall be made only by written agreement by the parties hereto, subject to written USTDA approval.

K. Study Schedule

(1) Study Completion Date

The completion date for the Study, which is March 31, 2010, is the date by which the parties estimate that the Study will have been completed.

(2) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this contract for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

L. Business Practices

The Contractor agrees not to pay, promise to pay, or authorize the payment of any money or anything of value, directly or indirectly, to any person (whether a governmental official or private individual) for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study. The Client agrees not to receive any such payment. The Contractor and the Client agree that each will require that any agent or representative hired to represent them in connection with the Study will comply with this paragraph and all laws which apply to activities and obligations of each party under this Contract, including but not limited to those laws and obligations dealing with improper payments as described above.

M. USTDA Address and Fiscal Data

Any communication with USTDA regarding this Contract shall be sent to the following address and include the fiscal data listed below:

U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

Fiscal Data:

Appropriation No.: 118/91001
Activity No.: 2008-51002C
Reservation No.: 2008510053
Grant No.: GH 2008510016

N. Definitions

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Grant Agreement.

O. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Client nor the Contractor will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.

ANNEX 5

Annex I

Terms of Reference

Objectives of the Master Plan

This project is aimed at assessing the technical and financial viability of expanding and modernizing the Balmaceda airport. The study will provide an implementation plan to expand existing infrastructure and redesign terminal areas in order to accommodate current and forecasted passenger and cargo demand and allow the operation of larger type aircraft.

Scope of Work

Task 1: Project Kick-Off Meeting, Data Collection and Site Visit

- 1.1 The Contractor shall conduct a kick-off meeting with representatives from the Airports Directorate of Chile (DAP) to review the project schedule, project activities and action plan. The Contractor shall present for review or approval its proposed work methodology. The methodology shall be as detailed as possible, including phases for development, growth scenarios and project activities.
- 1.2 The Contractor shall collect, review and analyze all existing documents, plans and supporting information available from DAP, the Civil General Aviation Directorate (Dirección General de Aeronáutica DGAC), and Junta de Aeronáutica Civil (JAC), as well as any other national or international agencies. Data collection shall cover, but not be limited to, the following (if available):
 - Existing airport master plans, feasibility and other related studies for the airport;
 - Air traffic forecasts and traffic statistics from 1997 to date;
 - Relevant national, tourism and industry development plans and growth projections, including Aisen's Competitiveness Plan and Land Use Program;
 - As-built plans to the extent available for all existing major airport facilities;
 - Status of on-going and short-term airport development projects;
 - Plans of the area surrounding the airport and environmental information concerning the airport;
 - Schedule of airport rates and charges and financial statements and projections;
 - Information related to ground traffic to and from the airport, aviation fuel consumption and number of employees at the airport by location;
 - Legal information, i.e. contracts and regulations that may affect the operation at the airport;
 - Organization, staffing and operations data; and
 - Existing arrangements for the provision of ground handling services, cargo handling and other operations and services.

- 1.3 The Contractor shall conduct a site visit to the airport and inspect the current condition and operability of all airport facilities in Balmaceda, for both airside and landside components. Based on the site visit, the Contractor shall develop an airport inventory containing the condition of each facility at the airport and the equipment used at each facility, its condition and operability.
- 1.4 The Contractor shall provide DAP with a report containing all collected documentation, including the airport inventory.

Task 2: Forecast of Demand for Passengers and Cargo

- 2.1 The Contractor shall review and assess the air traffic demand from 1997 to date (for passenger, cargo, and aircraft movements, for annual, monthly and peak hour demand) and based on this information develop a baseline forecast. The forecasting effort shall be completed for the next 20 years, using 5-year periods.
- 2.2 In gathering additional background for making revised air traffic forecasts, the Contractor shall interview the airlines operating or that plan to operate at Balmaceda Airport to determine their plans and prospects for future operations. The Contractor shall utilize this information, as well as historical data, to model the forecast considering changes in (a) fleet mix, (b) number and type of operators, (c) schedules and frequencies, (d) flight pricing, and (e) other market drivers. The Contractor shall also use and apply socio-economic data such as national and regional GDP, population and workforce, among others. The Contractor shall conduct an investigation of the potential growth of the airport business through interviews with the government body responsible for promoting economic development, including regional programs.
- 2.3 The Contractor shall prepare forecasts for international origin, destination and transit passengers, domestic passengers, air cargo including airmail and aircraft movements over a twenty-year period in 5-year intervals. The forecasts shall present a baseline, high (optimistic) and low (pessimistic) scenarios. The methodology used to develop all forecasts shall be documented and presented to DAP for approval prior to commencement of this task.
- 2.4 The Contractor shall develop the following forecasts at a minimum:
 - Annual Forecasts for international and domestic passenger traffic broken down into arriving, departing and transit passengers and, if possible, by purpose (i.e. business, tourism);
 - Annual and Monthly Forecasts for air cargo by export, import and transfer broken down into categories for planning purposes;
 - Annual Forecasts for aircraft movements;
 - Peak hour passenger and aircraft operations, and peak day cargo operations;
 - Vehicular parking volumes;

- Scheduled peak hour parking demand based on estimates of current and future fleet mix and probable arrival and departure times;
 - Overnight parking demand; and
 - Fixed base and itinerant aircraft parking demand.
- 2.4 The Contractor shall prepare a Report containing the findings from Tasks 1 and 2. Four copies of the report shall be provided to DAP in Spanish. This report shall consist of, but not be limited to, a list of information/documents collected, an airport facility inventory, and annual and peak hour forecasts for the baseline, high and low scenarios.

Task 3: Demand/ Capacity Analysis and Development of Facility Requirements

- 3.1 The Contractor shall analyze the condition of all airport basic operations and facilities and any requirements for improvements and modernization. As part of this task, the Contractor shall conduct a demand/capacity analysis aimed at comparing the existing capacity of key airport facilities versus forecasted demand (based on Task 2). This analysis should include airside and landside airport components. At the minimum, the Contractor shall present to DAP requirements for improvement, modernization or expansion of the following:
- Runway, Taxiways and Apron
 - Control Tower and NAVAIDS
 - Passenger and Cargo Terminals
 - Vehicle Parking and Access Roads
 - Ancillary Facilities
- 3.2 As a result of this analysis, the Contractor shall estimate airport development requirements in five-year planning stages for the next twenty years for key airport facilities. The airport development program shall be prepared in accordance with IATA's "Airport Development Reference Manual", 9th edition (January 2004).

Task 4: Conceptual Plans and Development Program

- 4.1 Based on the results of Task 3, The Contractor shall prepare a development program for all airport facilities, but focusing on areas largely impacted by air traffic growth such as the runway and passenger terminal. The development plan shall provide recommendations for the expansion of the airport during the next twenty years in five-year phases based on international standards such as ICAO's Planning Manual and local design requirements.
- 4.2 The Contractor shall develop schematic plans for all recommended improvements. Conceptual plans shall be presented in phases to meet the forecast requirements for 2014, 2019, 2024 and 2029. All plans shall be developed in very close coordination and consultation with the DAP and the airports' management.

The Contractor shall prepare the following plans:

- Existing Facility Layout
- Airport Layout Plan for each phase of development (Years 2014, 2019 and 2024/Scale 1:5000)
- 20-Year Airport Layout Plan (Year 2029/Scale 1:5000)
- Passenger and Cargo Terminal Layout Plan (Scale 1:1000 or 1:1500)
- Land Use Plan, including land use for airport and surrounding areas
- Airport Access Plan, including access roads

All drawings shall be presented in AutoCAD, Land Development Desktop or Autodesk Civil Design formats.

- 4.3 The results of the conceptual planning phase are the basis for developing capital cost estimates and an investment program which shall become an important input to the financial models and financial plans. The Contractor shall use the conceptual plans to identify, prioritize, and establish a schedule for priority development projects.

Task 5: Environmental Impact Analysis

- 5.1 The Contractor shall perform a general review of the recommended projects' environmental impacts consistent with local requirements from the SEIA (Sistema de Evaluación de Impacto Ambiental) and those of the World Bank. This review shall identify potential negative impacts, discuss the extent to which they can be mitigated, and develop plans for full environmental impact assessment if and when the projects move forward to the implementation stage. The environmental impact analysis should include the assessment of environmental conditions at the airport, including sewerage treatment plants, solid waste disposal procedures, noise contours, land use and zoning requirements, air and water quality, etc. The Contractor shall review any existing environmental improvement plans/programs.
- 5.2 The Contractor shall specifically review the environmental regulations affecting the development of the airport. An outline of short and long term environmental concerns or impacts of construction and operations on the air, noise, social, and water quality shall be developed. Measures for environmental control and mitigation, and treatment facilities shall be proposed, including their cost.

Task 6: Capital Costs and Investment Requirements

- 6.1 The Contractor shall prepare detailed cost estimates, including engineering costs, capital construction costs and equipment costs for each item of development or improvement at the airport and for each phase of development.

- 6.2 The cost estimates will be based on the Contractor's knowledge of the local market and costs provided by DAP. The costs shall be developed using unit and total prices and adjusted by a correction factor provided by DAP.

Task 7: US Suppliers

- 7.1 The Contractor shall identify the potential value of U.S. exports of equipment and services and prepare a U.S. supplier list which shall outline potential U.S. sources for procurement of goods and services required to implement the development plan at Balmaceda Airport. The list shall include company name, contact information, contact person and a general description of products and services that may be procured.
- 7.2 At the end of Task 7, the Contractor shall present a report incorporating comments received from DAP on previous reports and shall include findings from Tasks 1 through 7. Four copies of the report shall be provided to DAP in Spanish. This report should include, among other things, the development program as detailed in the Terms of Reference, the results of the environmental impact analysis and the investment requirements.

Task 8: Financial Analysis and Plan

- 8.1 The Contractor shall develop a financial model aimed at assisting in the analysis of the financial feasibility of the proposed airport development and investment program. This financial model shall show cash flows over the twenty year period and shall be constructed in a manner so as to permit the evaluation of possible modifications in air traffic forecast assumptions, aeronautical rates and charges, revenues, investment costs, airport operating and maintenance costs, the investment program, and the estimated costs of financing. The model shall be constructed in such a way that the potential for private sector participation, including, but not limited to, concessioning or privatization can be examined. The financial model shall include:
- A projection of airport revenues based on the air traffic forecasts and on existing rates and charges as well as estimates of other income;
 - A comparison of the airport's schedule of fees and charges with those for similar airports in the region. An analysis of airport operating and maintenance costs, including a twenty-year cost projection;
 - A schedule of current investment repayment obligations; and
 - An analysis of the future self-financing capabilities of the airport.
- 8.2 In the financial analysis, the ability to generate future revenues sufficient to cover all future expenses of maintenance, operation, administration and debt service shall be assessed. The financial analysis shall address historic revenues and expenses to determine the ability to support the required funding for the proposed airport improvements. Projected operating revenues and expenses shall be

developed according to projected growth and the potential of additional revenues and expenses as facilities come on-line. Potential alternatives for enhancing the revenue stream such as modifications in existing rates and charges or in existing concession and airport operational practices shall be explored and recommendations made.

- 8.3 The financial plan shall summarize the financial analysis and recommend a plan for financing the required development. The financial model shall be provided to the airport management and to the Grantee for its continued use in evaluating the impact of changes in the actual growth of air traffic and other input variables in the years ahead.

Task 9: Privatization Strategy

- 9.1 The Contractor shall analyze the viability of promoting private sector participation through privatization, public private partnership strategies, turnkey operation, build-transfer-operate, build-own-operate-transfer and/or concession. If adequate, recommendations shall be made in regard to the strategy to be followed, including a proposed schedule and outline of the process, as well as a proposed scope of services for technical assistance during concession implementation.
- 9.2 As part of this task, the Contractor shall provide a roadmap for the recommended process by designing an effective implementation strategy for private sector participation, including advice and guidelines on how to establish a project team, refine the scope of a project, select the preferred procurement process, establish a schedule for the delivery of the service, design an appropriate communications strategy and obtain the necessary approvals. The privatization strategy shall be developed in accordance with MOP's new financial evaluation procedures (NVP assessment).

Task 10: Developmental Impact Considerations

- 10.1 The Contractor shall report on the potential development impacts for the project in Chile. While specific focus should be paid to the immediate impact(s) of the Project, the Contractor will include, where appropriate, any additional developmental benefits of the projects, including spin-off and demonstration effects. The Contractor's analysis of potential benefits shall be as concrete and detailed as possible. The development impact factors are intended to provide the Project's decision-makers and other interested parties with a broader view of the Projects' potential effects on the Host Country. The Contractor shall provide estimates of the Project's potential benefits in the following areas:
- Infrastructure and Industry. The Contractor shall provide a statement on the infrastructure impact giving a brief synopsis.

- **Market-Oriented Reforms.** The Contractor shall provide a description of any regulations, laws, or institutional changes that are recommended and the effect they would have if implemented.
- **Human Capacity Building.** The Contractor shall address the number and type of positions that would be needed to implement, manage, and operate the proposed projects as well as the number of people who will receive training and a brief description of the training program.
- **Technology Transfer and Productivity Enhancement.** The Contractor shall provide a description of any advanced technologies that will be implemented as a result of the projects. The Contractor shall provide a quantitative description of any efficiency that will be gained.
- **Other:** The Contractor shall identify any other developmental benefits of the Projects, including any spin-off or demonstration effects.

10.2 The Contractor shall present a Draft Final Report and an Executive Summary which shall incorporate comments from DAP on previous reports and shall include findings from Tasks 1 through 10. Four copies of this report and the executive summary shall be provided to DAP in Spanish.

Task 11: Final Report and Executive Presentation

11.1 The Contractor shall prepare and deliver to the Grantee and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference ("Final Report"). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to the Grantee. The Final Report shall be prepared in accordance with Clause I of Annex II of the Grant Agreement.

The Final Report shall also include a comprehensive list of potential sources of U.S. equipment and services relevant to the implementation of each component of the project as outlined in the Study.

The Contractor shall submit to the Grantee four (4) copies of the Final Report in Spanish and one (1) copy in English. The Contractor shall also provide one (1) electronic version of both the confidential and public versions of the Final Report to the Grantee, and shall provide copies to USTDA in English in accordance with Clause I of Annex II of the Grant Agreement. All files provided electronically shall be in Microsoft Office or AutoCAD format.

11.2 When the Final Report is complete, the Contractor shall provide a final oral presentation of the Final Executive Summary and the Final Report to the Grantee and other stakeholders.

Notes:

- (1) The Contractor is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.**
- (2) The Contractor and the Grantee shall be careful to ensure that the public version of the Final Report contains no security or confidential information.**
- (3) The Grantee and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.**