

REQUEST FOR PROPOSALS

TECHNICAL ASSISTANCE FOR THE

RIO GRANDE DO SUL AIRPORTS DEVELOPMENT PROGRAM

Submission Deadline: **1:00 pm LOCAL TIME**

THURSDAY, DECEMBER 17, 2009

Submission Place: Fernando Coronel
Director, Departamento Aeroportuário
Secretaria de Infra-Estrutura e Logística
Av. Borges de Medeiros, 1501 – 7º andar
Porto Alegre, RS CEP: 90119-900
Brazil

Phone: 55 (51) 3288-5300

Email: fernando-coronel@seinfra.rs.gov.br

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 OFFERORS
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	EXECUTIVE SUMMARY.....
3.2	COMPANY INFORMATION.....
3.2.1	COMPANY PROFILE
3.2.2	OFFEROR'S AUTHORIZED NEGOTIATOR
3.2.3	NEGOTIATION PREREQUISITES
3.2.4	OFFEROR'S REPRESENTATIONS.....
3.3	ORGANIZATIONAL STRUCTURE, MANAGEMENT, AND KEY PERSONNEL
3.4	TECHNICAL APPROACH AND WORK PLAN
3.5	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)
ANNEX 6	COMPANY INFORMATION

Section 1: INTRODUCTION

The U.S. Trade and Development Agency (USTDA) has provided a grant in the amount of US\$630,000 to the Rio Grande do Sul State Secretariat of Infrastructure and Logistics (the "Grantee") in accordance with a grant agreement dated September 15, 2009 (the "Grant Agreement"). USTDA will fund the costs of a Technical Assistance ("Technical Assistance") for the proposed Rio Grande do Sul Airports Development Program Project ("Project") in Brazil ("Host Country"). 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 perform the Technical Assistance.

1.1 BACKGROUND SUMMARY

Rio Grande do Sul is Brazil's fourth largest regional economy in terms of GDP. Between 1999 and 2007, passenger traffic increased close to 50% from 2.8 million to 4.2 million passengers per year. Considering the need to increase access to isolated parts of the state, SEINFRA established an airport development program in 2003 for the modernization of air transport in the state, focusing on increased regional connectivity, particularly for emergency response (i.e. medical, major disasters), as well as promoting tourism and trade. The state airport development program has also recently expanded to include the upgrade of air infrastructure to support increased demand that will result from the 2014 Soccer World Cup to be held in Brazil.

The modernization plan will address a series of much needed investments including runway pavement, air navigation equipment, emergency response and security equipment. The program covers 27 of the 52 existing airports in the state and considers the construction of 10 new airports for a total investment of approximately \$120 million. The result of the technical assistance will be a technical and financial investment plan for the state airport network expansion and modernization.

1.2 OBJECTIVE

The technical assistance will:

- Develop an airport improvement program for the 27 existing airports and evaluate the construction of 10 new airports based on projected demand and the economic activities of the region;
- Assess the viability of developing four key airports as a means of fostering multimodality in the state;
- Assess the need for a new cargo facility – either greenfield or at an existing airport;
- Provide the State Secretariat of Infrastructure and Logistics with technical advice regarding the program's objectives, vision, implementation schedule and action plan;
- Assess the financial viability of the program considering potential financing sources, including private sector participation;

- Develop technical specifications for air navigation equipment; and
- Respond to increased demand resulting from the 2014 Soccer World Cup.

The Terms of Reference (TOR) for this Technical Assistance are 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.

The amount for the contract has been established by a USTDA grant of US\$630,000. **The USTDA grant of US\$630,000 is a fixed amount. Accordingly, COST will not be a factor in the evaluation and therefore, cost proposals should not be submitted.** Upon detailed evaluation of technical proposals, the Grantee shall select one firm for contract negotiations.

1.4 CONTRACT FUNDED BY USTDA

In accordance with the terms and conditions of the Grant Agreement, USTDA has provided a grant in the amount of US\$630,000 to the Grantee. The funding provided under the Grant Agreement shall be used to fund the costs of the contract between the Grantee and the U.S. firm selected by the Grantee to perform the TOR. The contract must include certain USTDA Mandatory Contract Clauses relating to nationality, taxes, payment, reporting, and other matters. The USTDA nationality requirements and the USTDA Mandatory Contract Clauses are attached at Annexes 3 and 4, respectively, for reference.

Section 2: INSTRUCTIONS TO OFFERORS

2.1 PROJECT TITLE

The project is called Rio Grande do Sul Airports Development Program.

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. 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. Please note that the TOR referenced in the report are included in this RFP as Annex 5.

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 Technical Assistance.

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 Technical Assistance.

2.5 PROJECT FUNDING SOURCE

The Technical Assistance will be funded under a grant from USTDA. The total amount of the grant is not to exceed US\$630,000.

2.6 RESPONSIBILITY FOR COSTS

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

2.7 TAXES

Offerors should submit proposals that note that in accordance with the USTDA Mandatory Contract Clauses, USTDA grant funds shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in the Host Country.

2.8 CONFIDENTIALITY

The Grantee will preserve the confidentiality of any business proprietary or confidential information submitted by the Offeror, which is clearly designated as such by the Offeror, to the extent permitted by the laws of the Host Country.

2.9 ECONOMY OF PROPOSALS

Proposal documents should be prepared simply and economically, providing a comprehensive yet concise description of the Offeror's capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

2.10 OFFEROR CERTIFICATIONS

The Offeror shall certify (a) that its proposal is genuine and is not made in the interest of, or on 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 itself 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 the Host Country for up to 20 percent of the amount of the USTDA grant for specific services from the TOR identified in the subcontract. USTDA's nationality requirements, including definitions, are detailed in Annex 3.

2.12 LANGUAGE OF PROPOSAL

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

2.13 PROPOSAL SUBMISSION REQUIREMENTS

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

Fernando Coronel
Director, Departamento Aeroportuário
Secretaria de Infra-Estrutura e Logística
Av. Borges de Medeiros, 1501 – 7º andar
Porto Alegre, RS CEP: 90119-900
Brazil

Phone: 55 (51) 3288-5300

An Original in English and Portuguese, 4 copies in Portuguese, and one (1) digital copy of your proposal must be received at the above address no later than 1:00 pm (local time), on December 17, 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. The Grantee will promptly notify any Offeror if its proposal was received late.

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

2.14 PACKAGING

The original and each copy of the 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, 4 copies in Portuguese, and one (1) digital copy should be collectively wrapped and sealed, and clearly labeled.

Neither USTDA nor the Grantee will be responsible for premature opening of proposals not properly wrapped, sealed and 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 ninety (90) 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

All Offerors agree by their response to this RFP announcement to abide by the procedures set forth herein. No exceptions shall be permitted.

2.18 OFFEROR QUALIFICATIONS

As provided in Section 3, Offerors shall submit evidence that they have relevant past experience and have previously delivered advisory, feasibility study and/or other services similar to those required in the TOR, as applicable.

2.19 RIGHT TO REJECT PROPOSALS

The Grantee reserves the right to reject any and all proposals.

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 any subcontractors. USTDA nationality provisions apply to the use of subcontractors and are set forth in detail in Annex 3. The successful Offeror shall cause appropriate provisions of its contract, including all of the applicable USTDA Mandatory Contract Clauses, to be inserted in any subcontract funded or partially funded by USTDA grant funds.

2.21 AWARD

The Grantee shall make an award resulting from this RFP to the best qualified Offeror, on the basis of the evaluation factors set forth herein. The Grantee reserves the right 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) provide local transportation, office space and secretarial support required to perform the TOR if such support is not provided by the Grantee; (b) provide and perform all necessary labor, supervision and services; and (c) in accordance with best technical and business practice, and in accordance with the requirements, stipulations, provisions and conditions of this RFP and the resultant contract, execute and complete the TOR to the satisfaction of the Grantee and USTDA.

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. After the Grantee's approval of each invoice, the Grantee will forward the invoice to USTDA. If all of the requirements of USTDA's Mandatory Contract Clauses are met, USTDA shall make its respective disbursement of the grant funds directly to the U.S. firm in the United States. All payments by USTDA under the Grant Agreement will be made in U.S. currency. Detailed provisions with respect to invoicing and disbursement of grant funds are set forth in the USTDA Mandatory Contract Clauses attached in Annex 4.

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. A cost proposal is NOT required because the amount for the contract has been established by a USTDA grant of US\$630,000, which is a fixed amount.

Offerors shall submit one (1) original in English and Portuguese, 4 copies in Portuguese, and one (1) digital copy of the proposal. Proposals received by fax cannot be accepted.

Each proposal must include the following:

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

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

3.1 EXECUTIVE SUMMARY

An Executive Summary should be prepared describing the major elements of the proposal, including any conclusions, assumptions, and general 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 COMPANY INFORMATION

For convenience, the information required in this Section 3.2 may be submitted in the form attached in Annex 6 hereto.

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), the information below must be provided for each subcontractor.

1. Name of firm and business address (street address only), including telephone and fax numbers.
2. Year established (include predecessor companies and year(s) established, if appropriate).
3. Type of ownership (e.g. public, private or closely held).
4. If private or closely held company, provide list of shareholders and the percentage of their ownership.
5. List of directors and principal officers (President, Chief Executive Officer, Vice-President(s), Secretary and Treasurer; provide full names including first, middle and last). Please place an asterisk (*) next to the names of those principal officers who will be involved in the Technical Assistance.
6. If Offeror is a subsidiary, indicate if Offeror is a wholly-owned or partially-owned subsidiary. Provide the information requested in items 1 through 5 above for the Offeror's parent(s).
7. Project Manager's name, address, telephone number, e-mail address and fax number .

3.2.2 Offeror's Authorized Negotiator

Provide name, title, address, telephone number, e-mail address 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 current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Technical Assistance as proposed and reflect such impact within the project schedule.
2. Identify any specific information which is needed from the Grantee before commencing contract negotiations.

3.2.4 Offeror's Representations

If any of the following representations cannot be made, or if there are exceptions, the Offeror must provide an explanation.

1. Offeror is a corporation [*insert applicable type of entity if not a corporation*] duly organized, validly existing and in good standing under the laws of the State of _____. The Offeror has all the requisite corporate power and authority to conduct its business as presently conducted, to submit this proposal, and if selected, to execute and deliver a contract to the Grantee for the performance of the Technical Assistance. The Offeror is not debarred, suspended, or to the best of its knowledge or belief, proposed for debarment, or ineligible for the award of contracts by any federal or state governmental agency or authority. The Offeror has included, with this proposal, a certified copy of its Articles of Incorporation, and a certificate of good standing issued within one month of the date of its proposal by the State of _____.
2. Neither the Offeror nor any of its principal officers have, within the three-year period preceding this RFP, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state or local government contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating federal or state criminal tax laws, or receiving stolen property.
3. Neither the Offeror, nor any of its principal officers, is presently indicted for, or otherwise criminally or civilly charged with, commission of any of the offenses enumerated in paragraph 2 above.
4. There are no federal or state tax liens pending against the assets, property or business of the Offeror. The Offeror, has not, within the three-year period preceding this RFP, been notified of any delinquent federal or state taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied. Taxes are considered delinquent if (a) the tax liability has been fully determined, with no pending administrative or judicial appeals; and (b) a taxpayer has failed to pay the tax liability when full payment is due and required.
5. The Offeror has not commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law. The Offeror has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.

The selected Offeror shall notify the Grantee and USTDA if any of the representations included in its proposal are no longer true and correct at the time of its entry into a contract with the Grantee. USTDA retains the right to request an updated certificate of good standing from the selected Offeror.

3.3 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 Technical Assistance. Identify the Project Manager who will be the individual responsible for this project. The Project Manager shall have the responsibility and authority to act on behalf of the Offeror in all matters related to the Technical Assistance.

Provide a listing of personnel (including subcontractors) to be engaged in the project, including both U.S. and local subcontractors, 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 Offeror shall describe the organizational relationship, if any, between the Offeror and the subcontractor.

A manpower schedule and the level of effort for the project period, by activities and tasks, as detailed under the Technical Approach and 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 TECHNICAL APPROACH AND WORK PLAN

Describe in detail the proposed Technical Approach and Work Plan (the "Work Plan"). Discuss the Offeror's methodology for completing the project requirements. Include a brief narrative of the Offeror's methodology for completing the 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 Work Plan, including periodic reporting or review points, incremental delivery dates, and other project milestones.

Based on the Work Plan, and previous project experience, describe any support that the Offeror will require from the Grantee. Detail the amount of staff time required by the Grantee or other participating agencies and any work space or facilities needed to complete the Technical Assistance.

3.5 SECTION 5: EXPERIENCE AND QUALIFICATIONS

Provide a discussion of the Offeror's experience and qualifications that are relevant to the objectives and TOR for the Technical Assistance. If a subcontractor(s) is being used, similar information must be provided for the prime and each subcontractor firm proposed for the project. The Offeror shall provide information with respect to relevant experience and qualifications of key staff proposed. The Offeror shall include letters of commitment from the individuals proposed confirming their availability for contract performance.

As many as possible but not more than six (6) relevant and verifiable project references must be provided for the Offeror and any subcontractor, 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 Technical Assistance 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. The Grantee will notify USTDA of the best qualified Offeror, and upon receipt of USTDA's no-objection letter, the Grantee shall promptly notify all Offerors of the award and 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 may 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 – Airport Planning (35 points): Firm and team's experience (including detailed resumes) in aviation planning including previous experience in development of regional, national and international airports; past experience in state or regional air transport development programs and; experience in airport planning and design. Knowledge and familiarity with ICAO, FAA and TSA regulations.

Technical Experience – Multimodal Transportation (15 points): Firm and team's experience (including detailed resumes) in planning of multimodal systems, including the implementation of regional cargo projects.

Financial Experience (15 points): Firm and team's experience in project financing, cost estimating, and development of capital investment programs for airport and infrastructure projects. Specific experience with the identification of financing mechanisms, project financing and experience structuring finance for projects in Brazil and Latin American markets. Previous experience in airport concession and privatization.

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.

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

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

Price will not be a factor in contractor selection.

ANNEX 1

Fernando Coronel, Director, Departamento Aeroportuário, Secretaria de Infra-Estrutura e Logística, Av. Borges de Medeiros, 1501 – 7º andar, Porto Alegre, RS, CEP: 90119-900, Brazil
Tel. 55 (51) 3288-5300

B - BRAZIL: RIO GRANDE DO SUL AIRPORTS DEVELOPMENT PROGRAM

POC John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209 3901, Tel: (703) 875-4357, Fax: (703) 875-4009. RIO GRANDE DO SUL AIRPORTS DEVELOPMENT PROGRAM. 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 to assist the Rio Grande do Sul State Secretariat of Infrastructure and Logistics to create a roadmap for development for the state's regional airport system through 2019. The modernization plan will address a series of much needed investments including runway pavement, air navigation equipment, emergency response and security equipment. The program covers 27 of the 52 existing airports in the state and considers the construction of 10 new airports for a total investment of approximately \$120 million. The U.S. firm selected will be paid in U.S. dollars from a \$630,000 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 Portuguese directly to the Grantee by 1:00pm (local time), December 17, 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

On March 2009, the U.S. Trade and Development Agency (USTDA) awarded a Definitional Mission to Brazil, Airport Modernization and Aviation, Project No. CO200951005 to the KED Group, LLC. Subsequent to the award, Ms. Grace Kalil and Mr. Pablo Riofrio from the KED Team traveled to Brazil to assess a number of airport development projects including a study for infrastructure development of over 30 airports in Rio Grande do Sul.

While in Brazil, KED Group conducted numerous meetings with local officials from the Secretaria de Infraestrutura e Logística (SEINFRA) including with Infrastructure Secretary Daniel de Moraes Andrade and Airports Director Fernando Coronel. During these meetings, it became evident that the state has the desire, but also the strong need, to modernize and upgrade its regional airport infrastructure, considering both increased accessibility to isolated areas of the state, as well as its position to become a cargo hub in Brazil and Mercosur. SEINFRA is interested in developing Rio Grande do Sul's aviation sector within the context of multimodal transportation for movement of cargo throughout the country and overseas.

As means of establishing clear goals for airport infrastructure development, SEINFRA created the PROAR/RS program, a ten-year airport modernization plan for the period 2009-2019. PROAR/RS considers a series of investments ranging from runway pavement to instrument equipage to allow for night operations. Other areas that are of importance to SEINFRA include emergency response equipment and security. The program covers 27 existing airports and considers the construction of new facilities throughout the state for a total investment of R\$245 million.

As part of PROAR/RS, SEINFRA has requested the assistance of USTDA in funding a study that would allow them to establish a roadmap for development of the regional airport system for the next ten years and provide technical consultations to the Department of Airports (DAP). This study, while focused on the aviation sector, will consider the overall objectives set forth by SEINFRA such as increasing trade among the Mercosur region and within Brazil, promoting tourism, increasing access to the state's rural areas and creating multimodal transportation systems. The result of the study will be a technical and financial investment plan for developing the 27 existing airports and 10 possible new airports in the state.

SEINFRA is relying on federal and state funds in order to complete its program. These include the Programa Federal de Auxílio a Aeroportos (PROFAA) and the 32 fund which requires a 30% match from the state government. Other sources of financing include state and municipal funds. Finally, SEINFRA has requested for this study to consider privatization and PPPs. The state of Rio Grande do Sul has a dedicated PPP program through the Governor's cabinet and is extremely interested in involving the private sector in the area of airport infrastructure development.

It is the opinion of KED Group that the proposed project responds to the needs and vision of the state of Rio Grande do Sul and would allow SEINFRA to implement an airport modernization program in line with the goals of the institution. We also anticipate that the program would provide good opportunities for export of US products such as navigation and security



equipment, crash-fire-rescue (CFR) vehicles, baggage handling systems, IT products and runway lighting. Potential US exports are estimated at over US\$80 million.

PROJECT BACKGROUND AND DESCRIPTION

Rio Grande do Sul is Brazil's fourth largest regional economy in terms of GDP and is characterized by a high level of quality and diversification, leading in several industries from auto parts to information technology to agricultural products and steel. Traditionally, the state has relied heavily on agricultural products (particularly grains), and craftsmanship with products such as leather footwear, furniture and apparel being of importance to the economy. The state accounts for nearly 20% of the country's total grain production and is also a top producer of rice, tobacco (one of the largest in the world), wheat soybean and corn. It is also the largest producer of precious and ornamental stones ranging from amethyst to granite and marble.

Most recently, however, the state has seen a boom in industrial production and technology with a number of foreign companies entering the market, among them John Deere, General Motors, Dell and SAP. Caixas do Sul is home to one of the largest automotive industries in Latin America, consisting of over 2,000 companies and generating over 40,000 jobs. The automotive sector, which focuses on the production of buses, trucks and engines, is responsible for over 12% of the state's GDP. In terms of IT and communications, Rio Grande do Sul has seen increased demand, which has reached close to US\$500 million per year. The state has the second largest IT industry in Brazil and is home to a number of local and international companies. Important IT centers are located in Port Alegre, Sao Leopoldo and Caxias do Sul. Today, Rio Grande do Sul has a thriving economy characterized by diversification with a wide range of products such as footwear, leather, tobacco, transportation equipment, machinery and grains being exported to Germany, Argentina, Chile, China, Spain, the US, Italy and the UK, among others. It is because of this, that Rio Grande do Sul has consistently been ranked as one of the top Brazilian exporting states.

Much of this cargo (over 80%) is transported by roads. There are close to 2,000 kilometers of paved roads connecting the main economic centers of the state with Brazil and Mercosur countries and Uruguiana is one of the busiest customs points along the borders with Argentina and Uruguay. More than 100,000 trucks pass through this point every year. A bridge over the Uruguay River links the port of Rio Grande do Sul to the ports of Antofagasta, Iquique and Tocopilla, in northern Chile and allow Rio Grande do Sul to be part of the Atlantic-Pacific bioceanic corridor.

The state also has a railway system which handles 22 million tons of products like grains, paper, chemicals and petrochemicals, fuel, cement and sand every year, one third of them produced domestically. The railway provides direct access to the ports of Rio Grande, Buenos Aires, Paranaguá (Paraná) and São Francisco (Santa Catarina), as well as to border towns, where it connects to bonded warehouses in Argentina, Paraguay, Chile and Uruguay.

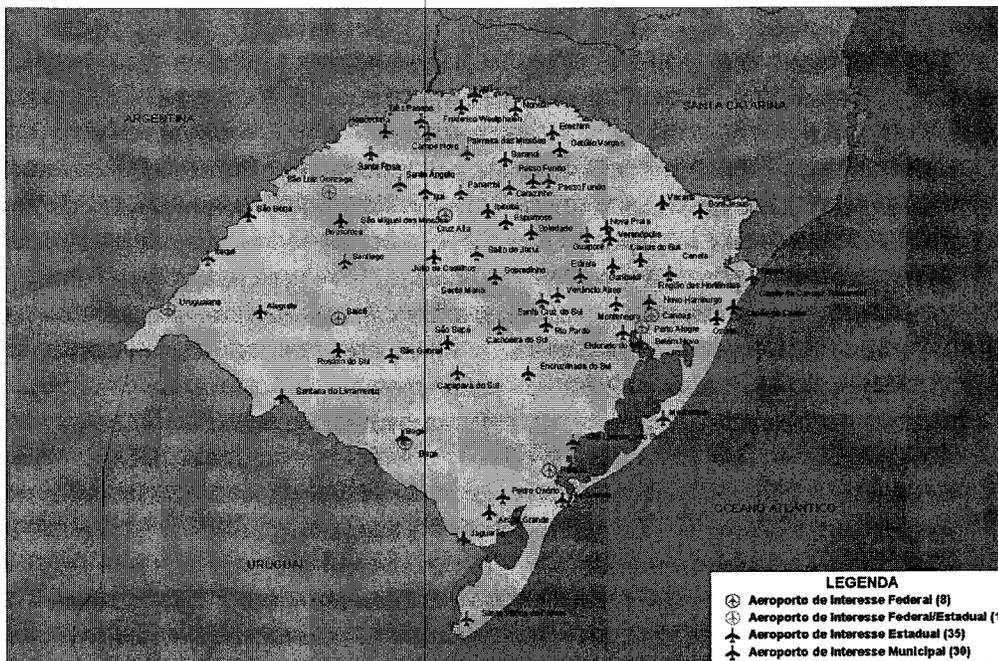
Local authorities have also long considered taking advantage of the state's extensive waterways. Rio Grande do Sul is formed by two hydrographic basins and has one of the most important Brazilian waterway systems. Most recently the state has been working with the Dutch



government in developing its fluvial transportation. The Southeastern basin is Brazil's most important basin in terms of ton handling.

In terms of air transportation, the state has 52 public airports, categorized as national, regional, touristic, local and complementary. Four airports – Porto Alegre, Bage, Pelotas and Uruguaiiana – are managed by INFRAERO. There are three military basis a Canoas, Santa Maria and Cacequi. Another nine airports are managed by the Department of Airports (DAP) and over 32 others by the partnership between DAP and municipalities. Between 1999 and 2007, passenger traffic for the state has increased close to 50% from 2.8 million to 4.2 million passengers per year.

Figure 1. Map of Airports, Rio Grande do Sul



The Secretaria de Infraestrutura e Logística (SEINFRA) is the entity responsible for development of transportation in Rio Grande do Sul. In 2003, SEINFRA established an airport development program known as PARGS which envisioned the modernization of air transport in the state for the 2003-2022 period focusing on increased regional connectivity, particularly as means of responding to certain emergencies (i.e. medical, major disasters), as well as promoting tourism and trade. Later, the program also included the development of air infrastructure to support increased demand anticipated as result of the 2014 Soccer World Cup. For the period 2009-2019, and based on the PARGS program objectives, the entity created PROAR/RS, an airport system modernization plan aimed at improving and integrating the state airport network consisting of airports managed by SEINFRA's Department of Airports (DAP) and other government entities from the state. The PROAR/RS program is estimated at R\$245 million, an equivalent of approximately \$120 million, and considers airport investments for the next ten years. The PROAR/RS covers 27 existing facilities and 10 new facilities throughout the



state and will result in increased service to users, improvement of the airport infrastructure, development of cargo mobility, as well as other positive social and economic impacts.

SEINFRA has requested the assistance of USTDA in funding a study that would enhance the opportunities for success of the PROAR/RS while at the same time respond to the agenda set forth by the entity for development of the state's overall transportation system. Our meetings with Infrastructure Secretary Daniel de Moraes, as well as with Airports Director Fernando Coronel and other relevant local officials indicated that the state has established the following priorities in terms of transportation system development:

- ❖ Foster the local economy by providing a platform for transport of local products such as handicraft, auto parts and metals, both to other parts of Brazil and internationally.
- ❖ Benefit from the state's strategic position within Mercosur by providing opportunities to neighboring countries such as Argentina and Uruguay for exporting cargo by sea and air.
- ❖ Create multimodal transportation systems to include air, rail, road and fluvial transportation.
- ❖ Promote increased interest in the tourism sector, considering opportunities for ecotourism, bird watching and other related activities.
- ❖ Increase regional air connectivity to areas that have been somewhat isolated thus far but which are experiencing increased passenger traffic, particularly of business travelers.
- ❖ Develop the state's airport infrastructure based on international standards of quality and safety.

The recommended study will provide SEINFRA with a roadmap for development of the airport system considering the ultimate goal of multimodality, focusing on four economic areas in the state: (1) the Center, where most of the agricultural production takes place; (2) Serra, in the Northeast, where most of the transportation equipment, metal products and machinery is produced and which represents 12-13% of the state's gross value added; (3) the Delta and Jacui and Vale do Rio do Sinos where machinery, chemical and leather industries represent almost 40% of the state's value added and; (4) the Northwest, the center for agricultural machinery and equipment production.

Another important objective is to assist Rio Grande do Sul in increasing trade both nationally and internationally. The state has a strategic location within Mercosur and believes a key for economic success is to increase integration with South American countries such as Argentina, Uruguay, Paraguay and Chile, using the state's road, air and port infrastructure to move cargo to the US, Europe and China. As such, SEINFRA is proposing a study that will consist of the following tasks:

- ❖ Develop an airport improvement program based on projected demand and the economic activities of the region
- ❖ Assess the viability of developing four key airports (Rio Grande, Caxias do Sul, Passo Fundo and Livramento) as means of fostering multimodality in the state
- ❖ Provide SEINFRA with technical advice regarding the program's objectives, vision, implementation schedule and action plan



- ❖ Assess the financial viability of the program considering potential financing sources, including private sector participation
- ❖ Develop technical specifications for air navigation equipment and promote transfer of technology
- ❖ Respond to increased demand resulting from the hosting of the 2014 Soccer World Cup

The study will cover the 27 existing airports, as well as 10 new airports currently being planned by SEINFRA. Particular attention will be given to assess the potential for multimodality at the four airports in Rio Grande, Caxias do Sul, Passo Fundo and Livramento. In addition, the selected Contractor should assist SEINFRA in preparing technical specifications for anticipated equipment, particularly as it refers to navigational aids. There are seven airports where new navigation equipment is being considered, including El Dorado do Sul, Erechim, Regiao das Hortensias, Rio Grande, Santa Rosa, Livramento and Vacaria.

Classification	Location	New Sites
National	Caxias do Sul	Vila Oliva
Regional	Passo Fundo, Rio Grande, Santa Maria, Santana do Livramento e Vacaria	Santana do Livramento e Vacaria
Metropolitan	Eldorado do Sul	
Tourist	Capao da Canoa/Tramandai, Regiao das Hortensias, Santo Angelo e Torres	Capao da Canoa/Tramandai e Regiao das Hortensias
Local	Alegrete Novo, Cachoeira do Sul, Erechin, Horizontina, Ijuí, Novo Hamburgo, Santa Cruz do Sul, Santa Rosa, Sao Borja	Novo Hamburgo
Complementary	Belém Novo, Caçapava do Sul, Campo Novo, Carazinho, Guaporé, Itaqui, Jaguarão, Mostardas, Nova Jacuí, Palmeira das Missões, Panambi, Santa Vitória do Palmar, Santiago, São Gabriel, São Lourenço do Sul e São Miguel das Missões.	Panambi e São Miguel das Missões

PROJECT SPONSOR CAPABILITIES AND COMMITMENT

SEINFRA is the entity responsible for infrastructure and logistics development in Rio Grande do Sul. Through the Department of Airports (DAP), the entity manages nine airports in the state and oversees close to 30 other airports throughout the region which are managed by the municipalities. SEINFRA has the following responsibilities:

- ❖ Development of policies, plans, programs and projects related to logistics, transport, energy, mining and communications
- ❖ Identification of the current and future demands in terms of logistics to promote national and international integration
- ❖ Regulation and management of the state's logistic infrastructure programs
- ❖ Development of projects, studies and initiatives that foster infrastructure development



- ❖ Management of technical cooperation programs with national and international institutions
- ❖ Provision and oversight of concessions

Within SEINFRA, the DAP has the following authorities:

- ❖ Plan and execute, when approved, the state's air transportation policies
- ❖ Plan and build new airports and other relevant facilities
- ❖ Foster interagency involvement as means of transferring of technology and human capacity building for benefit of the air transport sector
- ❖ Update equipment and legal documents needed for implementation of airport projects
- ❖ Develop and implement projects aimed at enhancing the level of service at state airports
- ❖ Provide management and technical assistance to municipalities in charge of regional airports

SEINFRA has demonstrated its commitment to develop its airport system by setting the PROAR/RS program which will improve close to 30 existing facilities and consider the construction of another 10 new airports. During 2008, SEINFRA invested close to R\$8 million at seven of its airports, most significantly in Rio Grande, Vacaria and Caixas do Sul. It is anticipated that close to another R\$20 million will be invested throughout 2009 among a number of airports including Erechim, Vacaria and Passo Fundo. A total of R\$245 million in investments are considered by 2019 with over R\$50 million invested by 2011.

Our meetings with the staff of DAP and SEINFRA indicated that the agency is extremely capable of conducting this Project and has a high level of enthusiasm in the initiative. DAP has a technical team which will benefit from the technical consultations program and who have been working in developing the projects under the PROAR/RS. Moreover, there is a well coordinated effort among SEINFRA and other relevant organizations including the Secretaria do Planejamento e Gestão (SEPLAG) and the privatizations unit to conduct the program. We anticipate that the study will need to be coordinated with these agencies as they will also play an important role in the implementation of the study recommendations.

IMPLEMENTATION FINANCING

KED anticipates that the financing of the activities recommended by the study will come from funds currently available to the PROAR/RS program which are estimated at R\$245 million. Some important sources include the Programa Federal de Auxilio a Aeroportos (PROFAA) which is managed by the civil aviation (ANAC), EMAER-32 and CIDE. Additionally, SEINFRA has requested that this study considers the use of privatization, concession and public-private partnerships as means of engaging the private sector in airport infrastructure modernization. As noted earlier, SEINFRA and the DAP have been working closely with SEPLAG's PPP and Funding Office and are extremely interested in assessing the level of interest of private sector financiers. As the study moves forward, this could be a good opportunity for US involvement as well.

PROFAA was created in 1992 through Law 8399 and establishes that 20% of the funds collected by ANAC/ATAERO should be provided to state and regional entities for investment in



airport infrastructure of those facilities not managed by INFRAERO. Last year, PROFAA had a budget of R\$108 million, out of which over R\$50million were invested in improvements while the balance was used for new airport construction. PROFAA requires that the state provides a 30% matching of funds and that all projects are approved under local environmental regulations. Close to R\$120 are scheduled for expenditures during year 2009. Additional funds are also available from the EMAER-32 program which allocates aeronautical fees to airport development projects and requires a 30% matching funds from the state as well. Other programs that are being considered for project financing include:

- Contribuição de Intervenção no Domínio Econômico (CIDE): CIDE was created in 2001 and collects taxes over the import and trade of oil and derivatives; natural gas and derivatives and ethyl alcohol. It is estimated that collections surpass the R\$10 billion per year¹.
- Funds from the Ministry of Tourism
- State and municipal budget funds

In terms of equipment, particularly air navigation equipment, SEINFRA may obtain supplier credits or work with export agencies such as the US Ex-Im Bank. We made contact with bank representatives and they have indicated that this source of financing could be available for certain equipment, particularly considering the size of the program. Ex-Im Bank provides medium-term credit and export guarantees at competitive rates.

There are also additional sources of external financing in the case that these would be necessary. Among them are development banks such as BNDES or the Inter-American Development Bank as well as commercial institutions such as Itau. We do not anticipate, however, that a significant portion of the Project will be financed through these sources.

US EXPORT POTENTIAL

While in-country, the KED Team conducted an assessment of the US export potential for this project taking into consideration past procurement practices of SEINFRA, the existing technologies and its compatibility with US products and the type of equipment needed as a result of program implementation. One of the issues of interest for the agency was to ensure that a good portion of the existing facilities have adequate navigation equipment and are able to operate at night. At this time, it is anticipated that at least seven airports require new navigation equipment including Erechim, Santa Rosa, Livramento and Vacaria, some of the airports that will be targeted in the near term (2009-2011). The PROAR/RS also considers equipage of 16 airports to provide night operations, which will require not only navigation equipment, but also runway lighting. Some US companies that are extremely competitive in this area include DME, Universal Panoramics, Siemens, and Flight Light. We estimate that improvements at these airports alone could exceed US\$20 million in exports.

Consideration was also given to equipment required for the 10 new airports being considered at this time, including a new cargo terminal at Caixas do Sul, one of the four proposed multimodal nodes. Table 1 shows the potential exports for new facilities while Table 2 shows potential

¹ Fundacion de Desarrollo Administrativo (FUNDAP)



exports at existing facilities. The exports considered cover the ten year period of the PROAR program. Total program cost exceeds US\$110 million.

Another issue of importance was the procurement of CFR vehicles. At the time of our meetings, SEINFRA was in the process of procuring some of this equipment unsuccessfully and it seems to be a good demand, but then yet not qualified vendors to provide the vehicles. The US is competitive in this area and we believe that a project sponsored by USTDA could promote the interest of US companies in Rio Grande do Sul's aviation sector.

Table 1. US Export Potential – PROAR/RS: New Airports

ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	TOTAL COST
PAX TERMINAL				
Automated Baggage Handling Systems	LS	8	\$350,000	\$2,800,000
Security Screening Devices (does not include EDS)	EACH	10	\$250,000	\$2,500,000
IT and Communication Equipment - Terminal	LS	10	\$130,000	\$1,300,000
Flight Information Display Systems	LS	10	\$200,000	\$2,000,000
Ground Handling Equipment	LS	10	\$245,000	\$2,450,000
Subtotal				\$11,050,000
CARGO TERMINAL (AT CAXIAS DO SUL)				
Refrigeration Equipment	LS	1	\$150,000	\$150,000
Cargo Handling Equipment	LS	1	\$225,000	\$225,000
IT System for Cargo Control	LS	1	\$250,000	\$250,000
Subtotal				\$625,000
CRASH FIRE RESCUE EQUIPMENT				
Large Trucks (National and Regional Airports)	EACH	8	\$450,000	\$3,600,000
Medium Size Trucks	EACH	10	\$360,000	\$3,600,000
Rapid Intervention Vehicle	EACH	10	\$240,000	\$2,400,000
Water Tender	EACH	10	\$180,000	\$1,800,000
Support Vehicles	EACH	20	\$50,000	\$1,000,000
Subtotal				\$12,400,000
FUEL DISTRIBUTION EQUIPMENT				
Aircraft Fueling Trucks	EACH	10	\$230,000	\$2,300,000
Subtotal				\$2,300,000
IFR EQUIPMENT				
Runway Lights System	EACH	10	\$750,000	\$7,500,000
NAVAIDS, PAPI, REILS, VHF Radios	EACH	10	\$1,000,000	\$10,000,000
GPS, Next Gen Equipment (At Caxias do Sul)	EACH	1	\$1,000,000	\$1,000,000
Weather Observation Systems	EACH	10	\$500,000	\$5,000,000
Subtotal				\$23,500,000



Table 2. US Export Potential – PROAR/RS: Modernization of Existing Airport

ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	TOTAL COST
IFR EQUIPMENT (7) NIGHT VFR AIRPORTS (16)				
Runway Lights System	EACH	23	\$750,000	\$17,250,000
NAVAIDS, PAPI, REILS, VHF Radios	EACH	7	\$1,000,000	\$7,000,000
Weather Observation Systems	EACH	7	\$500,000	\$3,500,000
Subtotal				\$27,750,000
CRASH FIRE RESCUE EQUIPMENT (4)				
Medium Size Trucks	EACH	4	\$360,000	\$1,440,000
Rapid Intervention Vehicle	EACH	4	\$240,000	\$960,000
Water Tender	EACH	4	\$180,000	\$720,000
Support Vehicles	EACH	8	\$50,000	\$400,000
Subtotal				\$3,520,000
FUEL DISTRIBUTION EQUIPMENT				
Aircraft Fueling Trucks	EACH	4	\$230,000	\$920,000

Total Potential US Exports

US\$82,065,000

KED Group has contacted several potential US exports in the areas above to discuss their interest in the project, past experience in the market and product availability. The results of these communications are presented under Annex A of the Report.

It is important to note that for the most part, the response of US suppliers, manufacturers and service providers was positive and enthusiastic. Among others, our list of contacts included representatives from Honeywell, Atlantic Jet Support, Oshkosh, etc. At the same time our conversations with members of SEINFRA indicate that they are interested in using US suppliers and consider US products of high quality. We anticipate that there are opportunities for US companies and that US products are competitive in terms of quality and price. Among the US suppliers contacted, those that had previous experience in Brazil had good experiences in the country, but few of them reported having worked in the region.

FOREIGN COMPETITION AND MARKET ENTRY ISSUES

Overall, the proposed program focuses on products where the US is extremely competitive – navigation equipment, emergency vehicles, security, among others. There are some areas where competition may be expected, including competition from a well developed Brazilian market. There is a growing interest from local companies in the aeronautics sector as Embraer becomes a global player. Companies such as HTA which manufactures avionics are gaining recognition in the market. HTA employs over 100 people and has contracts for export of products for over \$30 million. Other local suppliers include Alltec, which provides composite parts and thermoplastics; Esra which provides ground equipment maintenance and repair and landing gear; Inbra Aerospace; Avionics Services; among others. There is also competition from Finnish, Spanish, French and German firms.



In terms of navigational aids, we believe the US is very competitive and can offer Rio Grande do Sul some innovative and sound products and we believe that the SEINFRA has demonstrated its interest and commitment to work with US suppliers. As noted earlier, in the area of emergency vehicles and equipment, our conversations with SEINFRA indicated that US manufacturers/suppliers have not been active in bidding processes. However, the specifications presented to us indicate that there will be good opportunities for US products if US companies pursue the market.

DEVELOPMENTAL IMPACT

Part of USTDA's mission is to ensure the advancement of economic development for the Grantee and the Host Country. With this goal in mind, KED has anticipated that the projects and activities resulting from the proposed study will have a significant impact on human capacity building, technology transfer and productivity improvement as follows:

Human Capacity Building: This project will foster human capacity building through training and technical consultations provided to SEINFRA staff. Part of the study will be dedicated to assist the technical staff of the entity and we anticipate that a minimum of five individuals will benefit from this training. In addition, as projects from the PROAR/RS are implemented, new job opportunities will be created in the areas of baggage and cargo handling, security screening, passenger ticketing and servicing, air traffic controllers, etc. We estimate that between 400-500 new individuals will be needed at the proposed new facilities.

Technology Transfer and Productivity Improvement: Rio Grande do Sul has several existing facilities such as Caixas do Sul which we visited during our mission and which are in great need for modernization and improvement. Our visit to Caixas do Sul and conversations held with the staff from SEINFRA indicate that at many airports, for instance, there are no night operations due to lack of navigational instruments. In the case of the particular airport we visited in Caixas do Sul, a serious challenge was the lack of appropriate air navigation instruments for low visibility conditions and given the location of the airport and the runway, the need for implementing some new and modern technologies such as LAAS to allow curved path approaches. Other problems that were identified at this facility and are of importance for the region include the need for more secured operations (based on international standards) and the equipment and technologies for increased operations. Many airports lack or need additional CFR vehicles as well. It is important to note that all these issues will ultimately translate in increased security for users. Some transfer of technology and productivity improvements that we anticipate from this project include:

- ❖ Increased security in accordance to TSA, FAA and ICAO standards
- ❖ Implementation of air navigation technologies
- ❖ Increased number of safe operations at night and improvement of operations during the day

Market-Oriented Reforms: This project will encourage the development of Rio Grande do Sul's airport sector at the regional level. While Brazil is one of the largest and most populated countries in the world and has one of the world's largest domestic aviation markets, the country's air connectivity is lower than other countries in Latin America such as Argentina and



Chile. In part, it is because of this lack of air connectivity, especially at the regional level, that Brazil has seen during the last decade a significant increase in regional, low cost carriers such as Gol which now dominate the market. In Rio Grande do Sul airlines such as Oceanair and NHT have acknowledged the increasing demand and are now providing service to Uruguaina, Passo Fundo, Erechim and other rural airports from key facilities such as Porto Alegre and Curitiba. At the time of our visit, a new airline, Sol, was also initiating operations in the region. The initiative proposed by Rio Grande do Sul by the PROAR/RS program is aimed in part at enhancing regional connectivity and promote economic growth of sectors such as tourism, agriculture and manufacturing.

Infrastructure: The proposed Project will have an important impact of Rio Grande do Sul's transportation infrastructure. We anticipate that the Project will translate into modernization and improvement projects in close to 27 airports and possibly the construction of a few new facilities. Additionally, SEINFRA has made it a priority to develop multimodal systems in the state and this Project will support such initiative which would ultimately translate into improvements at ports, roadways and railways.

IMPACT ON THE ENVIRONMENT

KED does not anticipate that the implementation of the programs resulting from the proposed study will have significant negative impacts on the environment. However, there are some areas that need to be analyzed as part of the program including increased noise and air quality due to a larger number of operations at the airports or to the construction of new facilities. The proposed study includes an environmental review and we anticipate the Contractor to provide recommendations for minimizing and mitigating any negative impacts. Further, Brazil has a well established environmental policy and any projects resulting from PROAR will have to comply with local regulations, particularly if any of these projects are funded through PROFAA or other similar funds.

Some positive impacts on the environment which are anticipated from the study include:

- Improvement of waste and contaminating substance management, including airplane waste areas, recycling glycol, jet fuel and diesel.
- Improvement in the management of disposable materials such as metals, boxes, and small equipment.

IMPACT ON US LABOR

It is KED's opinion that the Project will not cause any dislocation of US jobs. It is not expected to provide any incentive to induce a business enterprise currently located in the US to relocate in Brazil or another foreign country; contribute to the violation of internationally recognized workers' rights; or contribute to the production of any commodity that is in surplus in the global markets.

In fact, we believe that this project could have a positive impact by opening opportunities to US suppliers of baggage and ground handling equipment, IT systems, nav aids, etc.



QUALIFICATIONS

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

Technical Experience – Airport Planning (35 points): Firm and team's experience (including detailed resumes) in aviation planning including previous experience in development of regional, national and international airports; past experience in state or regional air transport development programs and; experience in airport planning and design. Knowledge and familiarity with ICAO, FAA and TSA regulations.

Technical Experience – Multimodal Transportation (15 points): Firm and team's experience (including detailed resumes) in planning of multimodal systems, including the implementation of regional cargo projects.

Financial Experience (15 points): Firm and team's experience in project financing, cost estimating, and development of capital investment programs for airport and infrastructure projects. Specific experience with the identification of financing mechanisms, project financing and experience structuring finance for projects in Brazil and Latin American markets. Previous experience in airport concession and privatization.

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.

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

JUSTIFICATION

As noted above, the proposed study will be of utmost important for the future success of SEINFRA's PROAR/RS program. It is extremely important that SEINFRA takes early action in increasing regional connectivity by providing an infrastructure that would allow new airlines to enter the market. Regional connectivity is important in the state as means of fostering trade in a highly diversified economy, allowing Rio Grande do Sul to consolidate its position as one of the economic driving forces in the country and in Mercosur, and responding to future demand resulting from the 2014 Soccer World Cup.

It is KED's belief that this Project will provide SEINFRA with the recommendations needed in order to establish an adequate airport infrastructure development program, as well as to increase its efficiency through improved and safer air operations. This Project will provide the foundation for sustainable long-term growth and allow SEINFRA to not only respond to future demand (both in terms of passenger and cargo) and improve its standards of service and level of quality, but also to foster a coordinated effort to develop a solid transportation network through multimodal systems.



It is important to note that SEINFRA has not only the capacity to implement the results of the Project, but it has also demonstrated that it places a high priority on the PROAR/RS program. The entity has been working in developing its airport network and has already invested R\$8 million just last year. At the same time, our conversations with Infrastructure Secretary Daniel Andrade de Moraes indicate that the SEINFRA is working in a well-coordinated manner to develop a statewide transportation network which will not only enhance air transportation, but also port, rail and road transport. The entity's vision is that the development of its transportation system will have a significant impact in the state's economy, allowing state products to reach other parts of Brazil and overseas, as well as positioning the state as an international gateway for Mercosur member countries.

In terms of US exports, the proposed Project is a comprehensive program which will focus on the export of US air navigation and airport equipment, areas where the US is extremely competitive. We anticipate that the implementation of the results of the Project would result in over US\$80 million in exports. Companies such as Siemens, Honeywell, Atlantic Jet Systems, Emergency One and Oshkosh are well-positioned in the market and we believe this Project would be a good opportunity for companies to enter one of the largest aviation markets in the world. The Project has secured funding from state and federal funds, including PROFAA and EMBRAR-32. PROFAA alone has a budget of over R\$100 million per year, which have in many occasions not even been reached.

TERMS OF REFERENCE

Program Objective

USTDA has received a request from the Secretaria de Infraestrutura e Logística (SEINFRA) from Rio Grande do Sul, Brazil, to prepare an airport system development program (PROAR/RS) aimed at improving and integrating the state airport network consisting of airports managed by SEINFRA's Airport Department and other government entities from the state. The PROAR/RS program is estimated at R\$245 million, an equivalent of approximately \$120 million, and considers airport investments for the period 2009-2019. It is anticipated that the development of the state's airport system will result in increased service to users, improvement of the airport infrastructure, development of cargo mobility, as well as other positive social and economic impacts.

As part of the technical assistance, the Grantee (SEINFRA) will provide the Contractor with the studies that have been undertaken by the entity thus far and which will serve as the basis for the development of the airport improvement program. The technical assistance will also provide SEINFRA with a clear roadmap for the modernization its airports, placing particular emphasis in the state's important role in the transport of cargo moving from neighboring countries to international destinations and the increased interest of state authorities in developing multimodal transportation systems in the region. The objectives of the program include:

- Develop an airport improvement program based on projected demand and the economic activities of the region



- Assess the viability of developing certain key airports as means of fostering multimodality in the state
- Provide SEINFRA with technical advice regarding the program's objectives, vision, implementation schedule and action plan
- Assess the financial viability of the program considering potential financing sources, including private sector participation
- Develop technical specifications for air navigation equipment and promote transfer of technology

Task 1 – Project Kick-Off and Review of Existing Information

Immediately upon the start of the project, the Contractor shall review the PROAR/RS Program that will be provided by SEINFRA, as well as any information provided by the entity regarding implementation of the program to date, the program's timeline and the variance comparing planned cost levels with actual costs. Of particular importance will be the revision of Airport Operations Manual, IAC 139-1001.

In addition, the Contractor shall collect, review and analyze information related to previous airport development activities at Rio Grande do Sul. This task shall start with the collection of data and development of a facility inventory for the state's airport network. Data collection shall cover but not be limited to the following:

- Existing airport master plans, feasibility and other related studies for the airports in the region;
- Existing infrastructure and facilities;
- Historical air traffic data;
- Legal, institutional or policy information that might affect the airport development program;
- Status of on-going and short-term airport development projects;
- Private investment strategies, including existing and potential public participation alternatives;
- Schedule of airport rates and charges and financial statements and projections;
- Relevant national, tourism and industry development plans and growth projections; and
- Regional macroeconomic data that may have an impact in air transport activities.

As part of Task 1, the Contractor shall travel to Porto Alegre, Brazil, to conduct a project kickoff meeting and provide the Grantee with an initial presentation of its assessment of the program. During this initial meeting, the Contractor and the Grantee will discuss and review the project schedule, methodology, and action plan. The methodology proposed by the Contractor shall be as detailed as possible, including phases for development, growth scenarios and project activities.



Task 2 – Preparation of Air Traffic Forecasts for the Airport System

The Contractor shall review existing forecasts and actual traffic statistics for the last 5 years, including those developed by the technical staff of SEINFRA. In addition, the Contractor shall interview key airlines operating in the region, including, but not limited to, NHT and TAM to discuss their plans and prospects for future operations.

Based on the information above, the Contractor shall prepare revised annual forecasts for domestic and international passengers and air cargo over a fifteen-year period. The methodology used to develop all forecasts shall be documented in Deliverable #1 of the Study. Detailed forecasts will be prepared for the following four airports: Rio Grande, Caxias do Sul, Passo Fundo and Ijuí.

Deliverable #1: The Contractor shall present a Report in Portuguese containing at the minimum; (a) initial findings and recommendations regarding the PROAR program in terms of the program's objective and vision; (b) an action plan for the project based on the results of information and data gathered and; (c) the air traffic forecasts.

Task 3 – Consideration of Multimodal Node Development

The Contractor shall utilize the results of the previous tasks to assess the viability of establishing multimodal nodes and the following four locations: Rio Grande, Caxias do Sul, Passo Fundo and Livramento. As part of this task, the Contractor shall consider the availability of other modes of transportation including ports, railways, roadways, and fluvial transportation and shall review a recently completed fluvial transportation assessment conducted by the Dutch Government. The Contractor shall assess the demand for transportation of cargo both at the regional and international levels. This analysis shall include the review of demand resulting from neighboring countries such as Argentina and Paraguay for cargo moving through Rio Grande do Sul to international destinations. It shall also include the demand for moving cargo from the state into other areas of the country.

Based on this analysis, the Contractor will provide recommendations for developing certain airports as means of promoting multimodal transportation in the state, considering particularly the export of key products in the region including handcrafts, auto parts, and agricultural products. These recommendations shall be in line with those of existing infrastructure and the proposed developments recommended by the Dutch Government study.

The Contractor will also include, as part of its analysis, an assessment of the infrastructure needs at the recommended multimodal nodes and will provide general recommendations for future infrastructure development.

Deliverable #2: The Contractor shall present a Report in Portuguese containing recommendations for developing one or more multimodal nodes, prioritizing development of these airports as key facilities in the airport improvement program.



Task 4 – Technical Consultation #1

The Contractor shall travel to Brazil for a period of eight working days in order to gather additional data for subsequent tasks and to provide five days of technical consultations to the Grantee. The first technical consultation will focus on the following issues:

- Development of Cargo Terminals
- Air Cargo Management

During the technical consultation, the Contractor shall work closely with the Grantee in reviewing, discussing and developing strategies, action plans and implementation policies for the PROAR program in regards to the two issues above. The discussions will consider among others:

- The technical and financial decision criteria for establishing cargo terminals or specialized cargo facilities (i.e. perishables, medical, etc.) at existing and new airports
- The potential/anticipated demand for air cargo at selected airports, including those being considered for multimodality
- The benefits provided to users such as decreased travel times, reduced costs, increased quality
- The impact of the new facilities in the state's economy and key productive sectors
- The investments and costs (capital, operations, maintenance) associated with implementation
- Any specific equipment, procedures, policies and operational issues related to the new facilities
- Framework for project implementation and program management, training and development issues as they relate to air cargo
- International standards and best practices for air cargo infrastructure and air cargo management
- Any other related issues that may be relevant by SEINFRA at the time of the meeting in regards to development of cargo terminals and air cargo management

During the technical consultation meeting, the Contractor shall present recommendations and viable options regarding the topics discussed. The result of the technical consultation shall be a report containing the most feasible solutions and clear, concrete recommendations for implementation of air cargo infrastructure projects in the state, as well as for enhancing air cargo management operations. Any recommendations provided by the Contractor shall be in line with the PROAR program objectives and the results of Tasks 1-3 above, including the multimodal node analysis.

Deliverable #3: The Contractor shall present a Report in Portuguese containing a list of topics and issues discussed during the technical assistance meeting and providing final recommendations to the Grantee with respect to the implementation of air cargo projects, as well as with recommendations for overall air cargo management.



Task 5 – Development of a Strategic Airport Improvement Program

The Contractor shall build up from the efforts above to develop a ten-year strategic airport improvement program for the state, considering projected demand, the integration with other modes of transportation, the economic activities of the region, and other variables that may be of importance. This strategic plan shall provide the Grantee with a clear roadmap for future development of the regional airport system.

As part of this task, the Contractor shall develop order of magnitude cost estimates, including engineering costs and capital construction and equipment costs for each airport and for each phase of development in five year intervals. The cost estimates will be based on the Contractor's knowledge of the local market and costs provided by SEINFRA's technical staff. The order of magnitude cost estimates will be used by the Contractor in order to determine the Project's overall implementation cost and funding needs.

The Contractor shall also recommend, based on demand and costs, a schedule for implementation of the recommended improvements.

Task 6 – Technical Specifications

The Contractor shall develop technical specifications at the conceptual planning level for equipment, materials, services and technologies for the first ten years of the proposed airport development program (Task 5). The technical specifications should clearly define the responsibilities of the Design Engineer, the Contractor, and any other parties involved in project implementation, as well as the scope of work for each trade, the deliverables for each piece of equipment, including but not limited to training, operation and maintenance documentation required at each site. The Contractor shall develop technical specifications with the ultimate goal of providing commonality in the use of materials, equipment and technologies among the different facilities, thus striving for decreased maintenance and operations costs.

The technical specifications shall be compliant with the regulations and policies of the State of Rio Grande do Sul and will reflect an investment schedule in a manner that is consistent with the Grantee's investment plans and policies. The Contractor shall provide, along with the technical specifications, a procurement strategy and schedule for the facilities, equipment and services that are to be acquired during program implementation.

The Contractor shall, as part of this process, identify and recommend the most adequate and feasible financing arrangements such as US Export-Import Bank, supplier credits, and bank financing through Brazilian commercial and development institutions as detailed on the subsequent Task 8.

Deliverable #4: The Contractor shall present a Report in Portuguese containing the 10-year strategic airport improvement program, including a recommended implementation schedule and schedule of costs and; the technical specifications and the procurement strategy, schedule and costs for all equipment, services and technologies included in the program.



Task 7 – Technical Consultation #2

The Contractor shall travel to Brazil for a period of eight working days in order to gather additional data for subsequent tasks and to provide six days of technical consultations to the Grantee. This second technical consultation will focus on the following issues:

- Development of an Airports Operation Manual
- New airport technologies, in particular with relation to navigational aids, security and flight support
- Implementation of public-private partnerships (PPPs)

During the technical consultation, the Contractor shall work closely with the Grantee in reviewing, discussing and developing strategies, action plans and implementation policies for the PROAR program in regards to the three issues above.

The Contractor shall:

- Discuss with the Grantee the development of a format airport operations manual that may be used statewide. The Contractor shall develop an outline of the proposed manual and provide recommendations for best practices based on US requirements (those of FAA and TSA) and international standards (such as ICAO). The results of these discussions shall provide the Grantee with a clear understanding of key issues or practices that would be needed in order to enhance current airports operations, particularly in relation to security, terminal access, vehicle and aircraft movement, environmental procedures (noise abatement, fueling), scheduling, cargo and baggage handling and response to emergencies.
- Present, discuss and recommend new innovative technologies that promote flight operation safety, including navigational aids for night operations, security systems, communications and surveillance systems, baggage/cargo screening, etc.
- Discuss and evaluate the adequacy of public-private partnerships for airport infrastructure development and operation. The Contractor shall provide the Grantee with an overview of at least three case studies in which PPPs have been implemented in similar airports and discuss the success of these initiatives. The Contractor shall develop and present to the Grantee a list (including contact information) of potential private sector financiers from the US. The Contractor shall provide recommendations regarding suitable options for promoting private sector investment.

During the technical consultation meeting, the Contractor shall present recommendations and viable options regarding the topics discussed. The result of the technical consultation shall be a report containing the most feasible solutions and clear, concrete recommendations for development of an airports operation manual, as well as for implementation of certain key technologies that would foster safe and secure operations at key facilities in the state. The report shall also contain recommendations regarding the suitability of PPPs. Any recommendations provided by the Contractor shall be in line with the PROAR program objectives and the results of Tasks 1-6 above.



Deliverable #5: The Contractor shall present a Report in Portuguese containing a list of topics and issues discussed during the technical assistance meeting and providing final recommendations to the Grantee with respect to the topics discussed as detailed above.

Task 8 – Financial Viability Assessment and Program Financing

The Contractor shall conduct a financial analysis aimed at establishing the financial feasibility of the proposed airport improvement program. This financial analysis shall illustrate the anticipated cash flows of the airport system, including the revenues resulting from projected passenger and cargo demand, as well as capital and equipment costs obtained from Task 6. The financial analysis shall be conducted in such a way that each airport can be disaggregated as a separate project to be examined as a possible candidate for some form of private sector participation, including, but not limited to, concessioning or privatization.

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.

The financial plan shall summarize the financial analysis and recommend a plan for financing the required development through SEINFRA funds or through additional sources, including multilaterals, and the private sector. The Contractor shall assess the viability of obtaining financing through supplier credits, the US Ex-Im Bank, multilateral financing (i.e. World Bank, Inter-American Development Bank) and financing through regional development institutions such as BNDES. The Contractor shall approach key institutions to assess their level of interest and make recommendations for financing of the proposed airport improvement program.

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 concession. If adequate, recommendations shall be made in regard to the strategy to be followed. The Contractor will develop one workshop to provide the PPP and Funding Department staff with 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 and design an appropriate communications strategy.

Task 9 – Preliminary Environmental Assessment

The Contractor shall perform a general review of the recommended projects' environmental impacts consistent with local requirements from the SEMA (Secretaria de Meio Ambiente do Rio Grande do Sul). The Contractor, shall, to the extent possible, follow World Bank environmental assessment guidelines and provide, at the minimum, an environmental review that may allow the Grantee to approach international financiers. 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 implementation stage. The environmental impact analysis shall consider key issues such as sewerage treatment plants, solid waste disposal procedures, noise, land use and zoning requirements, air



and water quality, etc. The Contractor shall review any existing environmental improvement plans/programs for the airport system and made recommendations to control, mitigate and minimize any environmental issues, including the approximate cost of such activities.

Task 10 – Developmental Impact Assessment

The Contractor shall report on the potential development impacts for the Project in the Host Country, Brazil. 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.

Task 11: US Suppliers

The Contractor shall identify the potential value of US exports of equipment and services and prepare a US supplier list which shall outline potential US sources for procurement of goods and services for carrying out the services required to implement the development plan at Rio Grande do Sul. The list shall include company name, contact information, contact person and a general description of products and services that may be procured.

Deliverable #6: The Contractor shall present a Report in Portuguese containing: the financial plan and potential financing sources, including financing terms and conditions, application processes, and level of interest; a conclusion on the financial viability of the recommended



program, including the viability of private sector participation; environmental and developmental review and; potential US sources of supply.

Task 12: Final Report and Executive Presentation

The Contractor shall prepare and provide a comprehensive Final Report for submission to the Grantee (SEINFRA) and to USTDA, which shall contain the key findings, recommendations, and conclusions of the study, and shall incorporate all other documents and/or reports provided pursuant to Tasks 1 through 11 above. The Contractor shall ensure that the Final Report is submitted in accordance with Clause I of Annex II of the Grant Agreement. The Final Report shall be a substantive and comprehensive report of work performed to carry out all of the tasks set forth in the Terms of Reference and shall include, among other things, an Executive Summary and all deliverables. Each task of the Terms of Reference shall form a separate chapter of the Final Report.

The Final Report shall also include a comprehensive list of suppliers, including potential sources of US equipment and services, relevant to the implementation of each component of the Projects as outlined in the Study.

The Contractor shall submit four (4) copies of the Final Report in Portuguese and one (1) 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 shall be provided electronically in Microsoft Office format.

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.



Definitional Mission: Airport Modernization and Aviation Integration in Brazil

PROJECT BUDGET

TASK	LABOR IN PERSON DAYS												LABOR RECAP BY TASK			
	TASK DESCRIPTIONS DISCIPLINE	TASK NAME	Program Manager	Aviation Market Specialist	Demand Specialist	Environmental Engineer	Economist	Financial Analyst	Transportation Engineer	Airport Planner	Project Coordinator	TOTAL DAYS	LABOR COST	TOTAL DAYS	LABOR COST	
1		Kick-off Meeting and Review of Existing Information	7	5	5	5	3	5	7	8	8	53	\$56,490			
2		Preparation of Air Traffic Forecasts	5	5	18	2	3		3	5	5	46	\$49,450			
3		Consideration of Multimodal Development	7	5	8	5	7		15	10	5	54	\$59,750			
4		Technical Consultation #1	8	8	8				8	8	5	45	\$48,800			
5		Development of Strategic Airport Improvement Program	10	10	10	6	5		10	20	5	66	\$74,250			
6		Technical Specifications	5	10		5			10	15	15	68	\$69,800			
7		Technical Consultation #2	8			5				11						
8		Financial Viability and Program Financing	5	4			10				5	39	\$43,800			
9		Preliminary Environmental Assessment	3			12				5	5	25	\$26,500			
10		Developmental Impact Assessment	2	3	2	2	4	3	3	4	2	25	\$27,960			
11		Identification of US Suppliers	2	5				2	5	5	10	29	\$26,800			
12		Briefing and Final Report	5	5	3	2	3	5	7	7	10	47	\$48,150			
LABOR IN PERSON DAYS			67	60	46	44	35	50	58	98	75	533			\$529,750	
LABOR INCLUDING OVERHEAD & GENERAL ADMINISTRATIVE																
Daily Rate*			\$1,300	\$1,100	\$1,100	\$1,100	\$1,250	\$1,200	\$1,100	\$1,200	\$480	TOTAL LABOR	\$573,250			
TOTAL LABOR			\$87,100	\$66,000	\$50,600	\$48,400	\$43,750	\$60,000	\$63,800	\$117,600	\$36,000	TOTAL LABOR COST	\$627,810			
Direct Cost			Number	Unit	Cost /Unit	Totals										
Airfare International			14	trips	\$1,800	\$25,200										
Lodging			116	days	\$100	\$11,600										
Ground Transportation			116	days	\$50	\$5,800										
Meals and Incidentals			116	days	\$60	\$6,960										
Phone, fax and shipping						\$5,000										
Total Travel Costs						\$54,560										



BUDGET NARRATIVE

DIRECT LABOR

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 South America, and previous experience in multimodal transportation systems. It is expected that 84 days will be required at a daily rate of \$1,300.

Aviation Market Specialist: This individual should have at least 10 years of experience working in the development of marketing strategies, investment programs and feasibility studies for aviation projects. He/she will be tasked to provide guidance in terms of potential market demand, users, cargo opportunities, etc. It is expected that 72 days will be required at a daily rate of \$1,100.

Demand Specialist: 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 55 days will be required at a daily rate of \$1,100.

Environmental Engineer: 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 52 days at a daily rate of \$1,100.

Financial Analyst: This individual should have at least 10 years of experience working as financial analyst for aviation projects. He/she will be responsible for developing a financial analysis of the proposed project and recommending a concession strategy, if feasible. Experience working in international projects is highly advisable. It is expected that 50 days will be required at a daily rate of \$1,200.

Economist: This individual should have at least 8 years of experience working as economist for aviation projects. He/she will be responsible for assessing the impact of the airport development program in the region, focusing on trade and job creation. He/she should have a good understanding of the regional economy. It is expected that 46 days will be required at a daily rate of \$1,250.

Airport Planner: This individual 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 the improvement program. The Airport Planner will assist other team members in the preparation of investment costs and in the development of a concession strategy. It is expected that 104 will be required at a daily rate of \$1,200.



Transportation Engineer: This individual should have at least 8 years of experience in the planning and design of multimodal transportation projects. He/she will be responsible for conducting an evaluation of the four airports being considered for multimodality and provide recommendations as to the feasibility and extent to which these facilities should be developed. It is expected that 65 days will be required at a daily rate of \$1,100.

Project Coordinator: The Project Coordinator will provide administrative support for all other personnel. It is expected that 85 days will be required at a daily rate of \$480.

TRAVEL SUMMARY

1. *The Project Manager, Demand Specialist, Transportation Engineer and the 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: \$1,800 X 4 people = \$7,200

Lodging and Per Diem: \$160 X 7 days X 4 people = \$4,480

Ground Transportation: \$50 X 7 days X 4 people = \$1,400

2. *It is anticipated that the team will take two (2) trips for technical consultations. During these trips, the team will also conduct any project-related activities that may be necessary for tasks 5 to 10. The Project Manager and two specialists will travel for each technical consultation meeting. The two specialists will be selected by the Grantee and notified in advance (two weeks prior every meeting) to the Contractor according to the agenda to be covered as part of the technical consultations. Each trip will be for a period of 8 working days (10 days including travel). At the minimum one full week will be used for technical consultations only.*

Ten (10) days of travel time will be required for each individual for each trip:

Roundtrip Airfare: \$1,800 X 3 people = \$5,400

Lodging and Per Diem: \$160 X 10 days X 3 people = \$4,800

Ground Transportation: \$50 X 10 days X 3 people = \$1,500

Total for three (3) trips = \$35,100

3. *The Project Manager, Financial Analyst, Transportation Engineer and the Airport Planner will be required to travel to the host country for Task 11, Final Report Briefing*

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

Roundtrip Airfare: \$1,800 X 4 people = \$7,200

Lodging and Per Diem: \$160 X 7 days X 4 people = \$4,480

Ground Transportation: \$50 X 7 days X 4 people = \$1,400



Definitional Mission: Airport Modernization and Aviation Integration in Brazil

ANNEX A: LIST OF US SUPPLIERS

Firm/Organization	Supplier Category	First Name	Last Name	Title	Phone Number	Email	Comments
Jeppensen	Data terrain, ATC	Luis	Navarro	Business Development Manager	678-665-2143	luis.navarro@jeppensen.com	No response yet.
Stinar Corporation	Boarding Bridges	Bob	Gregor	VP of Sales	651-454-5112	bgregor@stinar.com	For boarding bridges, they are interested, although he mentioned some possible transportation challenges.
Emergency One	FCR Equipment	Joel	Allen	Manager of International Sales	352-861-5008		Interested.
Davin, Inc.	Ground Handling equipment	Dave	Zchunke				No response yet.
GRA	Consultant	Chris	Frankel	Partner	718-852-7747		Somewhat interested depending on opportunity.
LPA Group, Inc.	Consultant	Fernando	Prieto	Director of International	561-248-8809	fprieto@lpagroup.com	Extremely interested.
Wright Aero Industries	Fuel Distribution	Amy	Jordan	Sales	954-791-9577	sales@dd-aviation.com	Not interested, only through military contract.
Mercury GSE	Ground support equipment	James	Spiegel	International Sales	562-653-0654	jspiegel@mercurygse.com	Interested, although main market is ME.
Jetway Systems FMC Technologies	Cargo and ground equipment	Paulina	Bishop	International Sales Manager	801-627-6600		Very interested
Automatic Terminal Information Systems	FIDS/BIDS	Sherry	Allen	Sales	713-937-4993		Interested depending on product.
US Airmotive	Cargo and ground equipment, conveyor belts, etc.	Emy	Cruz	Sales	305-885-4991		Interested, very active in the exporting market.
Oshkosh Truck Corp.	Cargo, ground and emergency equipment	Christie	Meagle	International Sales	920-235-9151	skariin@oshkoshcorp.com	Extremely interested.
Barriger Technologies, Inc.	Security Equipment	Tiffany	Gardner	International Sales	908-222-9100		For now interested, will have to give additional details.
Atlantic Jet Support	Parts, service and support for Boeing aircraft	Alex	Kuccynski	Sales Representative	954-571-7983	alex@aisupport.com	Very interested.
TY Lin	Consultant	Juan	Nunez	Project Manager	305-567-1888	jnunez@tylin.com	Very interested. Has looked at work in Brazil in the past.

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 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 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

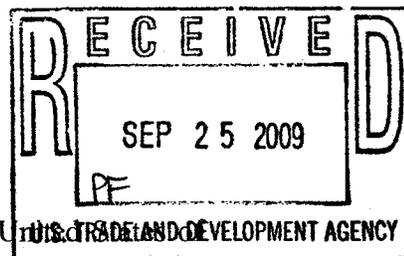
“Source” means the country from which shipment is made.

“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

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 Rio Grande do Sul State Government, acting through the State Secretariat of Infrastructure and Logistics ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Agreement US\$630,000 ("USTDA Grant") to fund the cost of goods and services required for technical assistance ("Technical Assistance") on the proposed Rio Grande do Sul Airports Development Program Project ("Project") in Brazil ("Host Country").

PDF:

NY
GM
MB
LZ
PD
MC
JW
HL

1. USTDA Funding

The funding to be provided under this Grant Agreement shall be used to fund the costs of an Agreement of Understanding to Perform the Technical Assistance ("Agreement of Understanding") between the Grantee and the U.S. firm selected by the Grantee ("U.S. Firm") under which the U.S. Firm will perform the Technical Assistance. Payment to the U.S. Firm 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 Technical Assistance ("Terms of Reference") are attached as Annex I and are hereby made a part of this Grant Agreement. The Technical Assistance will examine the technical, financial, environmental, and other critical aspects of the proposed Project. The Terms of Reference for the Technical Assistance shall also be included in the Agreement of Understanding.

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 U.S. Firm 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 Technical Assistance.

4. Grantee Responsibilities

The Grantee shall undertake its best efforts to provide reasonable support for the U.S. Firm, 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. Firm 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 U.S. Firm Selection

The Grantee shall notify USTDA at the address of record set forth in Article 17 below upon selection of the U.S. Firm to perform the Technical Assistance. Upon approval of this selection by USTDA, the Grantee and the U.S. Firm shall then enter into an Agreement of Understanding. The Grantee shall notify in writing the U.S. firms that submitted unsuccessful proposals to perform the Technical Assistance that they were not selected.

(C) USTDA Approval of Agreement of Understanding Between Grantee and U.S. Firm

The Grantee and the U.S. Firm shall enter into an Agreement of Understanding. This Agreement of Understanding, 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 U.S. Firm 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 Agreement of Understanding or a final negotiated draft version of the Agreement of Understanding.

(D) USTDA Not a Party to the Agreement of Understanding

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 Agreement of Understanding and any amendments thereto, including assignments, the selection of all U.S. Firms, the Terms of Reference, the Final Report, and any and all documents related to any Agreement of Understanding 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 Technical Assistance and shall not be construed as making USTDA a party to the Agreement of Understanding. 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 Agreement of Understanding or any sub-agreement, 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 U.S. Firm, or relieve the U.S. Firm of any liability which the U.S. Firm 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 Agreement of Understanding or any sub-agreement thereunder must be consistent with this Grant Agreement. In the event of any inconsistency between the Grant Agreement and any Agreement of Understanding or sub-agreement funded by the Grant Agreement, the Grant Agreement shall be controlling.

6. Disbursement Procedures

(A) USTDA Approval of Agreement of Understanding Required

USTDA will make disbursements of Grant funds directly to the U.S. Firm only after USTDA approves the Grantee's Agreement of Understanding with the U.S. Firm.

(B) U.S. Firm Invoice Requirements

The Grantee should request disbursement of funds by USTDA to the U.S. Firm for performance of the Technical Assistance 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. Technical Assistance Schedule

(A) Technical Assistance Completion Date

The completion date for the Technical Assistance, which is February 28, 2011, is the date by which the parties estimate that the Technical Assistance 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 Agreements of Understanding funded under this Grant Agreement shall include the USTDA mandatory clauses set forth in Annex II to this Grant Agreement. All sub-agreements 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 U.S. Firm must be either a U.S. firm or U.S. individual; (b) the U.S. Firm 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 sub-agreement; (c) employees of the U.S. Firm or U.S. subcontractors 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 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 Technical Assistance 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 U.S. Firm 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 Technical Assistance, 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 Technical Assistance and the Grant Agreement adequate to demonstrate implementation of its responsibilities under the Grant Agreement, including the selection of U.S. Firms, receipt and approval of Agreement of Understanding deliverables, and approval or disapproval of U.S. firm 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 Technical Assistance 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 Secretary of Infrastructure and Logistics.. 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: Secretaria de Infraestrutura e Logística
Av. Borges de Medeiros, 1501 – 7º andar
Porto Alegre, RS CEP: 90119-900
Brazil

Phone: 011 55 (51) 3288-5300
Fax: 011 55 (51) 3226-5893

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.: 119/101001
Activity No.: 200951026A
Reservation No.: 2009510035
Grant No.: GH2009510011

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 Technical Assistance, 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 Technical Assistance, USDATA 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 Rio Grande do Sul State Government, 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

By: Gabriele Mandel

Date: 9/15/09

Date: 9/15/09

Witnessed:

By: [Signature]

Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses

For the Rio Grande do Sul State Government

By: [Signature]

Date: 9/15/09

By: [Signature]
Date: 9/15/09

Witnessed:

By: [Signature]

Annex I

Terms of Reference

Objective

The objective of the Rio Grande do Sul Airports Development Program Technical Assistance (“Technical Assistance”) is to assist the Rio Grande do Sul State Government (“RS Government”) to update and expand the airport system development program *Programa de Desenvolvimento da Malha Aeroportuária do Rio Grande do Sul* (PROAR/RS) aimed at improving and integrating the state airport network, which consists of airports managed by RS Government’s Airport Department and other government entities from the state.

The PROAR/RS program is estimated to cost R\$245 million, an equivalent of approximately US\$120 million, and takes into consideration airport investments for the period 2009-2019. It is anticipated that the development of the state’s airport system will result in increased service to users, improvement of the airport infrastructure, development of cargo mobility, as well as other positive social and economic impacts.

As part of the Technical Assistance, RS Government will provide the U.S. Firm with the studies that have been undertaken by the entity thus far, which will serve as the basis for the development of the airport improvement program. The Technical Assistance will also provide RS Government with a clear roadmap for the modernization of its airports and the increased interest of state authorities in developing multimodal transportation systems in the region. The objectives of the program include:

- Develop an airport improvement program based on projected demand and the economic activities of the region;
- Assess the viability of developing certain key airports as a means of fostering multimodality in the state;
- Provide RS Government with technical advice regarding the program’s objectives, vision, implementation schedule and action plan;
- Assess the financial viability of the program considering potential financing sources, including private sector participation; and
- Develop technical specifications for air navigation equipment

The Technical Assistance tasks are as follows:

Task 1 – Project Kick-Off and Review of Existing Information

Immediately upon the start of the project, the U.S. Firm shall review the PROAR/RS Program that will be provided by RS Government, as well as any information provided by RS Government regarding implementation of the program to date, the program's timeline and the variance comparing planned cost levels with actual costs. Of particular importance will be the revision of the Airport Operations Manual, IAC 139-1001.

In addition, the U.S. Firm shall collect, review and analyze information related to previous airport development activities in Rio Grande do Sul based on information provided by the Grantee via e-mail. This task shall start with the collection of data and development of a facility inventory for the state's airport network. Data collection shall cover but not be limited to the following:

- Existing airport master plans, feasibility and other related studies for the airports in the region;
- Existing infrastructure and facilities;
- Historical air traffic data;
- Legal, institutional or policy information that might affect the airport development program;
- Status of on-going and short-term airport development projects;
- Private investment strategies, including existing and potential public participation alternatives;
- Schedule of airport rates and charges and financial statements and projections;
- Relevant national, tourism and industry development plans and growth projections;
- Regional macroeconomic data that may have an impact on air transport activities; and
- Recently completed fluvial transportation assessment for Rio Grande do Sul entitled "Hands-On Master Plan for the State of Rio Grande do Sul concerning port logistics (Hands-on Master Plan)".

Deliverable #1: As part of Task 1, the U.S. Firm shall travel to Porto Alegre, Brazil, to conduct a project kickoff meeting and provide RS Government with an initial presentation of its assessment of the program. During this initial meeting, the U.S. Firm and RS Government shall discuss and review the project schedule, methodology, and action plan. The methodology proposed by the U.S. Firm shall be as detailed as possible, including phases for development, growth scenarios and project activities.

Task 2 – Preparation of Air Traffic Forecasts for the Airport System

The U.S. Firm shall review existing forecasts and actual traffic statistics for the last five years, including those developed by the technical staff of RS Government. In addition, the U.S. Firm shall interview key airlines operating in the region, including, but not limited to, NHT Airlines and TAM Airlines to discuss their plans and prospects for future operations.

Based on the information above, the U.S. Firm shall prepare revised annual forecasts for domestic and international passengers and air cargo over a fifteen-year period. The methodology used to develop all forecasts shall be documented in Deliverable #1 of the Technical Assistance. Detailed forecasts shall be prepared for the following four airports: Rio Grande, Caxias do Sul, Passo Fundo and Ijuí.

Deliverable #2: The U.S. Firm shall present a Report in Portuguese and English containing at the minimum; (a) initial findings and recommendations regarding the PROAR/RS Program in terms of the program's objective and vision; (b) an action plan for the Technical Assistance based on the results of information and data gathered; and (c) the air traffic forecasts.

Task 3 – Consideration of Multimodal Hub Development

The U.S. Firm shall utilize the results of the previous tasks to assess the viability of establishing multimodal hubs, and provide a recommendation for developing one or more multimodal hubs, in the following four locations: Rio Grande, Caxias do Sul, Passo Fundo and Livramento. As part of this task, the U.S. Firm shall consider the availability of other modes of transportation including ports, railways, roadways, and fluvial transportation and shall review the "Hands-On Master Plan" a recently completed fluvial transportation assessment for Rio Grande do Sul. The U.S. Firm shall assess the demand for transportation of cargo both at the regional and international levels. This analysis shall include the review of demand resulting from neighboring Mercosul countries for cargo moving through Rio Grande do Sul to international destinations. It shall also include the demand for moving cargo from the state into other areas of the country.

Based on this analysis, the U.S. Firm shall provide recommendations for developing certain airports as a means of promoting multimodal transportation in the state, considering, particularly, the export of key products in the region including handicrafts, auto parts, and agricultural products. These recommendations shall be in line with those of existing infrastructure and the proposed developments recommended by the "Hands-On Master Plan".

The U.S. Firm shall also include, as part of its analysis, an assessment of the infrastructure needs at the recommended multimodal hubs and shall provide general recommendations for future infrastructure development.

Deliverable #3: The U.S. Firm shall present a Report in Portuguese and English containing all information reviewed, work performed, and recommendations within Task 3.

Task 4 – Technical Consultation #1

The U.S. Firm shall travel to Brazil for a period of eight working days in order to gather additional data for subsequent tasks and to provide five days of technical consultations to RS Government. The first technical consultation shall focus on the following issues:

- Development of Cargo Terminals
- Air Cargo Management

During the technical consultation, the U.S. Firm shall work closely with RS Government in reviewing, discussing and developing strategies, action plans and implementation policies for the PROAR/RS program in regards to the two issues above. The discussions shall consider among others:

- The technical and financial decision criteria for establishing cargo terminals or specialized cargo facilities (i.e. perishables, medical, etc.) at existing and new airports;
- The potential/anticipated demand for air cargo at selected airports, including those being considered for multimodality;
- The benefits provided to users such as decreased travel times, reduced costs, increased quality;
- The impact of the new facilities in the state's economy and key productive sectors;
- The investments and costs (capital, operations, maintenance) associated with implementation;
- Any specific equipment, procedures, policies and operational issues related to the new facilities;
- Framework for project implementation and program management, training and development issues as they relate to air cargo;
- International standards and best practices for air cargo infrastructure and air cargo management; and
- Any other related issues that may be relevant by RS Government at the time of the meeting in regards to development of cargo terminals and air cargo management.

During the technical consultation meeting, the U.S. Firm shall present recommendations and viable options regarding the topics discussed. The result of the technical consultation shall be a report containing the most feasible solutions and clear, concrete recommendations for implementation of air cargo infrastructure projects in the state, as well as for enhancing air cargo management operations. Any recommendations provided by the U.S. Firm shall be in line with the PROAR/RS program objectives and the results of Tasks 1-3 above, including the multimodal hub analysis.

Deliverable #4: The U.S. Firm shall present a Report in Portuguese and English containing a list of topics and issues discussed during the technical consultation meeting and providing final recommendations to RS Government with respect to the implementation of air cargo projects, as well as with recommendations for overall air cargo management.

Task 5 – Development of a Strategic Airport Improvement Program

The U.S. Firm shall build on the efforts above to develop a ten-year strategic airport improvement program for the state, considering projected demand, the integration with other modes of transportation, the economic activities of the region, and other variables that may be of importance. This strategic plan shall provide RS Government with a clear roadmap for future development of the regional airport system.

As part of this task, the U.S. Firm shall develop order of magnitude cost estimates, including engineering costs and capital construction and equipment costs for each airport and for each phase of development in five year intervals. The cost estimates shall be based on the U.S. Firm's knowledge of the local market and costs provided by RS Government's technical staff. The order of magnitude cost estimates shall be used by the U.S. Firm in order to determine the Project's overall implementation cost and funding needs.

The U.S. Firm shall also recommend, based on demand and costs, a schedule for implementation of the recommended improvements.

Task 6 – Technical Specifications

The U.S. Firm shall develop technical specifications at the conceptual planning level for equipment, materials, services and technologies for the first ten years of the proposed airport development program (Task 5). The technical specifications should clearly define the responsibilities of the Design Engineer, the U.S. Firm, and any other parties involved in project implementation, as well as the scope of work for each trade, the deliverables for each piece of equipment, including but not limited to training, operation and maintenance documentation required at each site. The U.S. Firm shall develop technical

specifications with the ultimate goal of providing commonality in the use of materials, equipment and technologies among the different facilities, thus striving for decreased maintenance and operations costs.

The technical specifications shall be compliant with the regulations and policies of the State of Rio Grande do Sul and shall reflect an investment schedule in a manner that is consistent with RS Government's investment plans and policies. The U.S. Firm shall provide, along with the technical specifications, a procurement strategy and schedule for the facilities, equipment and services that are to be acquired during program implementation.

The U.S. Firm shall, as part of this process, identify and recommend the most adequate and feasible financing arrangements such as US Export-Import Bank, supplier credits, and bank financing through Brazilian commercial and development institutions as detailed in the subsequent Task 8.

Deliverable #5: The U.S. Firm shall present a Report in Portuguese and English containing the 10-year strategic airport improvement program, including a recommended implementation schedule and schedule of costs and; the technical specifications and the procurement strategy, schedule and costs for all equipment, services and technologies included in the program.

Task 7 – Technical Consultation #2

The U.S. Firm shall travel to Brazil for a period of eight working days in order to gather additional data for subsequent tasks and to provide six days of technical consultations to RS Government. This second technical consultation shall focus on the following issues:

- Development of an Airports Operation Manual
- New airport technologies, in particular with relation to navigational aids, security and flight support
- Implementation of public-private partnerships (PPPs)

During the technical consultation, the U.S. Firm shall work closely with RS Government in reviewing, discussing and developing strategies, action plans and implementation policies for the PROAR/RS program in regards to the three issues above.

The U.S. Firm shall:

- Discuss with RS Government the development of a format airport operations manual that may be used statewide. The U.S. Firm shall develop an outline of the proposed manual and provide recommendations for best practices based on US

requirements (those of FAA and TSA) and international standards (such as ICAO). The results of these discussions shall provide RS Government with a clear understanding of key issues or practices that would be needed in order to enhance current airport operations, particularly in relation to security, terminal access, vehicle and aircraft movement, environmental procedures (noise abatement, fueling), scheduling, cargo and baggage handling and response to emergencies.

- Present, discuss and recommend new innovative technologies that promote flight operation safety, including navigational aids for night operations, security systems, communications and surveillance systems, baggage/cargo screening, etc.
- Discuss and evaluate the adequacy of public-private partnerships for airport infrastructure development and operation. The U.S. Firm shall provide RS Government with an overview of at least three case studies in which PPPs have been implemented in similar airports and discuss the success of these initiatives. The U.S. Firm shall develop and present to RS Government a list (including contact information) of potential private sector financiers from the US. The U.S. Firm shall provide recommendations regarding suitable options for promoting private sector investment.

During the technical consultation meeting, the U.S. Firm shall present recommendations and viable options regarding the topics discussed. The result of the technical consultation shall be a report containing the most feasible solutions and clear, concrete recommendations for development of an airports operation manual, as well as for implementation of certain key technologies that would foster safe and secure operations at key facilities in the state. The report shall also contain recommendations regarding the suitability of PPPs. Any recommendations provided by the U.S. Firm shall be in line with the PROAR/RS program objectives and the results of Tasks 1-6 above.

Deliverable #6: The U.S. Firm shall present a Report in Portuguese and English containing a list of topics and issues discussed during the technical consultation meeting and providing final recommendations to RS Government with respect to the topics discussed as detailed above.

Task 8 – Financial Viability Assessment and Program Financing

The U.S. Firm shall conduct a financial analysis aimed at establishing the financial feasibility of the proposed airport improvement program. This financial analysis shall illustrate the anticipated cash flows of the airport system, including the revenues resulting from projected passenger and cargo demand, as well as capital and equipment costs obtained from Task 6. The financial analysis shall be conducted in such a way that each airport can be disaggregated as a separate project to be examined as a possible candidate

for some form of private sector participation, including, but not limited to, concessioning or privatization.

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.

The financial plan shall summarize the financial analysis and recommend a plan for financing the required development through RS Government funds or through additional sources, including multilateral development banks, and the private sector. The U.S. Firm shall assess the viability of obtaining financing through supplier credits, the US Export-Import Bank, multilateral development bank financing (i.e. World Bank, Inter-American Development Bank) and financing through regional development institutions such as the Brazilian National Development Bank (BNDES). The U.S. Firm shall approach key institutions to assess their level of interest and make recommendations for financing of the proposed airport improvement program.

The U.S. Firm 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 concession. The U.S. Firm shall recommend a strategy to be followed. The U.S. Firm shall develop one workshop to provide the PPP and Funding Department staff with 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 and design an appropriate communications strategy.

Task 9 – Preliminary Environmental Assessment

The U.S. Firm shall perform a general review of the recommended projects' environmental impacts consistent with local requirements from the State of Rio Grande do Sul Environmental Secretariat (SEMA). The U.S. Firm, shall, to the extent possible, follow World Bank environmental assessment guidelines and provide, at the minimum, an environmental review that may allow RS Government to approach international financiers. 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 implementation stage. The environmental impact analysis shall consider key issues such as sewerage treatment plants, solid waste disposal procedures, noise, land use and zoning requirements, air and water quality, etc. The U.S. Firm shall review any existing environmental improvement plans/programs for

the airport system and made recommendations to control, mitigate and minimize any environmental issues, including the approximate cost of such activities.

Task 10 – Developmental Impact Assessment

The U.S. Firm shall report on the potential development impacts for the Project in Brazil. While specific focus should be paid to the immediate impact(s) of the Project, the U.S. Firm shall include, where appropriate, any additional developmental benefits of the Project, including spin-off and demonstration effects. The U.S. Firm'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 Project's potential effects on the Host Country. The U.S. Firm shall provide estimates of the Project's potential benefits in the following areas:

- **Infrastructure and Industry:** The U.S. Firm shall provide a statement on the infrastructure impact giving a brief synopsis.
- **Market-Oriented Reforms:** The U.S. Firm 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 U.S. Firm shall address the number and type of positions that would be needed to implement, manage, and operate the proposed Project 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 U.S. Firm shall provide a description of any advanced technologies that will be implemented as a result of the Project. The U.S. Firm shall provide a quantitative description of any efficiency that will be gained.
- **Other:** The U.S. Firm shall identify any other developmental benefits of the Project, including any spin-off or demonstration effects.

Task 11: US Suppliers

The U.S. Firm shall identify the potential value of US exports of equipment and services and prepare a US supplier list which shall outline potential US sources for procurement of goods and services for carrying out the services required to implement the development plan in Rio Grande do Sul. The list shall include company name, contact

information, contact person and a general description of products and services that may be procured.

Deliverable #7: The U.S. Firm shall present a Report in Portuguese and English containing: the financial plan and potential financing sources, including financing terms and conditions, application processes, and level of interest; a conclusion on the financial viability of the recommended program, including the viability of private sector participation; environmental and developmental review and; potential US sources of supply.

Task 12: Final Report and Executive Presentation

The U.S. Firm shall prepare and provide a comprehensive Final Report for submission to RS Government and to USTDA, which shall contain the key findings, recommendations, and conclusions of the Technical Assistance, and shall incorporate all other documents and/or reports provided pursuant to Tasks 1 through 11 above. The U.S. Firm shall ensure that the Final Report is submitted in accordance with Clause I of Annex II of the Grant Agreement. The Final Report shall be a substantive and comprehensive report of work performed to carry out all of the tasks set forth in the Terms of Reference and shall include, among other things, an Executive Summary and all deliverables. Each task of the Terms of Reference shall form a separate chapter of the Final Report.

The Final Report shall also include a comprehensive list of suppliers, including potential sources of US equipment and services, relevant to the implementation of each component of the Project as outlined in the Technical Assistance.

The U.S. Firm shall submit four (4) copies of the Final Report in Portuguese and one (1) in English. The U.S. Firm shall also provide one (1) electronic version of both the confidential and public versions of the Final Report to RS Government and shall provide copies to USTDA and the U.S. Consulate in Sao Paulo in English in accordance with Clause I of Annex II of the Grant Agreement. All files shall be provided electronically in Microsoft Office format.

When the Final Report is complete, the U.S. Firm shall provide a final oral presentation of the Final Executive Summary and the Final Report to RS Government and other stakeholders.

Notes:

(1) The U.S. Firm is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.

(2) The U.S. Firm and RS Government shall be careful to ensure that the public version of the Final Report contains no security or confidential information.

(3) RS Government 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 Agreement of Understanding to Perform the Technical Assistance Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this Agreement of Understanding to Perform the Technical Assistance ("Agreement of Understanding") acknowledge that this Agreement of Understanding 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 Rio Grande do Sul State Government ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("U.S. Firm") to perform the Technical Assistance ("Technical Assistance") for the Rio Grande do Sul Airports Development Program Project ("Project") in Brazil ("Host Country"). Notwithstanding any other provisions of this Agreement of Understanding, the following USTDA mandatory Agreement of Understanding clauses shall govern. All sub-agreements entered into by the U.S. Firm funded or partially funded with USTDA Grant funds shall include these USTDA mandatory Agreement of Understanding 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 Agreement of Understanding or sub-agreement thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Agreement of Understanding

All agreements of understanding 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 Agreement of Understanding has been formally approved by USTDA or until the Agreement of Understanding conforms to modifications required by USTDA during the Agreement of Understanding review process.

(2) USTDA Not a Party to the Agreement of Understanding

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 Agreement of Understanding and amendments thereto, including assignments, the selection of all U.S. Firms, the Terms of Reference, the Final Report, and any and all documents related to any Agreement of Understanding 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 Technical Assistance and shall not be construed as making USTDA a party to the Agreement of Understanding. 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 Agreement of Understanding or any sub-agreement, 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 U.S. Firm, or relieve the U.S. Firm of any liability which the U.S. Firm 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 U.S. Firm must be either a U.S. firm or U.S. individual; (b) the U.S. Firm 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 sub-agreement; (c) employees of the U.S. Firm or U.S. subcontractors 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 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 Technical Assistance 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 U.S. Firm 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 Agreement of Understanding. 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 Agreement of Understanding term and for a period of three (3) years after final disbursement by USTDA. The U.S. Firm 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 U.S. Firm shall provide adequate Workman's Compensation Insurance coverage for work performed under this Agreement of Understanding.

G. Reporting Requirements

The U.S. Firm 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 Technical Assistance. In addition, if at any time the U.S. Firm receives follow-on work from the Client, the U.S. Firm shall so notify USTDA and designate the U.S. Firm'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 U.S. Firm 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 Agreement of Understanding

Disbursement of Grant funds will be made only after USTDA approval of this Agreement of Understanding. To make this review in a timely fashion, USTDA must receive from either the Client or the U.S. Firm a photocopy of an English language version of a signed Agreement of Understanding 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 U.S. Firm shall be included in this Agreement of Understanding. 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 Agreement of Understanding 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) U.S. Firm Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the U.S. Firm. The U.S. Firm 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 U.S. Firm for performance of the contract by submitting the following to USTDA:

(a) U.S. Firm's Invoice

The U.S. Firm's invoice shall include reference to an item listed in the Agreement of Understanding payment schedule, the requested payment amount, and an appropriate certification by the U.S. Firm, as follows:

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

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

(ii) For Agreement of Understanding performance milestone payments:

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

(iii) For final payment:

"The U.S. Firm has performed the work described in this invoice in accordance with the terms of its Agreement of Understanding with the Client and is entitled to payment thereunder. Specifically, the U.S. Firm has submitted the Final Report to the Client, as required by the Agreement of Understanding, and received the Client's approval of the Final Report. To the extent the U.S. Firm has not complied with the terms and conditions of the Agreement of Understanding, 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 U.S. Firm's Invoice

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

(ii) For Agreement of Understanding 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 U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding 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 U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding provisions and terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the U.S. Firm 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 Agreement of Understanding is terminated prior to completion, the U.S. Firm 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 U.S. Firm all USTDA Grant funds previously disbursed to the U.S. Firm (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 U.S. Firm 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 U.S. Firm 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 U.S. Firm to ensure that no confidential information is contained on the CD-ROMs.

The U.S. Firm 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 U.S. Firm 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 U.S. Firm shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The U.S. Firm 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 U.S. Firm 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 U.S. Firm who prepared the report, a report title, and the following language:

"The U.S. Firm certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution."

(d) The U.S. Firm 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 U.S. Firm 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 Agreement of Understanding, including the appendices, shall be made only by written agreement by the parties hereto, subject to written USTDA approval.

K. Technical Assistance Schedule

(1) Technical Assistance Completion Date

The completion date for the Technical Assistance, which is February 28, 2011, is the date by which the parties estimate that the Technical Assistance 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 Agreement of Understanding 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 U.S. Firm 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 Technical Assistance. The Client agrees not to receive any such payment. The U.S. Firm and the Client agree that each will require that any agent or representative hired to represent them in connection with the Technical Assistance will comply with this paragraph and all laws which apply to activities and obligations of each party under this Agreement of Understanding, 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 Agreement of Understanding 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.:	119/101001
Activity No.:	200951026A
Reservation No.:	2009510035
Grant No.:	GH2009510011

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 U.S. Firm will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.

ANNEX 5

Annex I

Terms of Reference

Objective

The objective of the Rio Grande do Sul Airports Development Program Technical Assistance (“Technical Assistance”) is to assist the Rio Grande do Sul State Government (“RS Government”) to update and expand the airport system development program *Programa de Desenvolvimento da Malha Aeroportuária do Rio Grande do Sul* (PROAR/RS) aimed at improving and integrating the state airport network, which consists of airports managed by RS Government’s Airport Department and other government entities from the state.

The PROAR/RS program is estimated to cost R\$245 million, an equivalent of approximately US\$120 million, and takes into consideration airport investments for the period 2009-2019. It is anticipated that the development of the state’s airport system will result in increased service to users, improvement of the airport infrastructure, development of cargo mobility, as well as other positive social and economic impacts.

As part of the Technical Assistance, RS Government will provide the U.S. Firm with the studies that have been undertaken by the entity thus far, which will serve as the basis for the development of the airport improvement program. The Technical Assistance will also provide RS Government with a clear roadmap for the modernization of its airports and the increased interest of state authorities in developing multimodal transportation systems in the region. The objectives of the program include:

- Develop an airport improvement program based on projected demand and the economic activities of the region;
- Assess the viability of developing certain key airports as a means of fostering multimodality in the state;
- Provide RS Government with technical advice regarding the program’s objectives, vision, implementation schedule and action plan;
- Assess the financial viability of the program considering potential financing sources, including private sector participation; and
- Develop technical specifications for air navigation equipment

The Technical Assistance tasks are as follows:

Task 1 – Project Kick-Off and Review of Existing Information

Immediately upon the start of the project, the U.S. Firm shall review the PROAR/RS Program that will be provided by RS Government, as well as any information provided by RS Government regarding implementation of the program to date, the program's timeline and the variance comparing planned cost levels with actual costs. Of particular importance will be the revision of the Airport Operations Manual, IAC 139-1001.

In addition, the U.S. Firm shall collect, review and analyze information related to previous airport development activities in Rio Grande do Sul based on information provided by the Grantee via e-mail. This task shall start with the collection of data and development of a facility inventory for the state's airport network. Data collection shall cover but not be limited to the following:

- Existing airport master plans, feasibility and other related studies for the airports in the region;
- Existing infrastructure and facilities;
- Historical air traffic data;
- Legal, institutional or policy information that might affect the airport development program;
- Status of on-going and short-term airport development projects;
- Private investment strategies, including existing and potential public participation alternatives;
- Schedule of airport rates and charges and financial statements and projections;
- Relevant national, tourism and industry development plans and growth projections;
- Regional macroeconomic data that may have an impact on air transport activities; and
- Recently completed fluvial transportation assessment for Rio Grande do Sul entitled "Hands-On Master Plan for the State of Rio Grande do Sul concerning port logistics (Hands-on Master Plan)".

Deliverable #1: As part of Task 1, the U.S. Firm shall travel to Porto Alegre, Brazil, to conduct a project kickoff meeting and provide RS Government with an initial presentation of its assessment of the program. During this initial meeting, the U.S. Firm and RS Government shall discuss and review the project schedule, methodology, and action plan. The methodology proposed by the U.S. Firm shall be as detailed as possible, including phases for development, growth scenarios and project activities.

Task 2 – Preparation of Air Traffic Forecasts for the Airport System

The U.S. Firm shall review existing forecasts and actual traffic statistics for the last five years, including those developed by the technical staff of RS Government. In addition, the U.S. Firm shall interview key airlines operating in the region, including, but not limited to, NHT Airlines and TAM Airlines to discuss their plans and prospects for future operations.

Based on the information above, the U.S. Firm shall prepare revised annual forecasts for domestic and international passengers and air cargo over a fifteen-year period. The methodology used to develop all forecasts shall be documented in Deliverable #1 of the Technical Assistance. Detailed forecasts shall be prepared for the following four airports: Rio Grande, Caxias do Sul, Passo Fundo and Ijuí.

Deliverable #2: The U.S. Firm shall present a Report in Portuguese and English containing at the minimum; (a) initial findings and recommendations regarding the PROAR/RS Program in terms of the program's objective and vision; (b) an action plan for the Technical Assistance based on the results of information and data gathered; and (c) the air traffic forecasts.

Task 3 – Consideration of Multimodal Hub Development

The U.S. Firm shall utilize the results of the previous tasks to assess the viability of establishing multimodal hubs, and provide a recommendation for developing one or more multimodal hubs, in the following four locations: Rio Grande, Caxias do Sul, Passo Fundo and Livramento. As part of this task, the U.S. Firm shall consider the availability of other modes of transportation including ports, railways, roadways, and fluvial transportation and shall review the "Hands-On Master Plan" a recently completed fluvial transportation assessment for Rio Grande do Sul. The U.S. Firm shall assess the demand for transportation of cargo both at the regional and international levels. This analysis shall include the review of demand resulting from neighboring Mercosul countries for cargo moving through Rio Grande do Sul to international destinations. It shall also include the demand for moving cargo from the state into other areas of the country.

Based on this analysis, the U.S. Firm shall provide recommendations for developing certain airports as a means of promoting multimodal transportation in the state, considering, particularly, the export of key products in the region including handicrafts, auto parts, and agricultural products. These recommendations shall be in line with those of existing infrastructure and the proposed developments recommended by the "Hands-On Master Plan".

The U.S. Firm shall also include, as part of its analysis, an assessment of the infrastructure needs at the recommended multimodal hubs and shall provide general recommendations for future infrastructure development.

Deliverable #3: The U.S. Firm shall present a Report in Portuguese and English containing all information reviewed, work performed, and recommendations within Task 3.

Task 4 – Technical Consultation #1

The U.S. Firm shall travel to Brazil for a period of eight working days in order to gather additional data for subsequent tasks and to provide five days of technical consultations to RS Government. The first technical consultation shall focus on the following issues:

- Development of Cargo Terminals
- Air Cargo Management

During the technical consultation, the U.S. Firm shall work closely with RS Government in reviewing, discussing and developing strategies, action plans and implementation policies for the PROAR/RS program in regards to the two issues above. The discussions shall consider among others:

- The technical and financial decision criteria for establishing cargo terminals or specialized cargo facilities (i.e. perishables, medical, etc.) at existing and new airports;
- The potential/anticipated demand for air cargo at selected airports, including those being considered for multimodality;
- The benefits provided to users such as decreased travel times, reduced costs, increased quality;
- The impact of the new facilities in the state's economy and key productive sectors;
- The investments and costs (capital, operations, maintenance) associated with implementation;
- Any specific equipment, procedures, policies and operational issues related to the new facilities;
- Framework for project implementation and program management, training and development issues as they relate to air cargo;
- International standards and best practices for air cargo infrastructure and air cargo management; and
- Any other related issues that may be relevant by RS Government at the time of the meeting in regards to development of cargo terminals and air cargo management.

During the technical consultation meeting, the U.S. Firm shall present recommendations and viable options regarding the topics discussed. The result of the technical consultation shall be a report containing the most feasible solutions and clear, concrete recommendations for implementation of air cargo infrastructure projects in the state, as well as for enhancing air cargo management operations. Any recommendations provided by the U.S. Firm shall be in line with the PROAR/RS program objectives and the results of Tasks 1-3 above, including the multimodal hub analysis.

Deliverable #4: The U.S. Firm shall present a Report in Portuguese and English containing a list of topics and issues discussed during the technical consultation meeting and providing final recommendations to RS Government with respect to the implementation of air cargo projects, as well as with recommendations for overall air cargo management.

Task 5 – Development of a Strategic Airport Improvement Program

The U.S. Firm shall build on the efforts above to develop a ten-year strategic airport improvement program for the state, considering projected demand, the integration with other modes of transportation, the economic activities of the region, and other variables that may be of importance. This strategic plan shall provide RS Government with a clear roadmap for future development of the regional airport system.

As part of this task, the U.S. Firm shall develop order of magnitude cost estimates, including engineering costs and capital construction and equipment costs for each airport and for each phase of development in five year intervals. The cost estimates shall be based on the U.S. Firm's knowledge of the local market and costs provided by RS Government's technical staff. The order of magnitude cost estimates shall be used by the U.S. Firm in order to determine the Project's overall implementation cost and funding needs.

The U.S. Firm shall also recommend, based on demand and costs, a schedule for implementation of the recommended improvements.

Task 6 – Technical Specifications

The U.S. Firm shall develop technical specifications at the conceptual planning level for equipment, materials, services and technologies for the first ten years of the proposed airport development program (Task 5). The technical specifications should clearly define the responsibilities of the Design Engineer, the U.S. Firm, and any other parties involved in project implementation, as well as the scope of work for each trade, the deliverables for each piece of equipment, including but not limited to training, operation and maintenance documentation required at each site. The U.S. Firm shall develop technical

specifications with the ultimate goal of providing commonality in the use of materials, equipment and technologies among the different facilities, thus striving for decreased maintenance and operations costs.

The technical specifications shall be compliant with the regulations and policies of the State of Rio Grande do Sul and shall reflect an investment schedule in a manner that is consistent with RS Government's investment plans and policies. The U.S. Firm shall provide, along with the technical specifications, a procurement strategy and schedule for the facilities, equipment and services that are to be acquired during program implementation.

The U.S. Firm shall, as part of this process, identify and recommend the most adequate and feasible financing arrangements such as US Export-Import Bank, supplier credits, and bank financing through Brazilian commercial and development institutions as detailed in the subsequent Task 8.

Deliverable #5: The U.S. Firm shall present a Report in Portuguese and English containing the 10-year strategic airport improvement program, including a recommended implementation schedule and schedule of costs and; the technical specifications and the procurement strategy, schedule and costs for all equipment, services and technologies included in the program.

Task 7 – Technical Consultation #2

The U.S. Firm shall travel to Brazil for a period of eight working days in order to gather additional data for subsequent tasks and to provide six days of technical consultations to RS Government. This second technical consultation shall focus on the following issues:

- Development of an Airports Operation Manual
- New airport technologies, in particular with relation to navigational aids, security and flight support
- Implementation of public-private partnerships (PPPs)

During the technical consultation, the U.S. Firm shall work closely with RS Government in reviewing, discussing and developing strategies, action plans and implementation policies for the PROAR/RS program in regards to the three issues above.

The U.S. Firm shall:

- Discuss with RS Government the development of a format airport operations manual that may be used statewide. The U.S. Firm shall develop an outline of the proposed manual and provide recommendations for best practices based on US

requirements (those of FAA and TSA) and international standards (such as ICAO). The results of these discussions shall provide RS Government with a clear understanding of key issues or practices that would be needed in order to enhance current airport operations, particularly in relation to security, terminal access, vehicle and aircraft movement, environmental procedures (noise abatement, fueling), scheduling, cargo and baggage handling and response to emergencies.

- Present, discuss and recommend new innovative technologies that promote flight operation safety, including navigational aids for night operations, security systems, communications and surveillance systems, baggage/cargo screening, etc.
- Discuss and evaluate the adequacy of public-private partnerships for airport infrastructure development and operation. The U.S. Firm shall provide RS Government with an overview of at least three case studies in which PPPs have been implemented in similar airports and discuss the success of these initiatives. The U.S. Firm shall develop and present to RS Government a list (including contact information) of potential private sector financiers from the US. The U.S. Firm shall provide recommendations regarding suitable options for promoting private sector investment.

During the technical consultation meeting, the U.S. Firm shall present recommendations and viable options regarding the topics discussed. The result of the technical consultation shall be a report containing the most feasible solutions and clear, concrete recommendations for development of an airports operation manual, as well as for implementation of certain key technologies that would foster safe and secure operations at key facilities in the state. The report shall also contain recommendations regarding the suitability of PPPs. Any recommendations provided by the U.S. Firm shall be in line with the PROAR/RS program objectives and the results of Tasks 1-6 above.

Deliverable #6: The U.S. Firm shall present a Report in Portuguese and English containing a list of topics and issues discussed during the technical consultation meeting and providing final recommendations to RS Government with respect to the topics discussed as detailed above.

Task 8 – Financial Viability Assessment and Program Financing

The U.S. Firm shall conduct a financial analysis aimed at establishing the financial feasibility of the proposed airport improvement program. This financial analysis shall illustrate the anticipated cash flows of the airport system, including the revenues resulting from projected passenger and cargo demand, as well as capital and equipment costs obtained from Task 6. The financial analysis shall be conducted in such a way that each airport can be disaggregated as a separate project to be examined as a possible candidate

for some form of private sector participation, including, but not limited to, concessioning or privatization.

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.

The financial plan shall summarize the financial analysis and recommend a plan for financing the required development through RS Government funds or through additional sources, including multilateral development banks, and the private sector. The U.S. Firm shall assess the viability of obtaining financing through supplier credits, the US Export-Import Bank, multilateral development bank financing (i.e. World Bank, Inter-American Development Bank) and financing through regional development institutions such as the Brazilian National Development Bank (BNDES). The U.S. Firm shall approach key institutions to assess their level of interest and make recommendations for financing of the proposed airport improvement program.

The U.S. Firm 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 concession. The U.S. Firm shall recommend a strategy to be followed. The U.S. Firm shall develop one workshop to provide the PPP and Funding Department staff with 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 and design an appropriate communications strategy.

Task 9 – Preliminary Environmental Assessment

The U.S. Firm shall perform a general review of the recommended projects' environmental impacts consistent with local requirements from the State of Rio Grande do Sul Environmental Secretariat (SEMA). The U.S. Firm, shall, to the extent possible, follow World Bank environmental assessment guidelines and provide, at the minimum, an environmental review that may allow RS Government to approach international financiers. 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 implementation stage. The environmental impact analysis shall consider key issues such as sewerage treatment plants, solid waste disposal procedures, noise, land use and zoning requirements, air and water quality, etc. The U.S. Firm shall review any existing environmental improvement plans/programs for

the airport system and made recommendations to control, mitigate and minimize any environmental issues, including the approximate cost of such activities.

Task 10 – Developmental Impact Assessment

The U.S. Firm shall report on the potential development impacts for the Project in Brazil. While specific focus should be paid to the immediate impact(s) of the Project, the U.S. Firm shall include, where appropriate, any additional developmental benefits of the Project, including spin-off and demonstration effects. The U.S. Firm'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 Project's potential effects on the Host Country. The U.S. Firm shall provide estimates of the Project's potential benefits in the following areas:

- **Infrastructure and Industry:** The U.S. Firm shall provide a statement on the infrastructure impact giving a brief synopsis.
- **Market-Oriented Reforms:** The U.S. Firm 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 U.S. Firm shall address the number and type of positions that would be needed to implement, manage, and operate the proposed Project 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 U.S. Firm shall provide a description of any advanced technologies that will be implemented as a result of the Project. The U.S. Firm shall provide a quantitative description of any efficiency that will be gained.
- **Other:** The U.S. Firm shall identify any other developmental benefits of the Project, including any spin-off or demonstration effects.

Task 11: US Suppliers

The U.S. Firm shall identify the potential value of US exports of equipment and services and prepare a US supplier list which shall outline potential US sources for procurement of goods and services for carrying out the services required to implement the development plan in Rio Grande do Sul. The list shall include company name, contact

information, contact person and a general description of products and services that may be procured.

Deliverable #7: The U.S. Firm shall present a Report in Portuguese and English containing: the financial plan and potential financing sources, including financing terms and conditions, application processes, and level of interest; a conclusion on the financial viability of the recommended program, including the viability of private sector participation; environmental and developmental review and; potential US sources of supply.

Task 12: Final Report and Executive Presentation

The U.S. Firm shall prepare and provide a comprehensive Final Report for submission to RS Government and to USTDA, which shall contain the key findings, recommendations, and conclusions of the Technical Assistance, and shall incorporate all other documents and/or reports provided pursuant to Tasks 1 through 11 above. The U.S. Firm shall ensure that the Final Report is submitted in accordance with Clause I of Annex II of the Grant Agreement. The Final Report shall be a substantive and comprehensive report of work performed to carry out all of the tasks set forth in the Terms of Reference and shall include, among other things, an Executive Summary and all deliverables. Each task of the Terms of Reference shall form a separate chapter of the Final Report.

The Final Report shall also include a comprehensive list of suppliers, including potential sources of US equipment and services, relevant to the implementation of each component of the Project as outlined in the Technical Assistance.

The U.S. Firm shall submit four (4) copies of the Final Report in Portuguese and one (1) in English. The U.S. Firm shall also provide one (1) electronic version of both the confidential and public versions of the Final Report to RS Government and shall provide copies to USTDA and the U.S. Consulate in Sao Paulo in English in accordance with Clause I of Annex II of the Grant Agreement. All files shall be provided electronically in Microsoft Office format.

When the Final Report is complete, the U.S. Firm shall provide a final oral presentation of the Final Executive Summary and the Final Report to RS Government and other stakeholders.

Notes:

- (1) The U.S. Firm is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.

(2) The U.S. Firm and RS Government shall be careful to ensure that the public version of the Final Report contains no security or confidential information.

(3) RS Government 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 6

7. Project Manager's name, address, telephone number, e-mail address and fax number .

B. Offeror's Authorized Negotiator

Provide name, title, address, telephone number, e-mail address 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.

C. Negotiation Prerequisites

1. Discuss any current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Technical Assistance as proposed and reflect such impact within the project schedule.

2. Identify any specific information which is needed from the Grantee before commencing contract negotiations.

D. Offeror's Representations

Please provide exceptions and/or explanations in the event that any of the following representations cannot be made:

1. Offeror is a corporation [*insert applicable type of entity if not a corporation*] duly organized, validly existing and in good standing under the laws of the State of _____ . The Offeror has all the requisite corporate power and authority to conduct its business as presently conducted, to submit this proposal, and if selected, to execute and deliver a contract to the Grantee for the performance of the Technical Assistance. The Offeror is not debarred, suspended, or to the best of its knowledge or belief, proposed for debarment, or ineligible for the award of contracts by any federal or state governmental agency or authority. The Offeror has included, with this proposal, a certified copy of its Articles of Incorporation, and a certificate of good

standing issued within one month of the date of its proposal by the State of _____.

2. Neither the Offeror nor any of its principal officers have, within the three-year period preceding this RFP, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state or local government contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating federal or state criminal tax laws, or receiving stolen property.
3. Neither the Offeror, nor any of its principal officers, is presently indicted for, or otherwise criminally or civilly charged with, commission of any of the offenses enumerated in paragraph 2 above.
4. There are no federal or state tax liens pending against the assets, property or business of the Offeror. The Offeror, has not, within the three-year period preceding this RFP, been notified of any delinquent federal or state taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied. Taxes are considered delinquent if (a) the tax liability has been fully determined, with no pending administrative or judicial appeals; and (b) a taxpayer has failed to pay the tax liability when full payment is due and required.
5. The Offeror has not commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law. The Offeror has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.

The selected Offeror shall notify the Grantee and USTDA if any of the representations included in its proposal are no longer true and correct at the time of its entry into a contract with the Grantee. USTDA retains the right to request an updated certificate of good standing from the selected Offeror.

Signed: _____
(Authorized Representative)

Print Name: _____

Title: _____

Date: _____