

REQUEST FOR PROPOSALS

**FEASIBILITY STUDY FOR THE
DONETSK INTERNATIONAL AIRPORT IMPROVEMENT AND EXPANSION
PROJECT**

Submission Deadline: **4:00 PM**
LOCAL TIME
DECEMBER 18, 2009

Submission Place:

Mr. Anatoly M. Bliznyuk
Chairman
Donetsk Oblast Council
Donetsk Regional Administration
Pushkina Blvd, 34
Donetsk 83105
Ukraine

**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	4
1.1	BACKGROUND SUMMARY.....	4
1.2	OBJECTIVE	5
1.3	PROPOSALS TO BE SUBMITTED	5
1.4	CONTRACT FUNDED BY USFDA.....	5
SECTION 2:	INSTRUCTIONS TO OFFERORS	6
2.1	PROJECT TITLE.....	6
2.2	DEFINITIONS.....	6
2.3	DEFINITIONAL MISSION REPORT.....	6
2.4	EXAMINATION OF DOCUMENTS	6
2.5	PROJECT FUNDING SOURCE.....	7
2.6	RESPONSIBILITY FOR COSTS	7
2.7	TAXES.....	7
2.8	CONFIDENTIALITY.....	7
2.9	ECONOMY OF PROPOSALS	7
2.10	SUBSTANTIVE PROPOSALS	7
2.11	CONDITIONS REQUIRED FOR PARTICIPATION.....	8
2.12	LANGUAGE OF PROPOSAL.....	8
2.13	PROPOSAL SUBMISSION REQUIREMENTS	8
2.14	PACKAGING.....	8
2.15	AUTHORIZED SIGNATURE	9
2.16	EFFECTIVE PERIOD OF PROPOSAL	9
2.17	EXCEPTIONS	9
2.18	OFFEROR QUALIFICATIONS	9
2.19	RIGHT TO REJECT PROPOSALS	9
2.20	PRIME CONTRACTOR RESPONSIBILITY	9
2.21	AWARD	9
2.22	COMPLETE SERVICES	10
2.23	INVOICING AND PAYMENT	10
SECTION 3:	PROPOSAL FORMAT AND CONTENT	11
3.1	EXECUTIVE SUMMARY	11
3.2	COMPANY INFORMATION.....	12
3.2.1	COMPANY PROFILE	12
3.2.2	OFFEROR'S AUTHORIZED NEGOTIATOR.....	12
3.2.3	NEGOTIATION PREREQUISITES	12
3.2.4	OFFEROR'S REPRESENTATIONS	13
3.3	ORGANIZATIONAL STRUCTURE, MANAGEMENT, AND KEY PERSONNEL	14
3.4	TECHNICAL APPROACH AND WORK PLAN	14
3.5	EXPERIENCE AND QUALIFICATIONS	14
SECTION 4:	AWARD CRITERIA	16

ANNEX 1	FEDBIZOPPS ANNOUNCEMENT
ANNEX 2	BACKGROUND DEFINITIONAL MISSION REPORT (EXCERPTS)
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\$520,209 to the Donetsk Oblast Council (the "Grantee") in accordance with a grant agreement dated September 25, 2009 (the "Grant Agreement"). This Grant would fund a feasibility study (the "Feasibility Study") for a proposed Donetsk International Airport Improvement and Expansion Project (the "Project") in Ukraine (the "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 Feasibility Study.

1.1 BACKGROUND SUMMARY

The Donetsk Oblast (or Donetsk Region) is the largest oblast in Ukraine. It has a population of 4.4 million, and it includes almost 10% of Ukraine's total population. The City of Donetsk is the capital of Donetsk Oblast.

Donetsk Airport is the fourth largest airport in Ukraine. Donetsk Airport serves Donetsk Oblast and areas of heavily populated surrounding oblasts, so the total population of the area served by the airport is approximately six million. Donetsk Airport is the main hub of the fast-growing Ukrainian air carrier Donbassaero, and the airport also is served by other European airlines, such as Lufthansa and Austrian Airlines. The airport is owned by the Donetsk Oblast Council, which is responsible for development and upkeep of the terminal and associated facilities.

The current Soviet-era passenger terminal building was built in the 1970s and does not meet current standards for international passenger facilities. Furthermore, Donetsk Airport has experienced rapid traffic growth over the last five years, with passenger traffic growing at a rate of 18% per year and aircraft movements increasing at a rate of more than 5% per year. Although airport officials report that the existing terminal is unable to effectively handle current traffic, recent projections estimate that the number of annual passengers at Donetsk Airport will increase from 650,000 in 2008 to more than one million by 2017.

In an effort to fund airport improvements, in early 2009 the Donetsk Oblast Council issued a request for proposals (RFP) for a 49-year concession of Donetsk Airport. No proposals were submitted in response to this RFP, however, apparently because of the state of the world financial markets in general and financial problems in Ukraine in particular. Therefore, the RFP was withdrawn in April.

Although improvement and expansion of the Donetsk Airport is needed because of the airport's current and long-term role as the primary airport for its surrounding region, any such improvement or expansion that is completed by the Summer of 2012 would improve Donetsk's capacity to host visitors to the 2012 European Soccer Championship (Euro 2012).

A background Definitional Mission Report is provided for reference in Annex 2.

1.2 OBJECTIVE

The main objectives of the Study are to determine the requirements for expanding/improving the airport facilities at Donetsk International Airport; to determine the viability of the latest design for a new terminal complex that the Grantee is proposing and propose two alternate schematic plans; to assess the financial feasibility of the three plans; and to determine a financing strategy based on the use of multinational bank funds and local and private funding. The Terms of Reference (TOR) for this Feasibility Study 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 \$520,209. **The USTDA grant of \$520,209 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 \$520,209 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 Donetsk International Airport Improvement and Expansion Project.

2.2 DEFINITIONS

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

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

The term "Offeror" means the U.S. 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 Feasibility Study.

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

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

2.5 PROJECT FUNDING SOURCE

The Feasibility Study will be funded under a grant from USTDA. The total amount of the grant is not to exceed \$520,209.

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 only English.

2.13 PROPOSAL SUBMISSION REQUIREMENTS

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

Mr. Anatoly M. Bliznyuk
Chairman
Donetsk Oblast Council
Donetsk Regional Administration
Pushkina Blvd, 34
Donetsk 83105
Ukraine

An Original and eight (8) copies of your proposal must be received at the above address no later than 4:00 PM, on December 18, 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 and eight (8) copies 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\$520,209, which is a fixed amount.

Offerors shall submit one (1) original and eight (8) copies 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 Feasibility Study.
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 Feasibility Study 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 Feasibility Study. 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 Feasibility Study. 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 Feasibility Study.

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 Feasibility Study.

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 Feasibility Study. If a subcontractor(s) is being used, similar information must be provided for the prime and each subcontractor firm proposed for the project. 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 Feasibility Study as described in this RFP.

Section 4: AWARD CRITERIA

Individual proposals will be initially evaluated by a Procurement Selection Committee of representatives from the Grantee. The Committee will then conduct a final evaluation and completion of ranking of qualified Offerors. 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:

1. **Technical Experience (30 points):** Firm and team experience in airport feasibility studies including experience in the preparation of demand-capacity analysis, environmental impact assessment, airside/landside facility requirements, conceptual design and land use, final design and airport planning. This should include a demonstrated understanding of FAA, ICAO and IATA regulations and requirements.
2. **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 detailed in the proposal and the overall quality of the presentation should be evaluated. The proposal should provide an organization chart of key personnel with their qualifications and a staffing schedule for each key activity.
3. **Airport Retail Concessions and Cargo Planning (10 points):** Firm and team; experience in developing concession and privatization strategies for airport projects.
4. **Finance (25 points):** Firm and team experience in airport forecasting, demand analysis, cost estimating and development of capital investment programs for airport and infrastructure projects. They should have experience with airport project financing and structuring finance for projects in Eastern Europe, understanding of the requirements of the international development banks, such as the ERBD, that are likely to support the Project, as well as experience with analysis of air traffic and cargo traffic relating to airport development.
5. **Regional Experience (10 points):** Firm and team's familiarity with the aviation sector in Eastern Europe, including local and international regulations and requirements.

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

Price will not be a factor in contractor selection.

ANNEX 1

MR. ANATOLY M. BLIZNYUK, CHAIRMAN, DONETSK OBLAST COUNCIL, DONETSK REGIONAL ADMINISTRATION, PUSHKINA BLVD, 34, DONETSK, 83105, UKRAINE
+38 062 334 20 40.

B -UKRAINE: DONETSK INTERNATIONAL AIRPORT IMPROVEMENT AND EXPANSION PROJECT FEASIBILITY STUDY

POC John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. UKRAINE: DONETSK INTERNATIONAL AIRPORT IMPROVEMENT AND EXPANSION PROJECT FEASIBILITY STUDY The Grantee invites submission of qualifications and proposal data (collectively referred to as the "Proposal") from interested U.S. firms which are qualified on the basis of experience and capability to develop a feasibility study to:

1. determine the requirements for expanding/improving the airport facilities at Donetsk International Airport;
2. determine the viability of the latest design for a new terminal complex that the Grantee is proposing and propose two alternate schematic plans;
3. assess the financial feasibility of the three plans; and,
4. determine a financing strategy based on the use of multinational bank funds and local and private funding.

Donetsk Airport is the fourth largest airport in Ukraine. Donetsk Airport serves Donetsk Oblast and areas of heavily populated surrounding oblasts, so the total population of the area served by the airport is approximately six million. Donetsk Airport is the main hub of the fast-growing Ukrainian air carrier Donbassaero, and the airport also is served by other European airlines, such as Lufthansa and Austrian Airlines. The airport is owned by the Donetsk Oblast Council, which is responsible for development and upkeep of the terminal and associated facilities. The current Soviet-era passenger terminal building was built in the 1970s and does not meet current standards for international passenger facilities. Furthermore, Donetsk Airport has experienced rapid traffic growth over the last five years, with passenger traffic growing at a rate of 18% per year and aircraft movements increasing at a rate of more than 5% per year. Although airport officials report that the existing terminal is unable to effectively handle current traffic, recent projections estimate that the number of annual passengers at Donetsk Airport will increase from 650,000 in 2008 to more than one million by 2017.

The U.S. firm selected will be paid in U.S. dollars from a \$520,209 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

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 directly to the Grantee by 4:00 PM, DECEMBER 18, 2009 at the above address. Evaluation criteria for the Proposal are included in the RFP. Requests for clarification on any aspect of the RFP should be directed to POC John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. Any such request must be received no later than 4:00 PM, DECEMBER 18, 2009 in order to be honored. 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

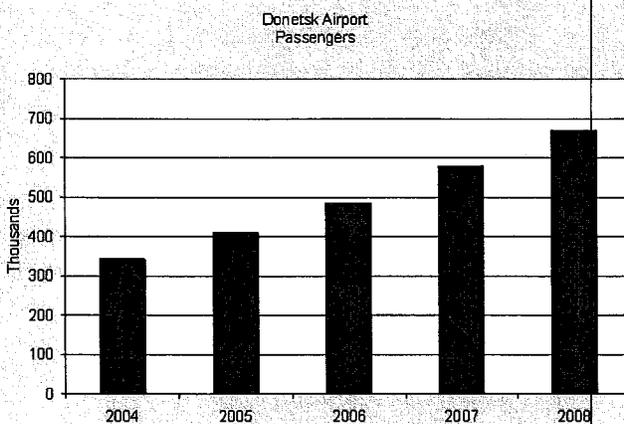
(*excerpts from the Definitional Mission Report)

Donetsk Airport Development Feasibility Study

BACKGROUND

Donetsk International Airport (“DOK”), the fourth largest airport in Ukraine, is the main airport in the industrialized and densely populated Eastern region of the country bordering on Russia. It offers scheduled and charter air services to Eastern and Western Europe, Russia, the Middle East, Turkey, and Mediterranean resorts. It is the main hub of the fast growing Ukrainian carrier Donbassaero and is served by Aerosvit as well as other European scheduled airlines. The airport is owned by the Donetsk Regional Council, which is responsible for development and upkeep of the terminal and associated facilities. The Ukrainian SAA is responsible for the upkeep and development of the runway, taxiways, and air traffic control functions.

The current Soviet-era passenger terminal building was built in the 1970s. It has been upgraded periodically, particularly with respect to security, but does not meet current standards for international passenger facilities, so needs either to be replaced or to undergo major remodeling.

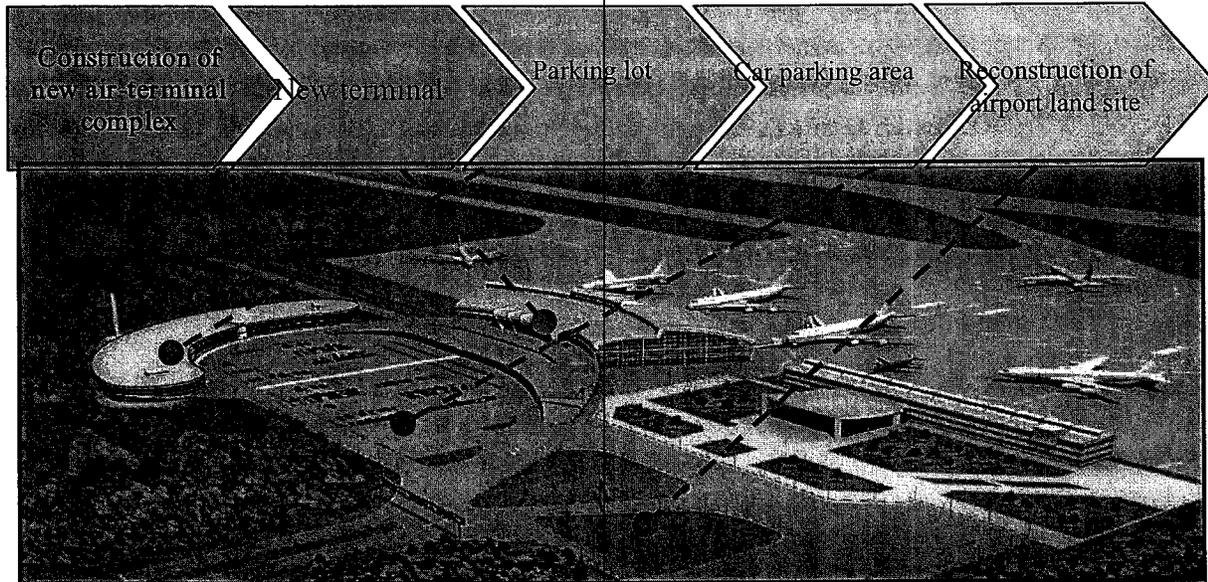


DOK has experienced rapid traffic growth over the last 5 years, with the passenger count growing at 18% a year and aircraft movements at more than 5%. The airport says the existing terminal is unable to handle current traffic. A recent study projects that the annual passenger count at DOK will surpass 1 million by 2017, up from ~ 650,000 in 2008.

In 2004 the airport completed a study to outline improvements that would be necessary for DOK to meet certain standards in time for the UEFA European Soccer Championship, Euro 2012, being held in Poland and Ukraine and which may include Donetsk as a competition venue. UEFA had identified certain improvements necessary for DOK to reach acceptable standards and be able to handle the volume of soccer fans and private aircraft movements that could be expected during matches at Donetsk. This 2004 study resulted in plans for the construction of a modern 31,500 square meter terminal complex on four levels, enlarged aircraft parking areas and bus parking areas – illustrated below. ACA was provided only parts of the 2004 study.

2004 Donetsk Development Plans were reworked in accordance with UEFA requirement and due to plans of airport expansion. All the details of construction are available at Donetsk Airport.

2004 DOK Development Plans



In an effort to fund airport improvements, in early 2009 the Donetsk Regional Council issued an RFP for a 49-year concession of DOK but there was no response due to the state of the world financial markets and the financial problems in Ukraine. The RFP was withdrawn in April.

PROJECT DESCRIPTION

Based on discussions with Anatoly Blyznyuk, Head of Donetsk Regional Council and Valentin Palamarchuk, Head of Donetsk Airport, ACA has determined that a feasibility study ("Study") for the development of Donetsk International Airport, including the feasibility of the construction of a new passenger terminal, is warranted.

The main objectives of the Study are: (a) to determine the requirements for expanding/improving the airport facilities at Donetsk International Airport; (b) to determine the viability of the latest design for a new terminal complex that the Regional Council is proposing and propose two alternate schematic plans; (c) to assess the financial feasibility of the three plans; and (d) to determine a financing strategy based on the use of multinational bank funds and local and private funding (privatization is an option that should be considered even though the privatization attempt in 2009 failed). The development options should be designed both to accommodate air traffic demand over the next 25 years and to satisfy the

short term needs associated with Euro 2012, which may include renovation of existing structures.

Project Costs

A German consulting firm, Airport Consulting Partners GmbH, carried out a study "State Program of the Ukrainian Airports Development for the Period until 2020" ("German Study") for the SAA, published we believe in 2008, that examined the infrastructure needs of a large number of airports throughout Ukraine. SAA did not give ACA a copy of the whole report, but DOK management provided us an extract from it that covered DOK. This extract described DOK improvements, including the 31,500 sq. meter terminal complex described above, covered parking for 600 cars, and outside parking for 1,200 vehicles. These developments were also described in a 2007 USTDA DM. ACA produced generic cost estimates for the Project based on the specifications contained in the German Report. As shown in the table, ACA estimates the capital costs of the Project to be ~ \$135 million.

Donetsk Airport ACA Development Cost Estimates	
Description	Cost (US \$)
New Passenger Terminal Complex	
Building total	\$44,100,000
Exterior parking lot	\$2,000,000
Covered parking lot	\$14,400,000
Overpass	\$4,000,000
Subtotal	\$64,500,000
Engineering/Design	\$6,450,000
Total Terminal Complex	\$70,950,000
Renovate Existing Terminal	\$10,000,000
Control Tower*	\$16,000,000
Airside	
Runway completion	Not included
Aircraft parking new	\$27,000,000
Renovate existing pavement	\$11,000,000
Total Airside	\$38,000,000
Total Airport	\$134,950,000
* Not included in feasibility Study	

As Mr. Rosenberg observed during the site visit, a new 4,000 meter runway has been partially completed – the runway shoulders, taxiways, and associated equipment remain to be finished. ACA has not included this work in our Project cost since it is being funded by the State (although no work has been done this year because no funds are available). The contracts for the runway construction and supporting equipment (lighting, meteorological, traffic handling) have already been awarded to a Siemens subsidiary and a Moscow-based company. The German Study includes a Control Tower which will be owned, operated, and presumably funded by the SAA; nevertheless, we have included its cost in our Project cost estimates because it will include a significant amount of equipment that could be supplied by U.S. companies.

DOK management supplied ACA with their latest capital development budget, which we used as a reference against which to compare our costs. The ACA estimated costs are comparable with the DOK budget except for the new terminal complex, which DOK estimates at ~ \$170 million compared with ACA's \$70 million. This huge disparity underscores the need for an independent feasibility study.

SPONSOR COMMITMENT

Based on discussions with the Donetsk Regional Council Head, the General Director of DOK, and the Deputy Head of the Economy Department of DOK, ACA has concluded that the Regional Council places a high priority on completion of the airport expansion and modernization project. In addition, the Ministry of Transport and Communications State Aviation Administration, which is responsible for runway and air traffic control related equipment, has indicated support for the Project and has provided funding for the new 4,000 meter runway as evidence of its long term commitment to DOK even though its construction has slowed due to fiscal issues.

The Council has an immediate concern which is to meet certain minimum requirements and airport improvements prior to the European Soccer Championship, Euro 2012, which will likely include Donetsk as a competition venue. ACA was assured during discussions with the Donetsk authorities that the expansion of the airport would be supported by the Council even if Euro 2012 were not held in Donetsk or if this Study and related work would not be prepared in time to fully satisfy the airport's requirements for 2012.

IMPLEMENTATION FINANCING

In the current global financial situation and local market conditions, the likelihood of obtaining financing for this or any other project in the Ukraine from commercial banks or equity investors, other than from existing investors who have a vested interest in maintaining current investments, is low. International multilateral financial institutions, such as EBRD and IFC, look at the long term viability of the project and the need to build Ukraine's transportation network infrastructure. Based on its observations and on conversations with multinationals, ACA thinks it fair to say that most consider the sovereign credit of Ukraine to be firmly in the "junk bond" category

The funding of the new runway, related taxiways, and equipment is the responsibility of the SAA, which has already spent \$110 million on these improvements and needs to find an additional \$166 million to complete the work. This funding will have to come from the State budget.

In order to make near term improvements at DOK the Regional Council has allocated \$14 million for necessary terminal and airside improvements, and the Head of the Council indicated that they would contribute to the financing of the development of the airport. Their attempt to find a private developer for the airport using a 49-year concession was abandoned in April 2009. The fiscal condition of the Ukrainian government and the collapse of the banking sector during the last year have left the Council with no apparent viable options.

Private Public Partnership (“PPP”): While the attempt by the Council to offer a concession for the airport failed, it is not clear that this option should not be reexamined by the Study team. The conditions of the original offer may not have suited the market, and the timing (early 2009) was less than optimal. The exploration of this structure as the first financing option is preferred by institutions such as EBRD, as it would provide both the capital and skills necessary to complete the Project.

EBRD: This institution indicated to ACA that it would support the development of DOK to help satisfy the aviation infrastructure needs of the nearly 6 million people and the businesses in the region. The possibility of a loan with a grace period was mentioned, but as noted above, the EBRD prefers the PPP financing option if possible. In any event, EBRD indicated the following prerequisites to its support of the project:

- A proper feasibility study needs to be carried out – the current studies provided by the Council are not objective enough, but a USTDA-sponsored study would meet EBRD requirements.
- The responsibilities between the State and local authorities need to be clearly defined.
- There is a clear understanding of who the decision makers would be in the development.
- If other parties are involved, there will need to be complete transparency.

IFC: In a meeting with IFC’s Principal Investment Officer, in Kiev, she indicated that IFC would be supportive of a privatization or concession with the right partner if that were the ultimate structure. As it is unlikely that this would be the first step in the funding process for DOK, we do not consider this any help in getting the Project through its first phase. In any event, IFC would provide financing for only 25% of the project.

Export-Import Bank of the United States confirmed that it is open for its full range of business in Ukraine in support of U.S. exports. As is the norm, projects need to be well-founded and offer a reasonable assurance of repayment, but the bank is easing its terms in the current economic situation.

U.S. EXPORT POTENTIAL

ACA estimates that the DOK development will have a total cost of about \$135 million, which includes equipment and services with a value of about \$40 million that could be supplied by U.S. firms.

As well as the construction engineering and consulting services and terminal equipment, such as baggage systems, escalators, air conditioning, passenger and baggage security and other systems, the expansion of the aircraft apron will require an increase in the number of aircraft ground service equipment and fuel trucks, of which the U.S. is a primary supplier.

Donetsk Airport Development Project U.S. Potential Export of Goods and Services ACA Estimate		
Description	Unit cost US \$	Cost US\$
Passenger Terminal Complex		
Loading bridges	\$1,000,000	\$3,000,000
Baggage system	\$1,000,000	\$2,000,000
Security Screening	\$1,800,000	\$3,600,000
IT/Communications	\$600,000	\$1,200,000
FIDS	\$750,000	\$1,500,000
Escalators/Elevators	\$800,000	\$3,200,000
Air Conditioning, lighting, etc. systems		\$4,000,000
Control Tower*		
ATC/Communications Equipment*	\$8,000,000	\$8,000,000
GSE		
Passenger Bus	\$220,000	\$1,100,000
LD Loader wide	\$209,110	\$418,220
Baggage Tug	\$19,944	\$598,320
Belt loader	\$31,910	\$638,200
Lavatory Trucks	\$48,500	\$194,000
Potable Water Truck	\$56,043	\$168,129
GPU	\$178,267	\$1,782,670
Pushback tractors	\$239,225	\$2,631,475
Passenger Stairs truck	\$62,962	\$314,810
Other		\$200,000
Fuel		
Fueling Trucks	\$230,000	\$1,150,000
Control Equipment	\$150,000	\$150,000
Fire Suppression	\$300,000	\$600,000
Other		\$150,000
Crash, Fire & Rescue		
Large trucks	\$450,000	\$1,800,000
Medium trucks	\$360,000	\$720,000

Rapid Intervention Vehicle	\$240,000	\$240,000
Water Tender	\$180,000	\$360,000
Support vehicles	\$50,000	\$100,000
Total		\$39,815,824
* Not included in feasibility Study		

U.S. SUPPLIERS

There are a large number of U.S. firms that supply airport consulting, engineering and design services, and produce equipment such as is needed for baggage handling, security, boarding bridges, communications, flight information displays, building services (power supply, air conditioning, etc.), that will be required to construct a new passenger terminal at DOK. A partial list of suppliers is included in Appendix X.

FOREIGN COMPETITION AND MARKET ENTRY ISSUES

Airport construction and development is a large competitive international business. There are many non-U.S. companies that provide airport design and construction management services and manufacture the type of equipment that will be installed in the upgraded terminal, all of which will be strong competition for U.S. suppliers. Ukraine is a priority member of the European Neighborhood Policy (“ENP”), an organization designed to increase prosperity and strengthen the ties between the expanded European Union and its close neighbors and, eventually, to achieve economic integration. With this in mind, European firms, such as Hochtief and Egis (airport construction), Siemens (already a supplier for the runway upgrade) and Vanderlande (baggage systems), UFIS Airport Solutions (IT systems) and Thales (security, communications), should be considered to be primary competitors of U.S. suppliers. In addition, Ukraine has ties to Russian companies, and a Moscow-based company is currently working on the runway reconstruction.

DEVELOPMENTAL IMPACT

Infrastructure. The primary benefit of the airport modernization is the construction of a new passenger terminal to provide the Donetsk region with an efficient, modern, and safe passenger air terminal up to international standards. In addition, the lengthening and strengthening of the runway (not included in this study although part of the overall development) will accommodate wide body, long haul aircraft that cannot currently be handled at DOK.

Market Oriented Reforms. The Donetsk County Council was unsuccessful in its attempt to privatize this airport during 2009, due mainly to the global financial crisis. At this point, we anticipate the initial funding for the Project will be through the ERBD, but going forward, it may be possible for the airport to be privatized if an independent feasibility study is completed. The County offered a 49-year concession for the airport to which there was no response.

Human Capacity Building. Construction of a new international terminal is expected to create a large number of construction and engineering jobs initially, including those for the installation of latest technology building systems. As the passenger capacity will be doubled, the new facility will double the number of employees, including airline personnel, building maintenance mechanics, and communications specialists who will be needed to maintain the new systems and equipment that will result from the project. Current employee count is ~ 1,100.

Technology Transfer and Productivity Improvement. The new terminal will incorporate the latest technology systems which will result in some productivity improvement but mainly new jobs. The latest technologies will convert unskilled jobs to semi-skilled or skilled employees which will be good for development of the future airport. The skilled jobs will include persons with expertise in: communications systems, airline operations systems, IT, flight information systems, ramp information systems, heating, lighting, generation, ground service maintenance, fueling, deicing systems, and airport management.

IMPACT ON ENVIRONMENT

The DM expects that the Project will have minimal environmental impact. Any new construction will incorporate the latest energy saving systems hence will reduce pollution and greenhouse gas emissions which should produce a positive impact on the environment. At the same time issues that do need review are:

- Increased noise levels due to larger aircraft and increased daily operations.
- Waste management to cope with the many demands of the new terminal.
- Deicing fluid catchment.
- Sewage and drainage.

Contactor shall prepare an environmental impact analysis to evaluate these and other potential issues and to provide recommendations to minimize the impact on the environment.

IMPACT ON U.S. LABOR

The Project will not cause any dislocation of U.S. jobs. It is not expected to: (a) provide any incentive to induce a business enterprise currently located in the U.S. to relocate outside the U.S. or to reduce the number of employees in the U.S. by relocating production currently in the U.S. to overseas facilities; (b) contribute to the violation of internationally recognized workers' rights; or (c) contribute to the production of any commodity that is in surplus in the global markets.

In fact the Project should have a positive impact on the U.S. labor market because it will provide business opportunities in Ukraine for U.S. firms to supply airport-related goods and services.

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 Donetsk Oblast Council ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Agreement US\$520,209 ("USTDA Grant") to fund the cost of goods and services required for a feasibility study ("Study") on the proposed Donetsk International Airport Improvement and Expansion project ("Project") in Ukraine ("Host Country").

1. USTDA Funding

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

2. Terms of Reference

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

3. Standards of Conduct

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

4. Grantee Responsibilities

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

5. USTDA as Financier

(A) USTDA Approval of Competitive Selection Procedures

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

(B) USTDA Approval of Contractor Selection

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

(C) USTDA Approval of Contract Between Grantee and Contractor

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

(D) USTDA Not a Party to the Contract

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

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

(E) Grant Agreement Controlling

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

6. Disbursement Procedures

(A) USTDA Approval of Contract Required

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

(B) Contractor Invoice Requirements

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

7. Effective Date

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

8. Study Schedule

(A) Study Completion Date

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

(B) Time Limitation on Disbursement of USTDA Grant Funds

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

9. USTDA Mandatory Clauses

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

10. Use of U.S. Carriers

(A) Air

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

(B) Marine

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

11. Nationality, Source and Origin

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

12. Taxes

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

13. Cooperation Between Parties and Follow-Up

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

14. Implementation Letters

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

15. Recordkeeping and Audit

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

16. Representation of Parties

For all purposes relevant to the Grant Agreement, the Government of the United States of America will be represented by the U. S. Ambassador to Host Country or USTDA and Grantee will be represented by the Chairman of the Donetsk Oblast Council. 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: Donetsk Oblast Council
Pushkina Blvd, 34,
Donetsk, 83105
Ukraine

Phone: 38 062 334 20 40
Fax: 38 062 334 20 20

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.: 114/91001
Appropriation No.: 115/101001
Appropriation No.: 118/91001
Activity No.: 2009-81032A
Reservation No.: 2009810044
Grant No.: GH2009810013

18. Termination Clause

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

19. Non-waiver of Rights and Remedies

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

20. U.S. Technology and Equipment

By funding this Study, 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 Donetsk Oblast Council, each acting through its duly authorized representative, have caused this Agreement to be signed in the English language in their names and delivered as of the day and year written below. In the event that this Grant Agreement is signed in more than one language, the English language version shall govern.

For the Government of the
United States of America

For the Donetsk Oblast Council

By: *David K. Hunt*

By: *[Signature]*

Date: September 25, 2009

Date: 9.09.2009

Witnessed:

By: *[Signature]*

Witnessed:

By: _____

Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses

Annex I

Terms of Reference

Objective of the Feasibility Study

The main objectives of the Study are to determine the requirements for expanding/improving the airport facilities at Donetsk International Airport; to determine the viability of the latest design for a new terminal complex that the Grantee is proposing and propose two alternate schematic plans; to assess the financial feasibility of the three plans; and to determine a financing strategy based on the use of multinational bank funds and local and private funding (concession is an option that should be considered even though the privatization attempt in 2009 failed). The development options should be designed to both accommodate air traffic demand over the next 25 years and satisfy the short term needs associated with Euro 2012, which may include renovation of existing structures.

Study Tasks

Task 1: Collect and Review Existing Data and Inventory Airport Facilities and Property

The Contractor shall collect and analyze any existing reports, plans, and other documentation regarding Donetsk International Airport ("DOK"), including:

- The current Master Plan and air traffic forecasts and other airport planning documents and studies;
- Air traffic statistics for DOK;
- Government developmental policies and priorities for relevant sectors, including industry, agriculture, and tourism;
- Schematics and plans developed by DOK for the new terminal and related facilities;
- Maps and plans of the area surrounding DOK, including current land use plans;
- Airport rates and charges for airside and land side services and the financial statements and projections for DOK;
- Data on ground traffic flows to and from DOK;
- Data on numbers of employees at DOK;
- Other relevant usage statistics, such as aviation fuel consumption, airport management organization and staffing, and the provision of ground handling services;
- Input from Donbassaero Airlines and other airlines operating at DOK on their traffic forecasts and flows and their aircraft acquisition programs;
- Current and future plans for provision of fueling, catering, cargo, and ground handling services;

- Existing arrangements for incident response, including facilities and equipment.

The Contractor shall travel to Ukraine and meet with: government/ministry officials in Kiev; officials from the Regional Administration in Donetsk, the owner of the airport; and with DOK airport management, to determine their current priorities and the status of existing capital improvement projects.

The Contractor shall conduct a facility inventory of DOK and shall inspect the condition and capability of all airport facilities. The Contractor shall prepare an existing facility inventory and layout drawings to include type, size, and location of all airport facilities (runway, taxiways, aprons, drainage, passenger terminal and other buildings, utilities, roads, parking). In addition, the Contractor shall determine demographic, economic, policy, environmental, operational, financial, and commercial aspects of the region served by the airport that may impact the airport's development.

The Contractor shall produce a work plan for the Study with an associated timeline, both of which are to be agreed with DOK officials.

Deliverable: The Contractor shall provide the work plan for the Study with associated timeline and an inventory of existing facilities.

Task 2: Forecast Air Passenger and Cargo Demand

The Contractor shall develop an, or update the existing, air traffic forecast based on current government economic development plans and interviews with airlines serving the airport. This forecast will be the basis for the facilities and land use requirements for DOK and for the financial forecast of the Project. The Contractor shall prepare a forecast of air traffic on an annual basis for the next 25 years for international and domestic passengers and for air cargo, to include peak usage forecasts, including the potential traffic of Euro-2012 if the possibility that Donetsk is to be a venue exists. The Contractor shall take likely changes in the types of aircraft serving DOK into account when preparing forecasts of aircraft movements. The Contractor shall break down cargo forecasts into categories to provide the basis for space and equipment needs for planning for an air cargo facility. The Contractor shall document the methodology used to produce the forecasts. The forecasts shall include:

Annual Forecasts:

- International and domestic passengers, broken down into arriving and departing passengers;

- Scheduled, charter, and non-scheduled aircraft movements, and number of fixed base aircraft, broken down by aircraft types for noise planning and facility requirement purposes;
- Air cargo weight by export, import, and transfer, broken down into categories for planning purposes;
- Projected aircraft fuel consumption;
- Vehicular parking requirements.

Peak Hours/Day Forecasts:

Based on an analysis of past and present traffic flows and airline schedules and on observation of current peak hour passengers and aircraft operations and peak day cargo operations, annual forecasts over the 25-year forecast period shall consist of:

Passengers

- Peak hour international and domestic originating departure passengers;
- Peak hour international and domestic terminating passengers;
- International and domestic transit passengers;
- Combine peak hour traffic as the basis for calculations of curb length, access, and parking requirements; and
- Peak hour meeter/greeter ratio.

Vehicular Parking

- Current and projected volume of vehicles requiring parking at DOK.

Air Cargo

- Peak day volumes of export, import, and transfer international air cargo broken down into container and break-bulk categories and types of cargo (perishable, dry) projected annually for 25 years.

Aircraft Movements by Aircraft Type and size, in accordance with IATA standards

- Scheduled peak hour movements;
- Peak hour itinerant, general aviation, and local (including military) movements.

Aircraft Parking

- Scheduled peak hour parking demand based on estimates of current and future fleet mix and likely arrival and departure times;
- Overnight commercial parking demand;
- Fixed base (general aviation) and itinerant aircraft parking demand.

Report Deliverable

INCEPTION REPORT: The Contractor shall provide the Grantee with a report incorporating all the information and findings from Task 1, including a work plan for the Study with associated timeline, an inventory of the facilities, and a listing of all

information and documents collected with the annual and peak hour traffic forecasts developed in Task 2 together with the assumptions on aircraft size and type.

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

The Contractor shall analyze the condition of all airport terminal facilities and identify any improvements needed.

The Contractor shall conduct a forecast demand/capacity analysis of the existing DOK facilities: aircraft parking apron, passenger terminals, cargo facilities, fuel farm, and vehicular parking areas. Based on this analysis, the Contractor shall prepare airport development requirements grouped into three planning stages: short term (first 5 years), medium term (next 10 years), and long-term developments through the remainder of the 25-year forecast period. The development requirements shall cover:

Airside Facilities

- Airfield pavement needs, including requirements for apron reconstruction and/or expansion;
- Airfield lighting;
- Aircraft refueling;
- Ground support equipment maintenance.

Landside Facilities

- International and domestic passenger terminal space needs, including:
 - Passenger check-in ticketing and counter positions taking into account the likely introduction of automated check-in kiosks
 - Outbound immigration
 - Security screening
 - Passenger hold rooms
 - Inbound immigration
 - Baggage claim
 - Customs
 - Meeter/greeter areas
 - Restrooms
 - Passenger circulation
 - Retail concessions and other amenities
 - Airline offices
 - Terminal administration and maintenance
 - Terminal curb frontage and approach
 - Vehicle parking

- Equipment, including but not restricted to loading bridges, elevators, escalators, FIDS/BIDS, baggage carousels and handling equipment, security and screening
- Cargo Terminal
 - Processing space and storage
 - Cold storage
 - Ground handling equipment
 - Vehicle access and parking
- Other Facilities
 - Crash, fire, and rescue requirements
 - Catering/flight services
 - Fuel farm
 - General and military aviation
 - Utilities, including power, water, sewage

Task 4: Conceptual Plan and Development Program

The Contractor shall focus conceptual planning on the new passenger terminal, aircraft aprons, and facilities impacted by the forecast growth of air traffic and shall base planning on the space and facility requirements developed under Task 3. The Contractor shall evaluate the terminal complex design proposed by DOK based on the air traffic forecast developed in Task 2 to determine its adequacy. In addition the Contractor shall prepare two alternate schematic design layouts for the development of the terminal, the terminal area including the aprons, and the airside component improvements. The Contractor shall create phased development plans, including apron, terminal facility construction, and equipment requirements and develop cost estimates for the existing design and the two alternate designs to meet the short, medium, and long term needs defined in Task 3 and taking into account likely financing limitations. In particular, the Contractor shall prepare short term plans to accommodate Euro-2012 traffic, which may involve renovations to the existing facilities, that are financially viable and will contribute to the long-term development of DOK.

These plans and the accompanying equipment requirements are intended to serve as the basis for developing a capital investment program which will become an important input to the financial model and financial plan. These plans will be utilized to identify, prioritize, and schedule projects for the development of the most important facilities at the airport. The Contractor shall develop all plans in close coordination and consultation with representatives from DOK.

In addition, the Contractor shall identify and quantify other potential airport development or improvement requirements developed in Task 3, such as the possible need for periodic airfield pavement overlays beyond the requirements of periodic maintenance. The Contractor shall include replacement of ground service equipment, buses and passenger transport, and fueling equipment in these requirements. The Contractor shall prepare phased airport development programs to cover all items proposed for development or improvement in the short, medium, and long term development phases set out in Task 3.

Deliverable: The Contractor shall provide the Grantee with the conceptual and development plans.

Task 5: Preliminary Environmental Impact Assessment

The Contractor shall conduct an environmental review (with reference to local requirements and those of multi-lateral lending agencies, such as the World Bank, EBRD, and EIB) of the existing airport to include the current environmental status of DOK and any plans for environmental improvement or remediation of existing conditions, as a baseline against which to measure the Project's environmental impact. The Contractor shall identify potential negative impacts if the Project were to be implemented, discuss the extent to which they can be mitigated, and develop plans for full environmental impact assessment in anticipation of the Project moving forward to the implementation stage. The Contractor shall identify and analyze any other potential environmental impacts anticipated from future airport operations. The Contractor shall develop noise contours based on the U.S. Federal Aviation Administration ("FAA") Integrated Noise Model ("INM") to illustrate existing conditions and the 10 and 20-year forecasts. The Contractor shall identify any requirements for off-airport land use zoning to protect against future non-compatible use encroachment.

Deliverable: The Contractor shall provide the Grantee with the preliminary environmental impact assessment.

Task 6: Capital Investment Requirement

Based on the facility and equipment requirements and improvements developed in Tasks 3 and 4, the Contractor shall prepare detailed cost estimates for the three schematic designs, including engineering and construction management, civil works, facilities construction, and equipment and land purchase costs for each phase of development. The Contractor shall prepare 25-year Capital Improvement Programs ("CIP") for each of the three design alternatives. These CIPs will include the near term refurbishment of the

existing international terminal. The Contractor shall develop the CIPs in U.S. dollars at current exchange rates.

Deliverable: The Contractor shall provide the Grantee with three alternate capital investment plans for the Project.

Task 7: Regulatory and Legal Review

The Contractor shall review regulatory issues relating to the Project, and identify local or international regulations that would impact the Project's viability, particularly if it appears that in the medium term the option to privatize the airport is likely to be considered.

The Contract shall determine the legal entity that will have clear authority to manage the airport going forward and what entity(s) will have control of revenues from all airport related sources: landing fees, retail concession revenues, passenger fees, aircraft handling and fueling fees, and any other rental charges or fees on the airport. Where no clear authority exists the Contractor shall make recommendations as to how revenues and costs should be controlled. The Contractor shall consider these issues taking into consideration the financing requirements of the Project and ongoing operation of the airport.

Deliverable: The Contractor shall provide the Grantee with a review of local laws and regulatory issues relevant to the expansion of the international passenger terminal and implementation of the CIP. In addition, the Contractor shall provide the Grantee with a determination on the control of the operation of the airport and all revenues and costs so a third party can clearly understand who controls what. If this cannot be determined, recommendations on the best approach for consideration by the State and the Donetsk Oblast Council.

Task 8: Financial Analysis and Financial Plan

The Contractor shall develop a financial model that includes airport cash flows over the 25-year forecast period. The Contractor shall construct the model in a manner that permits the evaluation of possible modifications in revenues, investment costs, airport operating and maintenance costs to the investment program, or in the estimated costs of financing as well as the evaluation of the three alternate CIPs. The purpose of the financial model for the near term passenger terminal development is to justify the CIP to financing institutions and the government, so the Contractor shall take the findings of

who controls the different revenue streams determined in Task 6 into account when constructing the model. In addition, the Contractor shall analyze existing arrangements for the provision of ground services at DOK (currently provided by DOK as a sole source provider) and the income currently being derived from them. The model must separate the ground service revenues and expenses from the rest of the airport revenues and expenses because if Ukraine enters the EU and the airport grows the airport may be required to put these services out for competitive bid, and the ground service revenues may not be available to service general airport obligations.

The Contractor shall develop projections of (i) airport revenues that will be available based on the air traffic forecasts and on existing fee structures as well as on estimates of other income, and (ii) the operating and maintenance costs of both existing and proposed new facilities. The Contractor shall include any current investment repayment obligations and the CIP as additional inputs to the cash flow model, and shall incorporate the construction schedule, the equipment procurement schedule, into the model.

The Contractor shall make a determination as to the ability of the Donetsk Oblast Council to manage the construction and financing of the Project consistent with the best management practices for a project of its size and scope. The Contractor shall make recommendations regarding management of the Project and include sufficient funds in the financial plan to pay for external management should a PPP option not be possible.

The Contractor shall determine the future self-financing capacity of DOK and identify the need for outside financing for each alternative CIP. The analysis of the financial situation shall take into account the probable cost of any outside financing.

Deliverable: The Contractor shall provide a financial model and feasibility assessment to document the financial analyses of the three alternate CIPs.

Task 9: Financing Options – Concession (PPP)

The Contractor shall examine the concession offer that was withdrawn in April 2009 to understand the issues which may have caused it to fail. The Contractor shall determine whether the private sector would be interested in a concession to develop and operate DOK based on current market conditions, the financial models, the probable economics of the transaction, and legal and regulatory issues. The Contractor shall contact airport concession companies to ascertain potential interest, their minimum requirements, and identify issues which would prevent them from bidding. Using input from the concession

companies and recent similar transactions in the public records, the Contractor shall estimate the potential market price of the DOK concession.

Deliverable: The Contractor shall provide the Grantee an outline of PPP financing options which could be available under current conditions to include: terms and regulatory or legal issues which might need to be addressed by the Grantee before reoffering a concession; a list of potential concession operators and their specific conditions; and an estimate of the potential market value of a DOK concession.

Task 10: Financing Options -Other

The Contractor shall assess new sources of financing, independent of or in conjunction with a PPP, available to the airport at the most competitive terms. At a minimum, this assessment shall include the following: identification of potential funding sources; detailed descriptions of the terms and conditions of each potential funding source; descriptions of financing programs offered by these sources; and an indication of the level of interest of each source.

The EBRD has already indicated that it would be willing to support the Project. In addition the Contractor shall explore the availability of supplier credits, EXIM support, local equity or debt, as well as a privatization of the airport, which may be feasible in the future.

The Contractor shall identify the potential value of equipment and services and opportunities for the participation of U.S. vendors. The Contractor shall identify viable vendor financing from these vendors. The Contractor shall evaluate all relevant export credit financing, including its costs and benefits.

Deliverable: The Contractor shall provide the Grantee with potential financing options for the Project.

Report Deliverable

INTERIM REPORT: The Contractor shall provide the Grantee with a report that shall include any comments from or revisions to the Inception Report as well as all the findings and results of Tasks 3 through 10.

Task 11: U.S. Sources of Supply

The Contractor shall develop a best estimate of the potential for U.S. procurement of goods and services in connection with the development of DOK. The Contractor shall include a database of U.S. companies that could be suppliers and their level of interest. The database shall include U.S. company name, address, personnel contact names with phone and email addresses, and the goods or services that could be exported in connection with the Project. The database will be in a searchable format.

Deliverable: The Contractor shall provide the Grantee a database of U.S. companies interested in the Project, as well as an identification of equipment and services that can be exported from the U.S., with an estimated dollar value of U.S. export potential.

Task 12: Developmental Impact Assessment

The Contractor shall assess the development benefits associated with the Project and the methodology for measuring those benefits. The assessment shall include examples of the development benefits that would be expected in Donetsk region if the Project is implemented as outlined in the Final Report. Specific attention should be given to:

Infrastructure: Provide a statement on the infrastructure impact of the expanded terminal and on the overall impact of the airport development if it is implemented in full. These impacts may include the number of new gates, addition of peak hour capacity, additional space for increase meeter/greeter flow, or amount of new parking and drop-off locations.

Technology Transfer and Productivity Improvements: Provide a description of any advanced technologies that would be utilized and any efficiency that will be gained if the airport development plan is implemented. Efficiencies gained may include increased capacity per employee, as well as a reduction in wait times due to poorly organized entry and ticketing areas.

Human Capacity Building: Assess the number and type of local positions that would be needed to construct and operate the airport if the development plan is implemented.

Market-Oriented Reforms: Provide a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented.

Other/Spin-Off Effects: Describe any other developmental benefits derived from the Project including, for example, safer workplace, lower noise impact.

Deliverable: The Contractor shall provide the Grantee with the developmental impact assessment of the Project.

Task 13: Implementation Plan

The Contractor shall develop a plan for the implementation of the expansion of DOK for the first 5 years of the plan. The plan shall consider appropriate times for bid preparation, design work, and phased construction of DOK. In addition the regulatory and government approval process shall be carefully considered. This plan will supplement the CIP.

Deliverable: The Contractor shall provide the Grantee with the implementation plan

Task 14: Draft/Final Report

The Contractor shall prepare and deliver to the Grantee a full and complete Draft Final Report of all the work performed under these Terms of Reference. This Draft Report will follow the format noted below for the Final Report. All concerned parties will be given two weeks to comment and make changes to the Draft Final Report before submission of the Final Report.

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

Report Deliverable

FINAL REPORT: The Contractor shall provide the Grantee and USTDA with the Final Report. The Final Report shall contain all the information contained in the Inception Report and the Interim Report, updated as necessary, plus the deliverables from Tasks 9 through 13.

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.**

A handwritten signature in black ink, appearing to be 'W. J. F.', is written in a cursive style.

Annex II

USTDA Mandatory Contract Clauses

A. USTDA Mandatory Clauses Controlling

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

B. USTDA as Financier

(1) USTDA Approval of Contract

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

(2) USTDA Not a Party to the Contract

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

bar the Client or USTDA from asserting any right they might have against the Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Client or USTDA.

C. Nationality, Source and Origin

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

D. Recordkeeping and Audit

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

E. U.S. Carriers

(1) Air

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

(2) Marine

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

F. Workman's Compensation Insurance

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

G. Reporting Requirements

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

H. Disbursement Procedures

(1) USTDA Approval of Contract

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

(2) Payment Schedule Requirements

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

(3) Contractor Invoice Requirements

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

(a) Contractor's Invoice

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

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

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

(ii) For contract performance milestone payments:

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

(iii) For final payment:

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

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

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

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

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

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

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

(c) USTDA Address for Disbursement Requests

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

(4) Termination

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

I. USTDA Final Report

(1) Definition

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

(2) Final Report Submission Requirements

The Contractor shall provide the following to USTDA:

- (a)** One (1) complete version of the Final Report for USTDA's records. This version shall have been approved by the Client in writing and must be in the English language. It is the responsibility of the Contractor to ensure that

confidential information, if any, contained in this version be clearly marked. USTDA will maintain the confidentiality of such information in accordance with applicable law.

and

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

and

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

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

(3) Final Report Presentation

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

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

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

(b) The inside front cover of every Final Report shall contain USTDA's logo, USTDA's mailing and delivery addresses, and USTDA's mission statement. Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

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

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

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

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

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

J. Modifications

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

K. Study Schedule

(1) Study Completion Date

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

(2) Time Limitation on Disbursement of USTDA Grant Funds

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

L. Business Practices

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

M. USTDA Address and Fiscal Data

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

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

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

Fiscal Data:

Appropriation No.: 114/91001
Appropriation No.: 115/101001
Appropriation No.: 118/91001
Activity No.: 2009-81032A
Reservation No.: 2009810044
Grant No.: GH2009810013

N. Definitions

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

O. Taxes

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

A handwritten signature in black ink, appearing to be "W. F. Smith", is written in a cursive style.

ANNEX 5

Annex I

Terms of Reference

Objective of the Feasibility Study

The main objectives of the Study are to determine the requirements for expanding/improving the airport facilities at Donetsk International Airport; to determine the viability of the latest design for a new terminal complex that the Grantee is proposing and propose two alternate schematic plans; to assess the financial feasibility of the three plans; and to determine a financing strategy based on the use of multinational bank funds and local and private funding (concession is an option that should be considered even though the privatization attempt in 2009 failed). The development options should be designed to both accommodate air traffic demand over the next 25 years and satisfy the short term needs associated with Euro 2012, which may include renovation of existing structures.

Study Tasks

Task 1: Collect and Review Existing Data and Inventory Airport Facilities and Property

The Contractor shall collect and analyze any existing reports, plans, and other documentation regarding Donetsk International Airport ("DOK"), including:

- The current Master Plan and air traffic forecasts and other airport planning documents and studies;
- Air traffic statistics for DOK;
- Government developmental policies and priorities for relevant sectors, including industry, agriculture, and tourism;
- Schematics and plans developed by DOK for the new terminal and related facilities;
- Maps and plans of the area surrounding DOK, including current land use plans;
- Airport rates and charges for airside and land side services and the financial statements and projections for DOK;
- Data on ground traffic flows to and from DOK;
- Data on numbers of employees at DOK;
- Other relevant usage statistics, such as aviation fuel consumption, airport management organization and staffing, and the provision of ground handling services;
- Input from Donbassaero Airlines and other airlines operating at DOK on their traffic forecasts and flows and their aircraft acquisition programs;
- Current and future plans for provision of fueling, catering, cargo, and ground handling services;

- Existing arrangements for incident response, including facilities and equipment.

The Contractor shall travel to Ukraine and meet with: government/ministry officials in Kiev; officials from the Regional Administration in Donetsk, the owner of the airport; and with DOK airport management, to determine their current priorities and the status of existing capital improvement projects.

The Contractor shall conduct a facility inventory of DOK and shall inspect the condition and capability of all airport facilities. The Contractor shall prepare an existing facility inventory and layout drawings to include type, size, and location of all airport facilities (runway, taxiways, aprons, drainage, passenger terminal and other buildings, utilities, roads, parking). In addition, the Contractor shall determine demographic, economic, policy, environmental, operational, financial, and commercial aspects of the region served by the airport that may impact the airport's development.

The Contractor shall produce a work plan for the Study with an associated timeline, both of which are to be agreed with DOK officials.

Deliverable: The Contractor shall provide the work plan for the Study with associated timeline and an inventory of existing facilities.

Task 2: Forecast Air Passenger and Cargo Demand

The Contractor shall develop an, or update the existing, air traffic forecast based on current government economic development plans and interviews with airlines serving the airport. This forecast will be the basis for the facilities and land use requirements for DOK and for the financial forecast of the Project. The Contractor shall prepare a forecast of air traffic on an annual basis for the next 25 years for international and domestic passengers and for air cargo, to include peak usage forecasts, including the potential traffic of Euro-2012 if the possibility that Donetsk is to be a venue exists. The Contractor shall take likely changes in the types of aircraft serving DOK into account when preparing forecasts of aircraft movements. The Contractor shall break down cargo forecasts into categories to provide the basis for space and equipment needs for planning for an air cargo facility. The Contractor shall document the methodology used to produce the forecasts. The forecasts shall include:

Annual Forecasts:

- International and domestic passengers, broken down into arriving and departing passengers;

- Scheduled, charter, and non-scheduled aircraft movements, and number of fixed base aircraft, broken down by aircraft types for noise planning and facility requirement purposes;
- Air cargo weight by export, import, and transfer, broken down into categories for planning purposes;
- Projected aircraft fuel consumption;
- Vehicular parking requirements.

Peak Hours/Day Forecasts:

Based on an analysis of past and present traffic flows and airline schedules and on observation of current peak hour passengers and aircraft operations and peak day cargo operations, annual forecasts over the 25-year forecast period shall consist of:

Passengers

- Peak hour international and domestic originating departure passengers;
- Peak hour international and domestic terminating passengers;
- International and domestic transit passengers;
- Combine peak hour traffic as the basis for calculations of curb length, access, and parking requirements; and
- Peak hour meet/greet ratio.

Vehicular Parking

- Current and projected volume of vehicles requiring parking at DOK.

Air Cargo

- Peak day volumes of export, import, and transfer international air cargo broken down into container and break-bulk categories and types of cargo (perishable, dry) projected annually for 25 years.

Aircraft Movements by Aircraft Type and size, in accordance with IATA standards

- Scheduled peak hour movements;
- Peak hour itinerant, general aviation, and local (including military) movements.

Aircraft Parking

- Scheduled peak hour parking demand based on estimates of current and future fleet mix and likely arrival and departure times;
- Overnight commercial parking demand;
- Fixed base (general aviation) and itinerant aircraft parking demand.

Report Deliverable

INCEPTION REPORT: The Contractor shall provide the Grantee with a report incorporating all the information and findings from Task 1, including a work plan for the Study with associated timeline, an inventory of the facilities, and a listing of all

information and documents collected with the annual and peak hour traffic forecasts developed in Task 2 together with the assumptions on aircraft size and type.

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

The Contractor shall analyze the condition of all airport terminal facilities and identify any improvements needed.

The Contractor shall conduct a forecast demand/capacity analysis of the existing DOK facilities: aircraft parking apron, passenger terminals, cargo facilities, fuel farm, and vehicular parking areas. Based on this analysis, the Contractor shall prepare airport development requirements grouped into three planning stages: short term (first 5 years), medium term (next 10 years), and long-term developments through the remainder of the 25-year forecast period. The development requirements shall cover:

Airside Facilities

- Airfield pavement needs, including requirements for apron reconstruction and/or expansion;
- Airfield lighting;
- Aircraft refueling;
- Ground support equipment maintenance.

Landside Facilities

- International and domestic passenger terminal space needs, including:
 - Passenger check-in ticketing and counter positions taking into account the likely introduction of automated check-in kiosks
 - Outbound immigration
 - Security screening
 - Passenger hold rooms
 - Inbound immigration
 - Baggage claim
 - Customs
 - Meeter/greeter areas
 - Restrooms
 - Passenger circulation
 - Retail concessions and other amenities
 - Airline offices
 - Terminal administration and maintenance
 - Terminal curb frontage and approach
 - Vehicle parking

- Equipment, including but not restricted to loading bridges, elevators, escalators, FIDS/BIDS, baggage carousels and handling equipment, security and screening
- Cargo Terminal
 - Processing space and storage
 - Cold storage
 - Ground handling equipment
 - Vehicle access and parking
- Other Facilities
 - Crash, fire, and rescue requirements
 - Catering/flight services
 - Fuel farm
 - General and military aviation
 - Utilities, including power, water, sewage

Task 4: Conceptual Plan and Development Program

The Contractor shall focus conceptual planning on the new passenger terminal, aircraft aprons, and facilities impacted by the forecast growth of air traffic and shall base planning on the space and facility requirements developed under Task 3. The Contractor shall evaluate the terminal complex design proposed by DOK based on the air traffic forecast developed in Task 2 to determine its adequacy. In addition the Contractor shall prepare two alternate schematic design layouts for the development of the terminal, the terminal area including the aprons, and the airside component improvements. The Contractor shall create phased development plans, including apron, terminal facility construction, and equipment requirements and develop cost estimates for the existing design and the two alternate designs to meet the short, medium, and long term needs defined in Task 3 and taking into account likely financing limitations. In particular, the Contractor shall prepare short term plans to accommodate Euro-2012 traffic, which may involve renovations to the existing facilities, that are financially viable and will contribute to the long-term development of DOK.

These plans and the accompanying equipment requirements are intended to serve as the basis for developing a capital investment program which will become an important input to the financial model and financial plan. These plans will be utilized to identify, prioritize, and schedule projects for the development of the most important facilities at the airport. The Contractor shall develop all plans in close coordination and consultation with representatives from DOK.

In addition, the Contractor shall identify and quantify other potential airport development or improvement requirements developed in Task 3, such as the possible need for periodic airfield pavement overlays beyond the requirements of periodic maintenance. The Contractor shall include replacement of ground service equipment, buses and passenger transport, and fueling equipment in these requirements. The Contractor shall prepare phased airport development programs to cover all items proposed for development or improvement in the short, medium, and long term development phases set out in Task 3.

Deliverable: The Contractor shall provide the Grantee with the conceptual and development plans.

Task 5: Preliminary Environmental Impact Assessment

The Contractor shall conduct an environmental review (with reference to local requirements and those of multi-lateral lending agencies, such as the World Bank, EBRD, and EIB) of the existing airport to include the current environmental status of DOK and any plans for environmental improvement or remediation of existing conditions, as a baseline against which to measure the Project's environmental impact. The Contractor shall identify potential negative impacts if the Project were to be implemented, discuss the extent to which they can be mitigated, and develop plans for full environmental impact assessment in anticipation of the Project moving forward to the implementation stage. The Contractor shall identify and analyze any other potential environmental impacts anticipated from future airport operations. The Contractor shall develop noise contours based on the U.S. Federal Aviation Administration ("FAA") Integrated Noise Model ("INM") to illustrate existing conditions and the 10 and 20-year forecasts. The Contractor shall identify any requirements for off-airport land use zoning to protect against future non-compatible use encroachment.

Deliverable: The Contractor shall provide the Grantee with the preliminary environmental impact assessment.

Task 6: Capital Investment Requirement

Based on the facility and equipment requirements and improvements developed in Tasks 3 and 4, the Contractor shall prepare detailed cost estimates for the three schematic designs, including engineering and construction management, civil works, facilities construction, and equipment and land purchase costs for each phase of development. The Contractor shall prepare 25-year Capital Improvement Programs ("CIP") for each of the three design alternatives. These CIPs will include the near term refurbishment of the

existing international terminal. The Contractor shall develop the CIPs in U.S. dollars at current exchange rates.

Deliverable: The Contractor shall provide the Grantee with three alternate capital investment plans for the Project.

Task 7: Regulatory and Legal Review

The Contractor shall review regulatory issues relating to the Project, and identify local or international regulations that would impact the Project's viability, particularly if it appears that in the medium term the option to privatize the airport is likely to be considered.

The Contract shall determine the legal entity that will have clear authority to manage the airport going forward and what entity(s) will have control of revenues from all airport related sources: landing fees, retail concession revenues, passenger fees, aircraft handling and fueling fees, and any other rental charges or fees on the airport. Where no clear authority exists the Contractor shall make recommendations as to how revenues and costs should be controlled. The Contractor shall consider these issues taking into consideration the financing requirements of the Project and ongoing operation of the airport.

Deliverable: The Contractor shall provide the Grantee with a review of local laws and regulatory issues relevant to the expansion of the international passenger terminal and implementation of the CIP. In addition, the Contractor shall provide the Grantee with a determination on the control of the operation of the airport and all revenues and costs so a third party can clearly understand who controls what. If this cannot be determined, recommendations on the best approach for consideration by the State and the Donetsk Oblast Council.

Task 8: Financial Analysis and Financial Plan

The Contractor shall develop a financial model that includes airport cash flows over the 25-year forecast period. The Contractor shall construct the model in a manner that permits the evaluation of possible modifications in revenues, investment costs, airport operating and maintenance costs to the investment program, or in the estimated costs of financing as well as the evaluation of the three alternate CIPs. The purpose of the financial model for the near term passenger terminal development is to justify the CIP to financing institutions and the government, so the Contractor shall take the findings of

who controls the different revenue streams determined in Task 6 into account when constructing the model. In addition, the Contractor shall analyze existing arrangements for the provision of ground services at DOK (currently provided by DOK as a sole source provider) and the income currently being derived from them. The model must separate the ground service revenues and expenses from the rest of the airport revenues and expenses because if Ukraine enters the EU and the airport grows the airport may be required to put these services out for competitive bid, and the ground service revenues may not be available to service general airport obligations.

The Contractor shall develop projections of (i) airport revenues that will be available based on the air traffic forecasts and on existing fee structures as well as on estimates of other income, and (ii) the operating and maintenance costs of both existing and proposed new facilities. The Contractor shall include any current investment repayment obligations and the CIP as additional inputs to the cash flow model, and shall incorporate the construction schedule, the equipment procurement schedule, into the model.

The Contractor shall make a determination as to the ability of the Donetsk Oblast Council to manage the construction and financing of the Project consistent with the best management practices for a project of its size and scope. The Contractor shall make recommendations regarding management of the Project and include sufficient funds in the financial plan to pay for external management should a PPP option not be possible.

The Contractor shall determine the future self-financing capacity of DOK and identify the need for outside financing for each alternative CIP. The analysis of the financial situation shall take into account the probable cost of any outside financing.

Deliverable: The Contractor shall provide a financial model and feasibility assessment to document the financial analyses of the three alternate CIPs.

Task 9: Financing Options – Concession (PPP)

The Contractor shall examine the concession offer that was withdrawn in April 2009 to understand the issues which may have caused it to fail. The Contractor shall determine whether the private sector would be interested in a concession to develop and operate DOK based on current market conditions, the financial models, the probable economics of the transaction, and legal and regulatory issues. The Contractor shall contact airport concession companies to ascertain potential interest, their minimum requirements, and identify issues which would prevent them from bidding. Using input from the concession

companies and recent similar transactions in the public records, the Contractor shall estimate the potential market price of the DOK concession.

Deliverable: The Contractor shall provide the Grantee an outline of PPP financing options which could be available under current conditions to include: terms and regulatory or legal issues which might need to be addressed by the Grantee before reoffering a concession; a list of potential concession operators and their specific conditions; and an estimate of the potential market value of a DOK concession.

Task 10: Financing Options -Other

The Contractor shall assess new sources of financing, independent of or in conjunction with a PPP, available to the airport at the most competitive terms. At a minimum, this assessment shall include the following: identification of potential funding sources; detailed descriptions of the terms and conditions of each potential funding source; descriptions of financing programs offered by these sources; and an indication of the level of interest of each source.

The EBRD has already indicated that it would be willing to support the Project. In addition the Contractor shall explore the availability of supplier credits, EXIM support, local equity or debt, as well as a privatization of the airport, which may be feasible in the future.

The Contractor shall identify the potential value of equipment and services and opportunities for the participation of U.S. vendors. The Contractor shall identify viable vendor financing from these vendors. The Contractor shall evaluate all relevant export credit financing, including its costs and benefits.

Deliverable: The Contractor shall provide the Grantee with potential financing options for the Project.

Report Deliverable

INTERIM REPORT: The Contractor shall provide the Grantee with a report that shall include any comments from or revisions to the Inception Report as well as all the findings and results of Tasks 3 through 10.

Task 11: U.S. Sources of Supply

The Contractor shall develop a best estimate of the potential for U.S. procurement of goods and services in connection with the development of DOK. The Contractor shall include a database of U.S. companies that could be suppliers and their level of interest. The database shall include U.S. company name, address, personnel contact names with phone and email addresses, and the goods or services that could be exported in connection with the Project. The database will be in a searchable format.

Deliverable: The Contractor shall provide the Grantee a database of U.S. companies interested in the Project, as well as an identification of equipment and services that can be exported from the U.S., with an estimated dollar value of U.S. export potential.

Task 12: Developmental Impact Assessment

The Contractor shall assess the development benefits associated with the Project and the methodology for measuring those benefits. The assessment shall include examples of the development benefits that would be expected in Donetsk region if the Project is implemented as outlined in the Final Report. Specific attention should be given to:

Infrastructure: Provide a statement on the infrastructure impact of the expanded terminal and on the overall impact of the airport development if it is implemented in full. These impacts may include the number of new gates, addition of peak hour capacity, additional space for increase meet/greeter flow, or amount of new parking and drop-off locations.

Technology Transfer and Productivity Improvements: Provide a description of any advanced technologies that would be utilized and any efficiency that will be gained if the airport development plan is implemented. Efficiencies gained may include increased capacity per employee, as well as a reduction in wait times due to poorly organized entry and ticketing areas.

Human Capacity Building: Assess the number and type of local positions that would be needed to construct and operate the airport if the development plan is implemented.

Market-Oriented Reforms: Provide a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented.

Other/Spin-Off Effects: Describe any other developmental benefits derived from the Project including, for example, safer workplace, lower noise impact.

Deliverable: The Contractor shall provide the Grantee with the developmental impact assessment of the Project.

Task 13: Implementation Plan

The Contractor shall develop a plan for the implementation of the expansion of DOK for the first 5 years of the plan. The plan shall consider appropriate times for bid preparation, design work, and phased construction of DOK. In addition the regulatory and government approval process shall be carefully considered. This plan will supplement the CIP.

Deliverable: The Contractor shall provide the Grantee with the implementation plan

Task 14: Draft/Final Report

The Contractor shall prepare and deliver to the Grantee a full and complete Draft Final Report of all the work performed under these Terms of Reference. This Draft Report will follow the format noted below for the Final Report. All concerned parties will be given two weeks to comment and make changes to the Draft Final Report before submission of the Final Report.

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

Report Deliverable

FINAL REPORT: The Contractor shall provide the Grantee and USTDA with the Final Report. The Final Report shall contain all the information contained in the Inception Report and the Interim Report, updated as necessary, plus the deliverables from Tasks 9 through 13.

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.**

A handwritten signature in black ink, appearing to be 'W. J. ...', is written over the right side of the page.

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 Feasibility Study 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 Feasibility Study. 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: _____