APPENDIX B

CONCESSIONAIRE'S OBLIGATIONS DURING THE DEVELOPMENT PHASE

1. DEFINITIONS

All terms used in this Appendix shall have the definitions ascribed to them in this Appendix A *(Definitions)*, in the Concession Agreement or in the Tender Forms.

Reference in this Appendix to Tender Forms shall mean such Tender Forms, as approved by the Tender Committee pursuant to the Tender Process and attached to this Concession Agreement as part of Annex A *(Winning Bid).*

2. THE DEVELOPMENT PHASE

Without derogating from any of Concessionaire's obligations under this Concession Agreement, during the Development Phase, the Concessionaire shall be required to perform the following:

2.1 Project Schedule

The Concessionaire shall prepare updated, expanded and Detailed Schedules, as stipulated in Section 4 of Appendix 11B *(Schedules)* to Volume 11 *(Design, Construction and Quality Control)*, based on the schedules submitted under Tender Form J *(List of technical Engineering Submittal)*.

2.2 Project Organizational Structure

The Concessionaire shall prepare updated, expanded and detailed descriptions of its Project Organizational Structure, based on the descriptions submitted under Tender Form I *(Project Organizational Structures)*.

2.3 Works Execution Program, including Quality Assurance and Control Program

The Concessionaire shall prepare updated, expanded and detailed descriptions of its Works execution program, including a Detailed Quality Plan, based on the descriptions submitted under Tender Form J *(List of technical Engineering Submittal)* and as specified Section 4 *(Quality Assurance)* of Volume 11 *(Design, Construction and Quality Control).*

2.4 Detailed Design

2.4.1 The Concessionaire shall prepare the detailed design of the Project ("**Detailed Design**") based on:

a. the provisions of the Contract Documents, and in particular all the provisions of the Engineering Volumes, as applicable in each of the different engineering and technical disciplines, as applicable;

b. the Winning Bid, and in particular all Alternative Components, as approved by the Tender Committee during the Tender Process;

c. the application for Building Permits and authorizations (denoted in Hebrew as "Harshaot") prepared by the Concessionaire; and generally accepted professional engineering standards.

2.4.2 The Detailed Design of the Project shall take into account the local specific Site and geological conditions, so that the Project, including all structures thereof, shall be able to withstand reasonable and anticipated conditions.

2.4.3 Without derogating from the generality of the foregoing, the Detailed Design shall include:

a. The civil engineering design, environmental documents, technical specifications;

b. The principal drawings, documents, calculations, etc., required for the Construction of the Project;

c. The general layouts required in the Contract Documents or any other design specifications;

d. A design report and drawings, including all available plans, cross-sections and details as appropriate; list of equipment; technical specifications and manuals, where such manuals are required; and

e. A general schedule for the provision of "as-built" drawings to the State.

f. Detailed work plans and organization plans.

2.4.4 Without derogating from any other provision of the Contract Documents, it is hereby recognized and acknowledged that the Detailed Design is a multiphase, multidisciplinary task, so that subject to the provisions of this Concession Agreement (including the required Approvals of the Implementing Authority and including Section 2.6.6 *(Errors in Design Documents)* of this Appendix B *(Concessionaire's Obligations During the Development Phase)* and Section 24 *(Liability of the Concessionaire)* of the Concession Agreement, the commencement of Construction with respect to each design discipline may commence prior to the completion of the Detailed Design of all other design disciplines.

2.5 **Land-Use Planning and obtaining Building Permits and Authorizations**

2.5.1 Reference is made to Volume 4 *(Statutory Information and Instructions).*

2.5.2 Without derogating from the provisions of Volume 4 *(Statutory Information and Instructions)*, it is hereby clarified that the Detailed Design shall comply with the design provided by the Concessionaire in its Winning Bid, subject to the provisions of the Concession Agreement and to modifications that might be made in them subject to written and explicit Approval of the Implementing Authority.

2.5.3 Copies of the duly approved Detailed Design within the framework of the attainment of a Building Permit or Authorizations are to be submitted to the Implementing Authority.

2.5.4 Without derogating from any other provision in this Concession Agreement, it is hereby clarified that the requirement to obtain

authorizations, permits and licenses in any area and for any purpose (collectively "**Permits**"), applies exclusively and absolutely on the Concessionaire. It is hereby emphasized that preparation of the applications for Approvals and Permits and the handling thereof should be included in the Basic Schedule.

2.6 **Approval by the State**

2.6.1 **Approval of the State.** The application for Building Permits and Authorizations, and any part of the Detailed Design, the Project Management and Organization, the Works Execution Program (including the Detailed Quality Plan) and the Detailed Schedules (each a "**Deliverable**"), shall be subject to the Approval of the State, prior to the submission thereof for the Approval of the Authorized Planning Committees.

2.6.2 **Review by the State Prior to the Completion of a Deliverable.** Each Deliverable and any intermediate document prepared by the Concessionaire may be presented by the Concessionaire to the State during the formulation thereof prior to its completion. Any comments provided by the State to the Concessionaire during the formulation of a Deliverable or any other document or the State's decision to refrain from providing comments thereto, shall not be considered an Approval for the purpose of the Concession Agreement. The method of submission of Deliverables by the Concessionaire to the State during the formulation thereof and the corresponding reply by the State shall be established in working procedures to be agreed between the Concessionaire and the State, and in accordance with the provisions of Volume 11 *(Design, Construction and Quality Control)*.

2.6.3 **Review by the State, following the Completion of a Deliverable**. Upon the completion of a Deliverable, and in accordance with the Detailed Schedule, the Concessionaire shall submit such Deliverable for the Approval of the State. The review procedures for Deliverables are set forth in Volume 11 *(Design, Construction and Quality Control)* and shall apply to all Deliverables submitted by the Concessionaire to the State throughout the Contract Period.

2.6.4 **Effect of Approval of a Deliverable.** Approval by the State of a Deliverable shall not relieve the Concessionaire of any of its responsibilities or obligations under this Concession Agreement.

2.6.5 **Approved Deliverables.** The finally approved Deliverables shall be collectively referred to as the "**Design Documents**".

2.6.6 **Errors in Design Documents.** Notwithstanding any Approval or rejection by the State of the Design Documents, the Concessionaire alone shall be responsible for any errors, omissions, ambiguities, inconsistencies, inadequacies and other defects in the Design Documents. The Concessionaire shall, at its own expense, repair such faults and carry out any alterations or remedial work made necessary by such faults.

2.6.7 The Concessionaire shall be precluded from raising any argument, claim or demand, and it hereby waives in advance any argument, claim and demand as aforesaid against or vis-à-vis the State, the Implementing

Authority and any party acting on the State's behalf, with respect to any of them refusing to or refraining from Approving the Detailed Design or refusing to or refraining from Approving any amendment thereto. This section shall not derogate from the Concessionaire's rights pursuant to Section 32 *(Dispute Resolution)* of the Concession Agreement.

2.7 **Execution of the Project Agreements**

2.7.1 **Project Agreements.** The Concessionaire shall enter into, directly or through any Major Subcontractor, all such agreements as are necessary for the proper and timely execution of the Project in accordance with the terms of this Concession Agreement, including the agreements specifically listed herein, such as: Financing Agreements, Shareholders and Related Entities Agreements, EPC Contract; the EPC's Tunneling Works Sub-Contract, the Operation and Maintenance Contract, Management Contract and tolling system supply contract. In addition, the Concessionaire shall ensure that the EPC Contractor and the O&M Contractor have entered into all engagements required for the purpose of execution of the Project in accordance with the provisions of the Contract Documents including inter alia Tender Forms H1 and H2.

2.7.2 **Schedule for the Execution of the Project Agreements.** All Project Agreements shall be approved by the State and signed by the Concessionaire and the parties thereto within twelve (12) months from the Signature Date, in accordance with the Detailed Schedule and the Detailed Financial Closing Schedule.

2.7.3 **Submission of the Project Agreements and Amendments thereof for Approval.**

The Concessionaire shall keep the State informed of progress and developments in the negotiation for the execution of all Project Agreements and any subsequent amendment or variations to any of the Project Agreements.

The Concessionaire shall submit for the Approval of the State a copy of the drafts of each Project Agreement in accordance with the provisions of Appendix B1 *(Execution of Project Agreements)*.

2.7.4 **The Identity of a Party to a Project Agreement.** Without derogating from the provisions of Appendix B1 *(Execution of Project Agreements)*, as a condition to the execution by the Concessionaire of a Project Agreement, the other party to the Project Agreement must be approved by the Tender Committee pursuant to the Tender Process.