



## Client Alert

### Updated Mexican Public Infrastructure Projects 2009<sup>1</sup>

This memorandum provides an overview of infrastructure projects in development or planned for development during Felipe Calderon's administration (2006 – 2012).

Please note that the information provided herein is for informational purposes only and does not constitute, and should not be viewed as, legal or business advice. Note also that the list of projects set forth below will continue to evolve and that the projects included herein may be postponed, canceled or changed, and others may be announced in the upcoming months.

This memorandum is divided as follows:

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#### II. Infrastructure Projects in progress.

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(PPP or PPS, for its Spanish initials).

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#### I. Background.

During the National Infrastructure Reunion in 2006, President Calderon announced the National Infrastructure Plan 2007 – 2012 (the "Plan"), which included infrastructure project investments totaling approximately US\$40 billion per year, primarily in the water, roads and highways, oil and gas, power, telecommunications, transportation, and energy sectors, as well as for provision of basic services, environmental clean-up works and management of hazardous materials.<sup>2</sup>

<sup>1</sup> Note: In the preparation of this memorandum we have reviewed, among others, the following sources of information: (i) the National Infrastructure Plan 2007 – 2012 (Plan Nacional de Infraestructura 2007 – 2012); (ii) the Federal Budget for 2009 (*Presupuesto de Egresos de la Federación para el Ejercicio 2009*) published in the Official Gazette of the Federation (*Diario Oficial de la Federación, "DOF"*) on November 28, 2008 and its exhibits to the Federal Budget for 2009; (iii) other information available in the DOF, on the websites of different governmental entities and agencies and recent news and unofficial political statements of the current governmental agencies and their respective officers with respect to the projects referred to herein. We reserve the right to supplement or modify this memorandum as soon as we may consider relevant any information that may come to our attention.

<sup>2</sup> October 17, 2006, Infrastructure National Reunion at the Mexican Chamber for the Construction Industry (*Camara Mexicana de la Industria de la Construcción*) <http://www.cmic.org/cmic/comunicadosdeprensa/noticial71006.htm>.

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As part of the Plan, the Government created the National Infrastructure Fund (“FONADIN”, for its Spanish initials<sup>3</sup>), to be funded with resources obtained, in the first instance, from the Trust for Support in the Recovery of Highways, created in the nineties for the highways bailout (“FARAC”, for its Spanish initials), and from the Infrastructure Investment Fund (“FINFRA”, for its Spanish initials). The proceeds of FONADIN will be used to cover four priority infrastructure areas: (i) highways, roads and bridges; (ii) water, irrigation, drainage and sanitation through the Programa para la Modernización de Organismos Operadores de Agua (“PROMAGUA”); (iii) railroads, ports, airports, urban and interurban transport; and (iv) projects designed to preserve the environment and biodiversity.<sup>4</sup>

Additionally, reforms to the governing regulators applicable to **Petroleos Mexicanos** and its subsidiaries (“PEMEX”, for its Spanish initials) were approved by Congress in order to give PEMEX greater autonomy in administration, budgeting and government procurement projects.<sup>5</sup>

As a result of the recent global economic crisis, the Mexican Government has suspended or delayed a number of the infrastructure projects in the Plan.

Nevertheless, the Mexican Government has announced that it will implement measures to mitigate the effects of the economic crisis, including by stimulating infrastructure investment through the following programs, among others:

*(i) acceleration of the implementation of the National Infrastructure Plan, with the Federal Budget for 2009 approved by the Chamber of Deputies establishing an unprecedented level of resources for infrastructure projects, with anticipated public and private investment*

*in this area reaching approximately MXN\$570 billion (US\$42 billion<sup>6</sup>) for 2009;*

*(ii) granting PEMEX an additional MXN\$17 billion (approximately US\$1.2 billion) and the States an additional MXN\$14 billion (approximately US\$1.04 billion) for infrastructure investment, thereby increasing public investment in infrastructure projects by more than MXN\$30 billion (approximately US\$2.2 billion), compared to 2009; and*

*(iii) authorizing Banobras and FONADIN to grant loans and guarantees exceeding MXN\$65 billion (approximately US\$4.4 billion), ensuring implementation of major infrastructure projects with private participation.<sup>7</sup>*

## II. Infrastructure Projects in progress.

### 1. Toll Roads.<sup>8</sup>

#### A. FARAC Projects

##### **I. Background (FARAC I).**

In 2007, the Ministry of Communication and Transportation (“SCT”, for its Spanish initials) awarded the first concession under FARAC to Goldman Sachs and Empresas ICA. The award was a 30-year concession, which included the right to operate and maintain more than 550 km of roads in Michoacán, Jalisco, Guanajuato and Aguascalientes. This first package was awarded for an amount in excess of US\$4 billion, the biggest infrastructure funding in the history of Mexico and the largest infrastructure project in Latin America for that year. White & Case represented Goldman Sachs and ICA in that project.

<sup>3</sup> In 1997, the Mexican Government created a governmental trust known as FARAC for the rescue of toll roads after the 1994 economic crisis for an estimated investment of approximately US\$20 billion.

<sup>4</sup> Press Room. National Infrastructure Fund. <http://www.presidencia.gob.mx/en/press/?contenido=33753>.

<sup>5</sup> Please refer to White & Case, S.C. memoranda at <http://www.whitecase.com/mexico>.

<sup>6</sup> Unless otherwise specified herein, for purpose of reference only, approximations are calculated with an Exchange Rate of MXN\$13.5-US\$1.

<sup>7</sup> Announcement of the National Accord in favor of Family Finances and Employment <http://www.presidencia.gob.mx/buscador/index.php?contenido=41231#b3>. Date of consultation: January 8, 2009.

<sup>8</sup> SCT presentation entitled: “New Concession Model for Toll Road Development in Mexico,” dated January, 2007, available at <http://uac.sct.gob.mx/>. Date of consultation: January 11, 2007.

### **II. FARAC II.**

#### **(a) General Information.**

This past February 27, 2009, the FARAC II International Public Bid number 00009076-002-08 for a 30-year concession period, including rights of way, auxiliary services and exploitation through the execution of agreements with third parties for the construction and use of the toll roads was declared as cancelled (*desierto*) by the Ministry of Communication and Transportation. The FARAC II package consisted of the following roads:

- *Touristic Corridor of Los Cabos*, with an approximate length of 44 km.
- *Culiacán Bypass*, with an approximate length of 22 km.
- *Mazatlán Bypass*, with an approximate length of 37 km.
- *South Guadalajara Bypass*, with an approximate length of 112 km.
- *Tepic Bypass*, with an approximate length of 30 km.
- *Puerto Vallarta Bypass*, with an approximate length of 30 km.
- *Tepic- Compostela II Junction*, with an approximate length of 40 km.
- *Jala- Compostela II Junction*, with an approximate length of 54 km.
- *Compostela II Junction-Las Varas*, with an approximate length of 24 km.
- *Las Varas-Puerto Vallarta*, with an approximate length of 16 km.
- *San José del Cabo-Airport of Los Cabos*, with an approximate length of 20.2 km.
- *Mazatlán-Culiacán*, with an approximate length of 181.5 km.
- *Guadalajara-Tepic*, with an approximate length of 168.6 km.

**Note:** The Ministry of Communication and Transportation declared the public bid cancelled (*desierta*) arguing that the amount offered by the two bidders who submitted proposals reflected the unfavorable change in the risk-return conditions in the global economy. As a result, the considerations offered for the granting of the concession were less than the minimum value of reference of the Government and, therefore, it was cancelled.

### **III. FARAC III.<sup>9</sup>**

#### **(a) Description.**

FARAC III is a 30-year concession, which includes rights of way, auxiliary services and exploitation through the execution of agreements with third parties for the construction and use of toll roads during the concession period. The FARAC III package consists of the following roads:

- *Monterrey-Nuevo Laredo*, with an approximate length of 123 km.
- *Cadereyta-Reynosa*, with an approximate length of 132 km.
- *Reynosa-Matamoros*, with an approximate length of 44 km.
- *Allende-Villa Juárez*, with an approximate length of 42.5 km.
- *South Reynosa Bypass*, with an approximate length of 37 km.
- *International Bridge Reynosa-Pharr*, with an approximate length of 2.69 km.
- *International Bridge Matamoros III "Los Tomates"*, with an approximate length of 1.15 km.
- *International Bridge Brownsville-Matamoros "ByM"*, with an approximate length of 0.5 km.
- *International Rail Bridge Brownsville-Matamoros*, with an approximate length of 0.4 km.
- *Brecha 112 Junction*.
- *Access to the Bridge Progreso-Nuevo Progreso*.

<sup>9</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on January 8, 2009, on the following website: <http://www.compranet.gob.mx/>.

- *Access to the Bridge Matamoros III "Los Tomates."*
- *Matamoros Rail Bypass.*

### **(b) Technical Information.**

*(i) Type.* Concession.

*(ii) Term of the concession.* The term of this concession is 30 years.

*(iii) Location of the works.* The project will be developed in the states of Nuevo León and Tamaulipas.

*(iv) Applicable law for the project.* The Highways Law.

*(v) SPV.* The concession will be granted to the winning bidder, which may at its option incorporate a special purpose vehicle.

*(vi) Funding.* The concessionaire will be responsible for obtaining funding for the project.

*(vii) Studies and permit.* Each bidder will be responsible for the completion of all studies and for obtaining all necessary permits for the construction and operation of the project, other than certain permits to be obtained by the SCT.

*(viii) Bid bond.* A bid bond in the amount of MXN\$200 million (approximately US\$14.8 million) is required from each bidder.

*(ix) Registration.* Each bidder must obtain the registration as an interested party in the bidding process to submit clarifications, attend the site visit and submit the necessary documents for obtaining the prequalification certificate (certificado de precalificación).

*(x) Prequalification certificate.* Each bidder shall obtain the prequalification certificate to submit proposals in the bidding process.

*(xi) Requirements of the bidder.* The minimum stated capital of each bidder is MXN\$160 million (approximately US\$11.8 million).

*(xii) Language of the Proposals.* Spanish.

### **(c) Award Process.**

*(i) Date of the call.* September 18, 2008.

*(ii) Act of presentation and opening of technical and economic proposals.* March 30, 2009.

*(iii) Date of the award.* April 30, 2009.

*(iv) Deadline to incorporate the trust.* July 24, 2009.

*(v) Deadline for formalization of concession title.* July 30, 2009.

**Note:** White & Case currently represents several sponsors in this project.

Given the result of FARAC II, we can expect news from SCT with respect to FARAC III.

## **B. Other Toll Roads.**

### **I. Ciudad Valles-Tamuín Bypass.<sup>10</sup>**

#### **(a) Description.**

This project has an approximate length of 49.5 km. The bidding is for a 30-year concession period, which includes the right of way, auxiliary services and exploitation through the execution of agreements with third parties for the construction and use of the toll roads.

#### **(b) Technical Information.**

*(i) Type.* Concession.

*(ii) Term of the concession.* The term of this concession is 30 years.

*(iii) Location of the works.* The project will be developed in the state of San Luis Potosí.

*(iv) Applicable law for the project.* The Highways Law.

*(v) Responsibilities.* The concession will be granted to the winning bidder, which may at its option incorporate a special purpose vehicle. The concessionaire will be responsible for obtaining funding for the project.

<sup>10</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call and bidding guidelines of the project available on the federal procurement website Compranet on January 8, 2009, on the following website: <http://www.compranet.gob.mx/>.

*(vi) Studies and permit.* Each bidder will be responsible for completing all studies and for obtaining all necessary permits for the construction and operation of the project, other than certain permits granted by the government.

*(vii) Bid bond.* A bid bond in the amount of MXN\$15 million (approximately US\$1.1 million) is required from each bidder.

*(viii) Participation certificate.* Each bidder must obtain a participation certificate to participate in the bidding and submit a proposal.

*(ix) Language of the proposals.* Spanish.

### **(c) Award Process.**

*(i) Preliminary review.* Between March 26 and March 30, 2009.

*(ii) Act of presentation and opening of technical and economic proposals.* April 30, 2009.

*(iii) Date of the award.* May 28, 2009.

*(iv) Deadline for formalization of concession title.* June 19, 2009.

## **2. Railroads.**

### **I. Suburban Train Systems 3 (Chalco-La Paz).<sup>11</sup>**

#### **(a) Description.**

This project has an approximate length of 13 km. The bidding process is for a concession, which includes the right to build, operate and exploit railroads, as well as to render railroad passenger transportation services on the Chalco-La Paz route.

#### **(b) Technical Information.**

*(i) Type.* Concession.

*(ii) Location of the works.* The project will be developed in the State of Mexico and the Federal District, Mexico.

*(iii) Applicable law for the project.* Railroad Service Law (Ley Reglamentaria del Servicio Ferroviario, "Railroad Law").

*(iv) Funding.* The concessionaires will be responsible for obtaining the necessary funds to carry out the project.

*(v) Studies.* Each bidder will be responsible for the execution and elaboration of all studies for the preparation of the proposals.

*(vi) Participation guarantee and certificate of participation.* According to the award process, each bidder will be responsible for providing a participation guarantee and obtaining the certificate of participation in order to continue participating in the bidding process. The amount of the participation guarantee is MXN\$10 million (approximately US\$740,000). Such amount can be settled by means of cash, bond or letter of credit.

*(vii) Bid bond.* Each bidder will be responsible for providing a bid bond for an amount of MXN\$50 million (approximately US\$3.7 million).

*(viii) Estimated investment.* MXN\$3,000 million (approximately US\$222 million).

*(ix) Language of the proposals.* Spanish.

### **(c) Award Process.**

*(i) Date of the call.* January 31, 2008.

*(ii) Clarification meetings.* Between May 7, 2008 and February 18, 2009.

*(iii) Date of the award.* March 26, 2009.

*(iv) Deadline for formalization of concession title.* March 31, 2009.

<sup>11</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call and bidding guidelines of the project available on the federal procurement website Compranet on January 8, 2009, on the following website: <http://www.compranet.gob.mx/>.

### 3. Ports and Harbors.

#### **I. The Lázaro Cárdenas Auto Terminal Project.<sup>12</sup>**

##### **(a) General Information.**

This past February 04, 2009, the National Public Bid No. API/LAC/02/08 for a 20-year contract with the option of extending for 10 more years, including the construction, use, operation and exploitation of a specialized port terminal for the handling of automobiles and similar equipment; logistics services for the receipt, handling, storage and dispatch of automobiles and similar equipment; and the collection of fees for docking and port services for vessels in the auto terminal, was declared cancelled (*desierta*) by the Administracion Portuaria Integral de Lazaro Cardenas, which was the caller in such public bid.

The Administracion Portuaria Integral de Lazaro Cardenas declared the public bid cancelled (*desierta*) arguing that the two submitted proposals did not consider the integral development of the terminal with basis on the terms established in the bidding guidelines. The caller also argued that the technical proposals did not establish the terms to develop the second stage of the terminal; instead of such terms, the proposals conditioned the development of the terminal to the market developments of the automotive sector, which is in an unstable situation. One more time, the proposals reflected the unfavorable change in the risk-return conditions in the global economy.

#### **II. The Manzanillo Project.<sup>13</sup>**

##### **(a) Description.**

The project encompasses the construction, use and exploitation of a specialized public terminal for containers.

##### **(b) Technical Information.**

*(i) Type.* Agreement for the partial assignment of rights.

*(ii) Term of the works contract.* 20 years with the option of extending for 14 more years.

*(iii) Location.* The project will be developed in the Port of Manzanillo, in the State of Colima, Mexico.

*(iv) Applicable law.* Ports Law.

*(v) Estimated investment.* MXN\$5,115 million (approximately US\$379 million).<sup>14</sup>

*(vi) Requirements of the bidder.* The minimum stated capital for companies interested in participating in this Public Bid is MXN\$100 million (approximately US\$7.4 million).<sup>15</sup>

*(vii) SPV.* If the winning bidder is an individual or a foreign company, the winning bidder must assign the rights under the Agreement in favor of a special purpose vehicle.

*(viii) Participation certificate.* Each bidder must obtain a Participation Certificate to participate in the bid and submit proposals.

*(ix) Currency of the proposals.* Mexican pesos.

*(x) Language of the proposals.* Spanish.

##### **(c) Award Process.**

*(i) Date of the call.* January 13, 2009.

*(ii) Deadline to obtain the participation certificate.* April 3, 2009.

*(iii) Date for the presentation and evaluation of the technical proposals.* July 14, 2009.

*(iv) Date for evaluation of the financial proposals.* August 11, 2009.

*(v) Date of the award.* August 25, 2009.

<sup>12</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding project invitation available on the Integral Port Administration of Lázaro Cárdenas website on January 8, 2009, on the following website: [http://puertolazarocardenas.com.mx/Docs%20pdf/Licitaciones/API\\_LAC\\_02\\_08-TERM\\_AUTOS.pdf](http://puertolazarocardenas.com.mx/Docs%20pdf/Licitaciones/API_LAC_02_08-TERM_AUTOS.pdf).

<sup>13</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call of the project available at the Integral Port Administration of Manzanillo website on January 13, 2009, on the following website: <http://www.puerto-de-manzanillo.com.mx/php/esp/seccion-01.php?eCodSeccion=2110538>.

<sup>14</sup> Please see footnote 6.

<sup>15</sup> *Idem*.

### **III. Punta Colonet.<sup>16</sup>**

#### **(a) Description.**

The Punta Colonet project consists of:

- (i) a 45-year port concession which will include the construction, operation and exploitation of the port terminal;*
- (ii) a 45-year train concession which will include the construction, operation and exploitation of approximately 350 km of railroad to connect the port with the class I railroad network in the US known as the Colonet-Mexicali-Frontera Railroad; and*
- (iii) the urbanization of the port, which includes a 45-year concession for the planning and provision of basic land access to the port and the railroad facilities, housing, basic urban services (water, sewage, electricity, parks and gardens) and public service localities.*

#### **(b) Technical Information.**

- (i) Type.* Concessions.
- (ii) Term of the concessions.* 45 years.
- (iii) Location of the works.* The project will be developed at Colonet Bay and the Colonet Bay routes, which are located 40 km south of Ensenada, Northern Baja California Peninsula, Mexico.
- (iv) Applicable law for the project.* Ports Law (Ley de Puertos, "Ports Law").
- (v) SPV.* The concessions will be granted to special purpose vehicles incorporated by the winning bidder. Upon the granting of the concession, the winning bidder will remain a joint obligor along with the concessionaires for the compliance with the obligations established in the corresponding concession titles.
- (vi) Funding.* The concessionaires will be responsible for obtaining the necessary funds to carry out the project.

*(vii) Studies.* Each bidder will be responsible for the completion of all studies for the preparation of the proposals.

*(viii) Certificate for the registry as interested party.* Each bidder must obtain a certificate of registry as an interested party in order to be able to participate in the bidding process and submit proposals.

*(ix) Participation guarantee and certificate of participation.* Each bidder will be responsible for providing a participation guarantee and obtaining the certificate of participation in order to continue participating in the bidding process. The amount of the participation guarantee is MXN\$25 million (approximately US\$1.8 million). Such amount can be settled by means of cash, bond or letter of credit.

*(x) Language of the proposals.* Spanish.

#### **(c) Award Process.<sup>17</sup>**

- (i) Date of the call.* November 18, 2008.
- (ii) Deadline to request the form for registry as interested party.* April 24, 2009.
- (iii) Deadline to request the interested party registry certificate.* April 30, 2009.
- (iv) Deadline to obtain the interested party registry certificate.* May 15, 2009.
- (v) Site visit.* May 18, 2009.
- (vi) Deadline to purchase the bidding guidelines.* June 17, 2009.
- (vii) First clarification meeting.* January 30, 2009.
- (viii) Second clarification meeting.* April 1, 2009.
- (ix) Third clarification meeting.* May 8, 2009.
- (x) Fourth clarification meeting.* May 29, 2009.
- (xi) Preliminary review of bid documents.* February 7, 2009.

<sup>16</sup> The information contained in this document was obtained from the corresponding call of the project and the amendment thereof published in the Federal Official Gazette (for more information, please refer to: <http://dof.gob.mx/>). Date of consultation: January 26, 2009.

<sup>17</sup> On January 26, 2009, the Ministry of Communication and Transportation published an amendment to the call of the project.

*(xii) Act of presentation and opening of technical and economic proposals.* June 23, 2009.

*(xiii) Date of the award.* July 13, 2009.

*(xiv) Deadline for the formalization of the concession titles.* July 31, 2009.

### **(d) Interested Companies.**

IDEAL; Ferromex; Maritime Terminal Corporation; Highstar Capital; Burlington Northern Santa Fe; Grupo ICA; Goldman Sachs; Stevedoring Services of America; Mitsubishi; Maritime and Port Authority of Singapore; and Hutchison Ports Holding, among others.

## **4. Water Supply.**

### **I. Zapotillo Project.<sup>18</sup>**

#### **(a) Description.**

The Ministry of Natural Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales, "SEMARNAT") through the National Water Commission (Comisión Nacional del Agua, "CNA") published the call for International Public Bid number 16101037-063-08 for the award of an agreement for the design and construction of the storage dam "Zapotillo" in order to supply potable water to several regions of Los Altos de Jalisco and to the city of León, Guanajuato. This dam will also allow regulation of the reserved water for the Metropolitan Area of the City of Guadalajara.

This project comprises both a lump-sum component and a unitary-prices component in order to carry out the following activities: (i) detailed engineering; (ii) supply of materials; (iii) construction of the civil works; (iv) electromechanical works and (v) associated works.

#### **(b) Technical Information.**

*(i) Type.* Public Works Contract (Obra Pública).

*(ii) Term of the works contract.* 1,253 calendar days.

*(iii) Location.* The project will be developed in the Municipalities of Cañadas de Obregón and Yahualica de Galle, in the State of Jalisco, Mexico.

*(iv) Applicable law.* The Acquisitions Law and the Public Works Law (Ley de Obras Públicas y Servicios Relacionados con las Mismas, "Public Works Law").

*(v) Performance bond.* The winning bidder shall provide a performance bond in order to guarantee the obligations under the works contract.

*(vi) Prepayment guarantee.* The winning bidder will be responsible for providing a prepayment guarantee for an amount equal to 30 percent of the total budgetary allocation for the contract.

*(vii) Requirements of the bidder.* The minimum stated capital for the companies participating in this public bid is MXN\$300 million (approximately US\$22.2 million).

*(viii) Currency of the proposals.* Mexican pesos.

*(ix) Language of the proposals.* Spanish.

#### **(c) Award Process.**

*(i) Date of the call.* November 20, 2008.

*(ii) Date of the award.* April 20, 2009.

*(iii) Date of execution of the contract.* May 14, 2009.

#### **(d) Interested Companies.**

Grupo Constructor Peasa; ICA; Ayesa México; Constructora y Pavimentadora Vise; Fcc Construcción; Operadora Cicsa; Grupo Mexicano de Desarrollo; Constructora, Arrendadora y Materiales; México Constructora Industrial; Coconal; Techint; Constructora Molibdeno; Isolux Corsan Construcciones; Ingenieros Civiles Asociados; Desarrollo Canoras; Constructora Cota; Inmobiliaria Codepe; Tradeco Infraestructura; Global Mexicana de Infraestructura; Constructora Norberto Odebrecht; Grupo de Ingeniería en Consultoría y Obras; and Andrade Gutiérrez.

<sup>18</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on January 8, 2009, on the following website: <http://www.compranet.gob.mx/>.

## **II. Gigante Dam Project.<sup>19</sup>**

### **(a) General Information.**

On November 20, 2008, SEMARNAT through the CNA issued a call for International Public Bid number 16101043-039-08 for the award of a contract for the design and construction of the storage dam "El Gigante" in order to supply potable water to several regions of Ayala, Morelos.

This past December 11, 2008, the caller awarded the works contract for this project to Constructora Virgo, S.A. de C.V., which submitted a proposal for an amount of MXN\$29 million (approximately US\$2 million). The term of the works is 222 calendar days.

## **III. Agua Prieta Project.<sup>20</sup>**

### **(a) Description.**

The Government of the State of Jalisco through the States' Water Commission (Comisión Estatal del Agua, "CEA"), using resources from the Program for the Modernization of Water Organisms Operators ("PROMAGUA") managed by FONADIN, published in the DOF the call for National Public Bid number 43111001-090-08 for the award of an agreement (lump sum with mixed, private, partial and recoverable investment) for the rendering of service for the treatment of residual waters in Agua Prietas with a capacity of 8,500 LPS, that includes: (i) the executive project; (ii) construction; (iii) electro mechanic equipment; (iv) the commissioning tests; (v) capacity tests; (vi) operation; (vii) conservation; (viii) maintenance; and (ix) removal and final disposition of the bio solids and solids that may arise.

### **(b) Technical Information.**

*(i) Type.* Works and Service Contract.

*(ii) Term of the works and service contract.* 30 years.

*(iii) Location.* The project will be developed in the Municipality of Zapopan, State of Jalisco, Mexico.

*(iv) Applicable law.* Acquisition Law and Public Works Law.

*(v) Capital risk investment guarantee.* The winning bidder shall provide a capital risk investment guarantee for an amount equal to the constructed works.

*(vi) Performance bond.* The winning bidder shall provide a performance bond in order to guarantee the obligations under the works and service contract.

*(vii) Capacity.* 8,500 LPS.

*(viii) Requirements of the bidder.* The minimum stated capital for companies interested in participating in this public bid is MXN\$386 million (approximately US\$28.5 million).

*(ix) Currency of the proposals.* Mexican pesos.

*(x) Language of the proposals.* Spanish.

### **(c) Award Process.**

*(i) Date of the call.* November 18, 2008.

*(ii) Second clarifications meeting.* April 1, 2009.

*(iii) Third clarifications meeting.* May 8, 2009.

*(iv) Fourth clarifications meeting.* May 29, 2009.

*(v) Deadline to purchase the bidding guidelines.* June 17, 2009.

*(vi) Date for the presentation and evaluation of the financial and technical proposals.* June 23, 2009.

*(vii) Date of the award.* July 13, 2009.

*(viii) Date of execution of the contract.* July 31, 2009.

<sup>19</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on January 8, 2009, on the following website: <http://www.compranet.gob.mx/>.

<sup>20</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call and bidding guidelines of the project available on the federal procurement website Compranet on January 8, 2009, on the following website: <http://www.compranet.gob.mx/>.

#### **IV. Matamoros Project.<sup>21</sup>**

##### **(a) Description.**

The Government of the State of Coahuila through the States Water Commission (Comisión Estatal de Aguas y Saneamiento, "CEAS"), published in the DOF the call for National Public Bid No. 35103001-003-09 for the award of an agreement (lump sum with mixed, private, partial and recoverable investment) for the rendering of service for the treatment of residual waters in Matamoros, Coahuila with a capacity of 180 LPS, that includes: (i) the executive project; (ii) construction; (iii) electro mechanic equipment; (iv) the commissioning tests; (v) capacity tests; (vi) operation; (vii) conservation; (viii) maintenance and (ix) removal and final disposition of the bio solids and solids that may arise.

##### **(b) Technical Information.**

*(i) Type.* Works Contract.

*(ii) Term of the works contract.* 380 calendar days.

*(iii) Location.* The project will be developed in the Municipality of Matamoros, State of Coahuila, Mexico.

*(iv) Applicable law.* Public Works Law.

*(v) Prepayment guarantee.* The winning bidder shall provide a bond which guarantees the prepayments made by the Ministry under this contract.

*(vi) Performance bond.* The winning bidder shall provide a performance bond for ten percent of the total amount of this contract.

*(vii) Hidden Defects bond.* The contractor shall provide a hidden defects bond for an amount of ten percent of the total amount of the works in order to guarantee the works performed under this contract.

*(viii) Capacity.* 180 LPS.

*(ix) Requirements of the bidder.* The minimum stated capital for companies interested in participating in this public bid is MXN\$25 million (approximately US\$1.85 million).

*(x) Currency of the proposals.* Mexican pesos.

*(xi) Language of the proposals.* Spanish.

##### **(c) Award Process.**

*(i) Date of the call.* March 10, 2009.

*(ii) Date for the presentation and evaluation of the financial and technical proposals.* March 26, 2009.

*(iii) Date of the award.* It will be announced on March 26, 2009.

*(iv) Date of execution of the contract.* It will be announced on March 26, 2009.

#### **V. San Pedro de las Colonias Project.<sup>22</sup>**

##### **(a) Description.**

The Government of the State of Coahuila through the States Water Commission (Comisión Estatal de Aguas y Saneamiento, "CEAS"), published in the DOF the call for National Public Bid No. 35103001-004-09 for the award of an agreement (lump sum with mixed, private, partial and recoverable investment) for the rendering of service for the treatment of residual waters in Matamoros, Coahuila with a capacity of 180 LPS, that includes: (i) the executive project; (ii) construction; (iii) electromechanic equipment; (iv) the commissioning tests; (v) capacity tests; (vi) operation; (vii) conservation; (viii) maintenance and (ix) removal and final disposition of the bio solids and solids that may arise.

##### **(b) Technical Information.**

*(i) Type.* Works Contract.

*(ii) Term of the works contract.* 380 calendar days.

<sup>21</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call and bidding guidelines of the project available on the federal procurement website Compranet on March 11, 2009, on the following website: <http://www.compranet.gob.mx/>.

<sup>22</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call of the project available on the federal procurement website Compranet on March 11, 2009, on the following website: <http://www.compranet.gob.mx/>.

*(iii) Location.* The project will be developed in the Municipality of San Pedro de las Colonias, State of Coahuila, Mexico.

*(iv) Applicable law.* Public Works Law.

*(v) Prepayment guarantee.* The winning bidder shall provide a bond which guarantees the prepayments made by the Ministry under this contract.

*(vi) Performance bond.* The winning bidder shall provide a performance bond for ten percent of the total amount of this contract.

*(vii) Hidden Defects bond.* The contractor shall provide a hidden defects bond for an amount of ten percent of the total amount of the works in order to guarantee the works performed under this contract.

*(viii) Capacity.* 180 LPS.

*(ix) Requirements of the bidder.* The minimum stated capital for companies interested in participating in this public bid is MXN\$25 million (approximately US\$1.85 million).

*(x) Currency of the proposals.* Mexican pesos.

*(xi) Language of the proposals.* Spanish.

### **(c) Award Process.**

*(i) Date of the call.* March 10, 2009.

*(ii) Date for the presentation and evaluation of the financial and technical proposals.* March 26, 2009.

*(iii) Date of the award.* It will be announced on March 26, 2009.

*(iv) Date of execution of the contract.* It will be announced on March 26, 2009.

## **5. Power.**

### **I. Nuevo Pemex Project.<sup>23</sup>**

#### **(a) Description.**

The Nuevo Pemex project consists of an international public bid by Pemex Gas y Petroquímica Básica for the award of a services contract for the conversion of (i) distilled/condensed water in liquid state to vapor for its delivery to the Nuevo Pemex gas-processing complex and (ii) natural gas to electric energy for its delivery to such complex and for its transport to other work centers of Pemex and its subsidiaries.

#### **(b) Technical Information.**

*(i) Type.* Services Contract.

*(ii) Term of the services contract.* 20 years after commencement of the services, scheduled to be 36 months after the execution of the agreement.

*(iii) Applicable law.* Acquisitions Law.

*(iv) Location.* Nuevo Pemex gas-processing complex, Villahermosa, State of Tabasco, Mexico.

*(v) Capacity.* 300 MW. The plant will supply 55 percent of Nuevo Pemex's steam demand and all of its power demand, with the excess 260 MW going to other Pemex complexes.

*(vi) Stand-by letter of credit.* Together with its proposal, each participant shall provide a stand-by letter of credit to guarantee its proposal.

*(vii) Requirements of the bidder.* Only Mexicans and foreign nationals of countries with which Mexico has executed a free trade agreement that contains a public sector acquisitions chapter or title may participate in this international public bid.

*(viii) Currency of the proposals.* US dollars and Mexican pesos.

*(ix) Language of the proposals.* Spanish.

<sup>23</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on January 8, 2009, on the following website: <http://www.compranet.gob.mx/>.

### (c) Award Process.

- (i) Date of the call.* August 28, 2008.
- (ii) Third clarification meeting (Questions Submission).*  
April 1, 2009.
- (iii) Third clarification meeting (Clarifications Delivery).*  
April 30, 2009.
- (iv) Deadline to purchase the bidding guidelines.*  
June 10, 2009.
- (v) Date for the presentation and evaluation of the financial and technical proposals.* June 16, 2009.
- (vi) Date of the award.* July 6, 2009.
- (vii) Date of the execution of the contract.* During the 20 calendar days following the notification of the award.

### (d) Interested Companies.

ABB México; Abener México; Abengoa México; ARB Arendal; Areva T&D; Cegelec; Cobra Instalaciones México; Dalkia; Dragados Proyectos Industriales México; Duke Energy International México; Endesa; General Electric International Operations Company; Iberdrola Energía; ICA Fluor Daniel; Kepler Constructora; Marubeni México; Mitsubishi; Mitsubishi Heavy Industries de México; Mitsui & Co; Prolec GE Internacional; Proyectos y Desarrollos de Infraestructura; Sadeven; Siemens Innovaciones; Suez Energía de México; and Techint.

## 6. Gas and Oil.

### ***I. Chicontepec Oil and Gas Project.***<sup>24</sup>

#### (a) General Information.

This past March, 10, 2009, Pemex Exploración y Producción awarded the International Public Bid number 18575051-04408 to the joint proposal submitted by the companies Dowell Schlumberger de México, S.A. de C.V., OFS Servicios, S.A. de C.V. and Drillers Technology de México, S.A. de C.V.

Chicontepec Oil and Gas Project, located in the southeast of Mexico, consists of the drilling, maintaining and completion of approximately 500 oil and gas wells in the Aceite Terciario del Golfo zone. This is the first package of drillings to be bid.

The works contract of this project will be for a term of 1,187 calendar days and an amount of US\$686 million.

Other companies as Baker Hughes De México, S. de R.L. de C.V., Baker Hughes Operations México, S.A. de C.V., B.H. Services, S.A. de C.V., Nabors Perforaciones de México, S. de R.L. de C.V., ARB Arendal, S. de R.L. de C.V., Halliburton de México, S. de R.L. de C.V. and Weatherford de México, S.A. de C.V. also submitted proposals, but they were dismissed by Pemex Exploración y Producción.

## 7. Renewable Resources Power Plants.

Regarding renewable resources, the Government intends to develop five in-grid, large-scale wind energy projects through a \$70 million dollars donation from the Global Environmental Facility (GEF). The donation will be divided into two phases and will be focused on providing an incentive for energy produced during the first five years of each project. With this project, the government intends to exploit one of the most important potential areas for wind farms located in the La Ventosa area, on the Istmo de Tehuantepec in the state of Oaxaca.

*La Ventosa* has an estimated wind power capacity production of 5,000 MW. CFE is in the process of constructing a 180km transmission and interconnection line from the area to the National Power Grid with 2000 MW capacity. We understand that 500 MW of capacity has been reserved for CFE and the other 1,500 MW of capacity has been assigned to private developers through an open bid. The private developers include, among others, Iberdrola, Isolux, EDF Energy Nouvel, Acciona and PRENEAL.

Likewise, we understand that CFE has developed 100 MW through the Public Works Finance (Obra Pública Financiada) Program and is in the process of developing the remaining 400 MW through IPP to the private sector to be tendered between 2007 and 2010.

<sup>24</sup> For more information, please refer to the following website: [http://www.exonline.com.mx/diario/noticia/dinero/empresas/adjudica\\_pemex\\_contrato\\_para\\_perforar\\_500\\_pozos/535350](http://www.exonline.com.mx/diario/noticia/dinero/empresas/adjudica_pemex_contrato_para_perforar_500_pozos/535350).

### ***I. La Venta III Wind Power Plant.***

#### **(a) General Information.**

With respect to the International Public Bid number 18164093-025-08, it was awarded to the Spanish company Iberdrola Renovables by CFE this past February 16, 2009. The project consists of the programming, design, construction, operation and maintenance of the wind power facility "La Venta III" in the State of Oaxaca, Mexico.

The Power Purchase Agreement awarded to the Spanish company also includes provisions to supply energy to CFE for the next twenty years.

The construction of the Wind Power Plant will begin in May 2009. It is estimated that the operation of such plant will start in November 2010.

### **8. Public/Private Partnerships (PPP or PPS, for its Spanish initials).**

Since 2003, the Mexican Federal Government has made an important effort to implement the Public/Private Partnerships (PPP) scheme in Mexico through the so-called Proyectos de Prestacion de Servicios (PPS) scheme. After successfully implementing the PPS scheme for roads, hospitals and technical schools in 2005 and 2006, the Federal Government has supported State Governments in implementing the PPS scheme at a local level.

Some of the projects that have been tendered and awarded under this scheme are: Bajío Specialty Regional Hospital, located in the state of Guanajuato, which was tendered and awarded in 2006; and Ciudad Victoria Specialty Regional Hospital, located in the state of Tamaulipas, which was tendered and awarded June 15, 2007.

### **Federal.**

#### **1. Hospitals.**

### ***I. Ixtapaluca Specialty Regional Hospital.<sup>25</sup>***

#### **(a) Description.**

The Ministry of Health (Secretaría de Salud) published in the DOF the call for International Public Bid number 00012003-001-08 for a specialty regional hospital.

#### **(b) Technical Information.**

*(i) Type.* Service Contract PPS Scheme and Concession of the land to build the hospital.

*(ii) Term of the PPS contract.* 25 years.

*(iii) Term of concession.* 25 years.

*(iv) Applicable law.* Acquisition Law.

*(v) Location.* The project will be developed in the Municipality of Ixtapaluca, in the State of Mexico, Mexico.

*(vi) Performance bond.* The winning bidder shall provide a performance bond in order to guarantee the obligations under the PPS contract.

*(vii) SPV.* The contract and the concession will be awarded to the winning bidder, which may at its option incorporate a special purpose vehicle.

*(viii) Funding.* The concessionaires will be responsible for obtaining the necessary funding to carry out the project.

*(ix) Currency of the proposals.* Mexican pesos.

*(x) Language of the proposals.* Spanish.

#### **(c) Award Process.**

*(i) Date of the call.* July 3, 2008.

*(ii) Date of the award.* April 8, 2009.

<sup>25</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meeting's minutes of the project available on the federal procurement website Compranet on January 9, 2009, on the following website: <http://www.compranet.gob.mx/>.

### **(d) Interested Companies.**

Acciona Infraestructuras; Abengoa México; Banco Santander; Bufete de Ingeniería y Técnica Aplicada; Control y Montajes Industriales CYMI; Grupo Marebb; Promotora y Desarrolladora Mexicana Constructora y Edificadora Gia; Siemens; and Concesionaria de Proyectos de Infraestructura.

**Note:** White & Case currently represents the Ministry of Health in this project.

## **2. Toll-Free Roads.**

### ***II. Tapachula-Talismán.***<sup>26</sup>

#### **(a) Description.**

The Ministry of Communication and Transportation (Secretaría de Comunicaciones y Transportes) published in the DOF the call for National Public Bid number 00009004-001-09 for the operation, maintenance and modernization of the toll-free road Tapachula-Talismán with connection to Ciudad Hidalgo.

#### **(b) Technical Information.**

*(i) Type.* Unitary Price Basis Contract, Concession and Service Contract PPS Scheme.

*(ii) Term of the Unitary Price Basis Contract.*  
730 calendar days.

*(iii) Term of the Concession and the PPS contract.* 20 years.

*(iv) Location.* The project will be developed in the State of Chiapas, Mexico.

*(v) Applicable law.* Acquisitions Law and Public Works Law.

*(vi) Requirements of the bidder.* The minimum stated capital of each bidder is MXN\$2.5 million (approximately US\$0.2 million).

*(vii) Bid bond.* Each bidder shall provide a bid bond (amount not specified).

*(viii) Prepayment bond (Unitary Price Basis Contract).* The winning bidder shall provide a bond which guarantees the prepayments made by the Ministry under this contract.

*(ix) Performance bond (Unitary Price Basis Contract).* The winning bidder shall provide a performance bond for 20 percent of the total amount of this contract.

*(x) Hidden Defects bond (Unitary Price Basis Contract).* The contractor shall provide a hidden defects bond for an amount of ten percent of the total amount of the works in order to guarantee the works performed under this contract.

*(xi) Performance bond (PPS Contract).* Every year, the winning bidder shall provide a performance bond equivalent to the cost budget of the concessionaire in the next two years of the contract.

*(xii) Performance bond (Concession).* The winning bidder shall provide a performance bond for the obligations under the Concession.

*(xiii) Funding.* The winning bidder will be responsible for obtaining the necessary funding to carry out the project.

*(xiv) Currency of the proposals.* Mexican pesos.

*(xv) Language of the proposals.* Spanish.

#### **(c) Award Process.**

*(i) Date of the call.* March 3, 2009.

*(ii) Deadline to purchase the bidding guidelines.*  
March 24, 2009.

*(iii) Clarification meeting.* March 31, 2009.

*(iv) Date for the presentation and evaluation of technical and economic proposals.* April 7, 2009.

*(v) Date of the award.* It will be specified on April 7, 2009.

<sup>26</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call and bidding guidelines of the project available on the federal procurement website Compranet on March 3, 2009, on the following website: <http://www.compranet.gob.mx/>.

**Local.**

**I. Zumpango Specialty Regional Hospital.<sup>27</sup>**

**(a) Description.**

The Government of the State of Mexico through the Ministry of Health of the State of Mexico (Secretaria de Salud del Estado de México) published in the DOF the call for International Public Bid number 44834001-001-08 for a specialty regional hospital.

**(b) Technical Information.**

*(i) Type.* Service Contract PPS Scheme.

*(ii) Term of the PPS contract.* 25 years.

*(iii) Location.* The project will be developed in the Municipality of Zumpango, in the State of Mexico, Mexico.

*(iv) Applicable law.* Administrative Code of the State of Mexico (Código Administrativo del Estado de México).

*(v) Bid bond.* The bidders shall provide a bid bond for an amount of five percent of the construction budget established in the proposal.

*(vi) Performance bond.* The winning bidder shall provide a performance bond for the obligations under the PPS contract.

*(vii) SPV.* The contract will be awarded to the winning bidder, which may at its option incorporate a special purpose vehicle.

*(viii) Funding.* The winning bidder will be responsible for obtaining the necessary funding to carry out the project.

*(ix) Currency of the proposals.* Mexican pesos.

*(x) Language of the proposals.* Spanish.

**(c) Award Process.**

*(i) Date of the call.* August 28, 2008.

*(ii) Date for the presentation of proposals and evaluation of the technical proposal.* March 31, 2009.

*(iii) Date for evaluation of the economic proposals.* May 14, 2009.

**(d) Interested Companies.**

Proyectos y Desarrollos de Infraestructura; IGSA Solutions; Abengoa México; Constructora y Edificadora Gia; Siemens; Igsa Solutions; Concesionaria de Proyectos de Infraestructura; Dräger Medical México, Constructora Teya and Banco Santander.

**II. Oriental Cultural Center of the State of Mexico.<sup>28</sup>**

**(a) Description.**

The Government of the State of Mexico through the Mexiquense Cultural Institute (Instituto Cultural Mexiquense) published in the DOF the call for International Public Bid number 44063001-001-08 for a cultural center called "Oriental Cultural Center of the State of Mexico."

**(b) Technical Information.**

*(i) Type.* Service Contract PPS Scheme.

*(ii) Term of the PPS contract.* 21 years.

*(iii) Location.* The project will be developed in the Municipality of Texcoco, in the State of Mexico, Mexico.

*(iv) Applicable law.* Administrative Code of the State of Mexico (Código Administrativo del Estado de México).

*(v) Bid bond.* The bidders shall provide a bid bond for an amount of five percent of the construction budget established in the proposal.

*(vi) Performance bond.* The winning bidder shall provide a performance bond for the obligations under the PPS contract.

<sup>27</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on February 27, 2009, on the following website: <http://www.compranet.gob.mx/>.

<sup>28</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on February 27, 2009, on the following website: <http://www.compranet.gob.mx/>.

*(vii) SPV.* The contract will be awarded to the winning bidder, which may at its option incorporate a special purpose vehicle.

*(viii) Funding.* The winning bidder will be responsible for obtaining the necessary funding to carry out the project.

*(ix) Currency of the proposals.* Mexican pesos.

*(x) Language of the proposals.* Spanish.

### **(c) Award Process.**

*(i) Date of the call.* August 12, 2008.

*(ii) Date of the award.* April 2, 2009.

### **(d) Interested Companies.**

Abengoa México; Constructora San José; Constructora y Edificadora Gia; Banco Santander; Constructora Teya; Concesionaria de Proyectos de Infraestructura; and Acciona Infraestructuras México.

## **III. Las Torres Project.<sup>29</sup>**

### **(a) Description.**

The Government of the State of Mexico through the Communications Ministry of the State of Mexico (Secretaría de Comunicaciones del Gobierno del Estado de México) published in the DOF the call for International Public Bid number 44937001-003-08 for the extension of the Solidaridad-Las Torres Avenue and the modernization of existing roads.

### **(b) Technical Information.**

*(i) Type.* Service Contract PPS Scheme.

*(ii) Term of the PPS contract.* 25 years.

*(iii) Location.* The project will be developed in the Municipalities of Zinacantepec, Toluca, Metepec, San Mateo Atenco and Lerma, in the State of Mexico, Mexico.

*(iv) Applicable law.* Administrative Code of the State of Mexico (Código Administrativo del Estado de México).

*(v) Bid bond.* The bidders shall provide a bid bond for an amount of five percent of the construction budget established in the proposal.

*(vi) Performance bond.* The winning bidder shall provide a performance bond for the obligations under the PPS contract.

*(vii) SPV.* The contract will be awarded to the winning bidder, which may at its option incorporate a special purpose vehicle.

*(viii) Funding.* The winning bidder will be responsible for obtaining the necessary funding to carry out the project.

*(ix) Currency of the proposals.* Mexican pesos.

*(x) Language of the proposals.* Spanish.

### **(c) Award Process.**

*(i) Date of the call.* August 14, 2008.

*(ii) Date for evaluation of the economic proposals.* April 1, 2009.

*(iii) Date of the award.* April 29, 2009.

### **(d) Interested Companies.**

La Peninsular, Promotora y Desarrolladora Mexicana, Azvi-Cointer de México, FCC Construcciones, Infraestructura Técnica, Controladora de Operaciones de Infraestructura and Proyectos y Desarrollos de Infraestructura.

## **IV. Atizapan de Zaragoza Bypass.<sup>30</sup>**

### **(a) Description.**

The Government of the State of Mexico through the Communications Ministry of the State of Mexico (Secretaría de Comunicaciones del Gobierno del Estado de México) published in the DOF the call for International Public Bid number 44937001-001-09 for the development, construction, operation and maintaining of the Atizapan de Zaragoza bypass towards Nicolas Romero.

<sup>29</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on February 27, 2009, on the following website: <http://www.compranet.gob.mx/>.

<sup>30</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on February 27, 2009, on the following website: <http://www.compranet.gob.mx/>.

### **(b) Technical Information.**

*(i) Type.* Service Contract PPS Scheme.

*(ii) Term of the PPS contract.* 25 years.

*(iii) Location.* The project will be developed in the Municipalities of Atizapan de Zaragoza and Nicolas Romero, in the State of Mexico, Mexico.

*(iv) Applicable law.* Administrative Code of the State of Mexico (Código Administrativo del Estado de México).

*(v) Bid bond.* The bidders shall provide a bid bond for an amount of five percent of the construction budget established in the proposal.

*(vi) Performance bond.* The winning bidder shall provide a performance bond for the obligations under the PPS contract.

*(vii) SPV.* The contract will be awarded to the winning bidder, which may at its option incorporate a special purpose vehicle.

*(viii) Funding.* The winning bidder will be responsible for obtaining the necessary funding to carry out the project.

*(ix) Currency of the proposals.* Mexican pesos.

*(x) Language of the proposals.* Spanish.

### **(c) Award Process.**

*(i) Date of the call.* January 29, 2009.

*(ii) Deadline to purchase the bidding guidelines.* April 20, 2009.

*(iii) Date for the presentation of proposals and evaluation of the technical proposal.* May 7, 2009.

*(iv) Date for evaluation of the economic proposals.*  
May 28, 2009.

*(v) Date of the award.* June 18, 2009.

### **(d) Interested Companies.**

Constructora y Edificadora GIA+A, Azvi-Cointer de México, and Pinl.

## **V. Vehicular Bridge.<sup>31</sup>**

### **(a) Description.**

The Government of the State of Mexico through the Communications Ministry of the State of Mexico (Secretaría de Comunicaciones del Gobierno del Estado de México) published in the DOF the call for International Public Bid number 44937001-004-08 for the development, construction, operation and maintaining of a Vehicular Bridge located in Cuatitlan.

### **(b) Technical Information.**

*(i) Type.* Service Contract PPS Scheme.

*(ii) Term of the PPS contract.* 25 years.

*(iii) Location.* The project will be developed in the Municipality of Cuatitlan de Romero Rubio, in the State of Mexico, Mexico.

*(iv) Applicable law.* Administrative Code of the State of Mexico (Código Administrativo del Estado de México).

*(v) Bid bond.* The bidders shall provide a bid bond for an amount of five percent of the construction budget established in the proposal.

*(vi) Performance bond.* The winning bidder shall provide a performance bond for the obligations under the PPS contract.

*(vii) SPV.* The contract will be awarded to the winning bidder, which may at its option incorporate a special purpose vehicle.

*(viii) Funding.* The winning bidder will be responsible for obtaining the necessary funding to carry out the project.

*(ix) Currency of the proposals.* Mexican pesos.

*(x) Language of the proposals.* Spanish.

<sup>31</sup> Among other information, for the preparation of the foregoing we have reviewed the corresponding call, bidding guidelines and clarification meetings minutes of the project available on the federal procurement website Compranet on February 27, 2009, on the following website: <http://www.compranet.gob.mx/>.

### (c) Award Process.

(i) *Date of the call.* September 4, 2008.

(ii) *Date for the presentation of proposals and evaluation of the technical proposal.* March 24, 2009.

(iii) *Date for evaluation of the economic proposals.* April 15, 2009.

(iv) *Date of the award.* May 13, 2009.

### (d) Interested Companies.

Constructora y Edificadora GIA+A, Impulsora de Desarrollo Integral, Promotora y Desarrolladora Mexicana, Concesiones Aldesem and Banco Santander.

## III. Infrastructure Projects announced to be tendered during 2009.

### 1. Toll Roads.<sup>32</sup>

- *La Venta-Colegio Militar*, with an approximate length of 22 km and an estimated aggregate investment of MXN\$5,720 million (approximately US\$423 million).
- *Cuemavaca Bypass*, with an approximate length of 34 km and an estimated aggregate investment of MXN\$4,147 million (approximately US\$307 million).
- *Santa Clara-Indios Verdes*, with an approximate length of 12 km and an estimated aggregate investment of MXN\$2,145 million (approximately US\$307 million).
- *Morelia Bypass*, with an approximate length of 53 km and an estimated aggregate investment of MXN\$1,430 million (approximately US\$106 million).
- *Acapulco Bypass*, with an approximate length of 22 km and an estimated aggregate investment of MXN\$1,144 million (approximately US\$84.7 million).

- *Xoxtla-Tlaxcala and Bypass of Tlaxcala*, with an approximate length of 26.5 km.

### 2. Water Supply.<sup>33</sup>

#### A. Atotonilco Project.

The Federal Government through the National Water Commission (Comisión Nacional del Agua, "CONAGUA"), announced that the bidding guidelines of this project will be published shortly in the DOF. The project consists of a public bid for the award of an agreement for the rendering of service for the treatment of residual waters in Tula, Hidalgo with a capacity of 23 m<sup>3</sup>/s.

### 3. Energy.<sup>34</sup>

#### A. Power Plants under Independent Power Producer Scheme.

- *Tuxpan Turbo Gas Power Plant*, located in the state of Veracruz, for an estimated investment of MXN\$156 million (approximately US\$11.5 million) to be developed under an IPP scheme. The project consists of the following installations and equipment: (i) concrete pier; (ii) a series of sphere tanks with a capacity of 40,000 Bls; (iii) auto cooling system; (iv) a system of pumps; (v) security system against fires and (vi) an optical scanning system. It is estimated that the bidding process will start in 2009.<sup>35</sup>

## IV. Potential Infrastructure Projects.

### 1. Toll Roads.<sup>36</sup>

- *Tuxpan-Tampico and Tampico Bypass*, with an approximate length of 238 km and an estimated aggregate investment of MXN\$5,720 million (approximately US\$423.7 million).
- *Guadalajara Bypass*, with an approximate length of 111 km and an estimated aggregate investment of MXN\$4,862 million (approximately US\$360.1 million).

<sup>32</sup> With respect to the amounts in US dollars, please refer to footnote 6.

<sup>33</sup> For more information, please refer to the following webpage: <http://www.cna.gob.mx/Buscador.aspx?Buscar=atotonilco>.

<sup>34</sup> *Idem*.

<sup>35</sup> For more information regarding the bidding process, please refer to the following webpage: <http://tuxpan.tm.com.mx/phpmysql/notasmostrarphp?iden=10522>.

<sup>36</sup> With respect to the amounts in US dollars, please refer to footnote 6.

- *Laguna Verde-Gutierrez Zamora*, with an approximate length of 91 km and an estimated aggregate investment of MXN\$2,717 million (approximately US\$201.2 million).
- *Tlaxcala Bypass and Xoxtla-Tlaxcala*, with an approximate length of 26 km and an estimated aggregate investment of MXN\$1,287 million (approximately US\$95.3 million).
- *Hermosillo Bypass*, with an approximate length of 22 km and an estimated aggregate investment of MXN\$1,209 million (approximately US\$89.5 million).
- *Ciudad Obregón Bypass*, with an approximate length of 45 km and an estimated aggregate investment of MXN\$923 million (approximately US\$68.3 million).
- *Encarnación de Díaz-San Juan de los Lagos*, with an approximate length of 26 km and an estimated aggregate investment of MXN\$429 million (approximately US\$31.7 million).
- *Bojorquez Bridge*, with an approximate length of 0.8 km and an estimated aggregate investment of MXN\$351 million (approximately US\$26 million).
- *Manadero-Lázaro Cárdenas*, with an estimated investment of MXN\$1 billion (approximately US\$74 million).
- *La Purísima-San Ignacio*, with an estimated investment of MXN\$2 billion (approximately US\$148 million).
- *Cabo San Lucas-San José del Cabo*, with an estimated investment of MXN\$1.6 billion (approximately US\$118.5 million).
- *Río Bravo-Donna International Bridge*, with an estimated investment of MXN\$200 million (approximately US\$26 million).
- *Chamapa-Lechería*, with an estimated investment of MXN\$1.2 billion (approximately US\$88 million).

## 2. Railroad Transportation.<sup>37</sup>

- *Guadalajara-Aguascalientes Railroad*, for an approximate investment of MXN\$6,708 million (approximately US\$497 million).
- *Inter Suburban Train of Guanajuato*, with an approximate length of 151 km and an estimated aggregate investment of MXN\$16,900 million (approximately US\$1,251 million).

## 3. Airports.<sup>38</sup>

- *Expansion of the San José del Cabo Airport*, to be located in San José del Cabo, Baja California Sur, construction of a new terminal building and platforms, for an approximate investment of MXN\$0.6 billion (approximately US\$45 million).
- *Expansion of the Guadalajara Airport*, to be located in Guadalajara, Jalisco, expansion of the terminal building, platforms and parking, for an approximate investment of MXN\$0.2 billion (approximately US\$14.8 million).
- *Expansion of the Monterrey Airport*, to be located in Monterrey, Nuevo León, construction of a new terminal building, for an approximate investment of MXN\$200 million (approximately US\$14.8 million).
- *Expansion of the Tijuana Airport*, to be located in Tijuana, Baja California, enlargement of the exit lobby and the baggage claim area, for an approximate investment of MXN\$200 million (approximately US\$14.8 million).
- *New Mérida Airport*, to be located in Mérida, Yucatán, construction of a new airport, for an approximate investment of MXN\$1.7 billion (approximately US\$126 million).
- *Riviera Maya Airport*, to be located in the Riviera Maya, Quintana Roo, construction of the first stage of the new airport, for an approximate investment of MXN\$2.2 billion (approximately US\$163 million). This project has been delayed until further notice. It is estimated that the bidding process will start towards the second quarter of 2009.<sup>39</sup>

<sup>37</sup> *Idem*.

<sup>38</sup> For more information, please refer to the following webpage: <http://www.eluniversal.com.mx/notas/546525.html>.

We understand that given the proximity of the Riviera Maya Airport and the Expansion of the Cancun Airport the feasibility of this project is under review.

<sup>39</sup> Please see footnote 49. Note published on the following website:

[http://www.noticaribe.com.mx/cancun/2008/04/terminaria\\_asur\\_hasta\\_el\\_2009\\_la\\_segunda\\_pista\\_del\\_aeropuert.html](http://www.noticaribe.com.mx/cancun/2008/04/terminaria_asur_hasta_el_2009_la_segunda_pista_del_aeropuert.html).

- *Expansion of the Cancun Airport*, to be located in Cancún, Quintana Roo, construction of a new runway, for an approximate investment of MXN\$1.5 billion (approximately US\$111 million). It is estimated that this bidding process will start in 2009.<sup>40</sup>
- *Ensenada Airport*, to be located in Mesa del Tigre, Baja California, construction of a new load airport, for an approximate investment of MXN\$2.7 billion (approximately US\$200 million). It is estimated that the bidding process will start in 2009.<sup>41</sup>

### 4. Ports and Harbors.<sup>42</sup>

- *Nautical Ladder of the Mar de Cortes (Escalera Nautica del Mar de Cortes)*, which consists of sustainable development projects consisting of commercial and industrial ports and tourist resorts, among others, located throughout the Baja California Peninsula.
- *Tuxpan Port*, to be located in Tuxpan, Veracruz, in the Gulf of Mexico. The project consists of the construction, use and exploitation of import terminal of public use for containers and general load. The investment for the establishment and operation of the containers terminal is estimated at MXN\$2.3 billion (approximately US\$170 million). It is estimated that the bidding process will start in 2009.<sup>43</sup>
- *Xochimilco Water and Productivity Project*, located in Mexico City, for an approximate investment of MXN\$1.7 billion (approximately US\$126 million).<sup>46</sup>
- *Western Drainage System-Stage I*, located in Mexico City. The Mexican Federal Government, in coordination with the state and local governments of Mexico City, Estado de Mexico, Hidalgo and the municipalities that comprise the metropolitan area, have developed a full-scale program for the sewage system in the region, with an approximate investment of MXN\$250 million (approximately US\$18.5 million).<sup>47</sup>
- *PTAR Nextlalpan*, located in the State of Mexico, with a capacity of approximately 9.0 m<sup>3</sup>/s and an estimated investment of MXN\$3.3 billion (approximately US\$244 million).<sup>48</sup>
- *PTAR Zumpango*, located in the State of Mexico, with a capacity of approximately 1.5 m<sup>3</sup>/s and an estimated investment of MXN\$1.3 billion (approximately US\$96.3 million).<sup>49</sup>
- *PTAR Berriozábal*, located in the State of Mexico, with a capacity of approximately 2.0 m<sup>3</sup>/s and an estimated investment of MXN\$1.1 billion (approximately US\$81.5 million).<sup>50</sup>

### 5. Water Supply.<sup>44</sup>

- *Philo Dam*, located throughout the states of Nayarit, Sinaloa and Sonora.
- *Arcediano Dam*, located in the state of Jalisco.<sup>45</sup>
- *PTAR Vaso El Cristo*, located in the State of Mexico, with a capacity of approximately 4.0 m<sup>3</sup>/s and an estimated investment of MXN\$2.4 billion (approximately US\$177 million).<sup>51</sup>

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40 Lilian Cruz's note published in *Reforma* newspaper on September 22, 2008. For more information, please refer to the following webpage: <http://www.reforma.com/negocios/articulo/462/923874/>.

41 With respect to the amounts in US dollars, please refer to footnote 6.

42 *Idem*.

43 Darío Celis's note published in *Nuevo Excélsior* newspaper on November 18, 2008. For more information, please refer to the following webpage: <http://www.exonline.com.mx/diario/columna/417215>. Date of consultation: December 22, 2008.

44 With respect to the amounts in US dollars, please refer to footnote 6.

45 Presentation given by an officer of the CNA "Comisión Nacional del Agua."

46 *Idem*.

47 Latin American Leadership Forum, available at <http://www.cg-la.com/mclfpjects.php>.

48 Water Sustainability Program of the Cuenca del Valle de México published on July 16, 2008 by CONAGUA.

49 *Ibid*.

50 *Idem*.

51 *Ibidem*.

- *PTAR Guadalupe*, located in the State of Mexico, with a capacity of approximately 0.5 m<sup>3</sup>/s and an estimated investment of MXN\$250 million (approximately US\$18.5 million).<sup>52</sup>

### 6. Energy.

#### A. Gas (LNG, Supply, Pipelines)

- *Manzanillo-Guadalajara Gas Pipeline for the CFE*, located throughout the states of Colima and Jalisco of 500 – 1,000 Mcdf.
- *CFE Natural Gas Supply Contract for Chihuahua and Durango*, contract of 500 Mcdf for CFE.
- *CFE Natural Gas Supply Contract for the Central Region*, contract of 500 Mcdf for CFE.

#### B. Pemex Petroquímica

- *El Fenix Petroleum Chemistry Project*, located in the Gulf of Mexico and the drilling of approximately 1,192 exploration wells in the Gulf of Mexico, of which approximately 151 consist of perforations in deep waters.

#### C. Pemex Refinería<sup>53</sup>

- *Salina Cruz Refinery*, located in Salina Cruz, Oaxaca, with a capacity of approximately 27 MDB of gasoline and an estimated investment of MXN\$17,145 million (approximately US\$1,270 million).
- *Fuel Quality Project*, technical infrastructure in order to decrease the sulfur in diesel and in gasoline of 15 MPV process for an estimated investment of MXN\$29,549 million (approximately US\$2.2 billion).

- *Oil Refinery*, to be constructed in the southeast of Mexico, with an approximate capacity of 300 thousand barrels per day.

#### D. Pemex Gas<sup>54</sup>

- *Chihuahua Gas Pipeline*, to be located in Samalayuca and Chihuahua, with an approximate length of 385 km and 30 inches of diameter, with a capacity to transport 500 mmpcd, for an approximate investment of MXN\$5,700 million (approximately US\$422 million).<sup>55</sup>
- *Manzanillo-Guadalajara Gas Pipeline*, to be located between the cities of Manzanillo and Guadalajara, with an approximate length of 295 km and 36 inches of diameter, with a capacity to transport 400 mmpcd, for an approximate investment of MXN\$4,900 million (approximately US\$362 million).<sup>56</sup>
- *Tamazunchale-Palmillas Gas Pipeline*, to be located in the States of San Luis Potosí and Queretaro, with an approximate length of 210 km and 30 inches of diameter, with a capacity to transport 400 mmpcd, for an approximate investment of MXN\$3,400 million (approximately US\$252 million).<sup>57</sup>

#### E. Comisión Federal de Electricidad<sup>58</sup>

##### (i) Combined Cycle Power Plants.

- *Pacífico I and II CC Carbon-Electric Power Plants*, located in Lázaro Cárdenas, Michoacán, with a 1,400-MW capacity, approximately and an estimated investment of MXN\$22,012 million (approximately US\$1.63 billion).
- *Norte II CC Power Plant*, located in Chihuahua, Chihuahua, with a 558-MW capacity, approximately and an estimated investment of MXN\$4,363 million (approximately US\$323 million) to be developed under an IPP scheme.

<sup>52</sup> Ibid.

<sup>53</sup> Please see note 6.

<sup>54</sup> Please see note 6.

<sup>55</sup> National Infrastructure Plan 2007-2012 (Plan Nacional de Infraestructura 2007-2012).

<sup>56</sup> National Infrastructure Plan 2007-2012 (Plan Nacional de Infraestructura 2007-2012).

<sup>57</sup> National Infrastructure Plan 2007-2012 (Plan Nacional de Infraestructura 2007-2012).

<sup>58</sup> Please see note 6.

### *(ii) Wind Power Plants.<sup>59</sup>*

- *La Venta IV CFE Wind Power Plant*, to be located in the state of Oaxaca, with an approximate capacity of 100-MW and an estimated investment of MXN\$1,200 million (approximately US\$89 million) to be developed under an IPP scheme.

### *(iii) Hydro Power Plants.<sup>60</sup>*

- *La Parota Hydro Power Plant*, to be located in Acapulco, Guerrero, near the El Cajon Hydro Power Plant, with an approximate capacity of 905-MW and an estimated investment of MXN\$13,292 million (approximately US\$984 million). The Government has had problems with the landowners of the construction site for this power plant; however, it intends to tender the project immediately after such problems have been resolved.

### *(iv) Other Power Plants.<sup>61</sup>*

- *Baja California II Turbo Gas Power Plant*, to be located in the State of Baja California, for an estimated investment of MXN\$2,181 million (approximately US\$161.5 million) to be developed under an IPP scheme.

### *(v) Substations and Transmission Network Lines.<sup>62</sup>*

- *Transmission Network associated with the Pacifico II and III Cabron-Electricity Power Plant*, of approximately 651 km, throughout the state of Michoacan, for an estimated investment of MXN\$2,159 million (approximately US\$160 million).
- *Transmission Network associated with the Tamazunchale II Combined Cycle Power Plant*, of approximately 456 km, throughout several states of Mexico, for an estimated investment of MXN\$1,828 million (approximately US\$135.4 million).

- *Substation 1116 Noroeste Transformation*, of approximately 457 km and 1,800 MVA, throughout several states of Mexico, for an estimated investment of MXN\$1,774 million (approximately US\$131.4 million).
- *Transmission Network associated with the La Parota Hydroelectric Power Plant*, of approximately 550 km, in Acapulco, Guerrero, for an estimated investment of MXN\$1,506 million (approximately US\$111.5 million).
- *Substation 1114 Oriental Transmission and Transformation*, of approximately 546 km, 1,300 VIVA and MVAR, throughout several states of Mexico, for an estimated investment of MXN\$1,406 million (approximately US\$104 million).
- *Substation 1112 Noroeste Transmission and Transformation*, of approximately 281 km, 399 MVA and 28 MVAR, throughout several states of Mexico, for an estimated investment of MXN\$1,292 million (approximately US\$95.7 million).
- *Transmission Network associated with the Pacifico*, of approximately 297 km, 375 MVA and 21 MVAR, throughout several states of Mexico, for an estimated investment of MXN\$1,236 million (approximately US\$91.5 million).
- *Substation 1113 Dynamic Compensation Donato-Laguna Verde Nuclear Power Plant*, of approximately 500 MVA and 1,435 MVAR, throughout several states of Mexico, for an estimated investment of MXN\$1,221 million (approximately US\$90.4 million).
- *Substation 1119 Sureste Transmission and Transformation*, of approximately 150 km, 875 MVA and 100 MVAR, throughout several states of Mexico, for an estimated investment of MXN\$1,170 million (approximately US\$86.6 million).

<sup>59</sup> Please see note 6.

<sup>60</sup> Please see note 6.

<sup>61</sup> Please see note 6.

<sup>62</sup> Please see note 6.

## 7. PPP or PPS.<sup>63</sup>

### Federal.

#### 1. Roads.<sup>64</sup>

- *Zacatecas-Salttillo*, with an approximate length of 213 km and an estimated aggregate investment of MXN\$5,450 million (approximately US\$403.7 million).
- *Mitla-Tehuantepec Junction*, with an approximate length of 163 km and an estimated aggregate investment of MXN\$5,286 million (approximately US\$391.5 million).
- *Salina Cruz-Huatulco*, with an approximate length of 146 km and an estimated aggregate investment of MXN\$5,123 million (approximately US\$379.5 million).
- *Acayucan-La Ventosa*, with an approximate length of 170 km and an estimated aggregate investment of MXN\$4,856 million (approximately US\$360 million).
- *Macuspana-State Limit Campeche Quintana Roo*, with an approximate length of 434 km and an estimated aggregate investment of MXN\$2,983 million (approximately US\$221 million).
- *Apizaco-Calpulalpan*, with an approximate length of 51 km and an estimated aggregate investment of MXN\$2,070 million (approximately US\$153.3 million).
- *Ariaga-La Ventosa*, with an approximate length of 137 km and an estimated aggregate investment of MXN\$2,070 million (approximately US\$153.3 million).

#### 2. Hospitals.

- *Guanajuato Specialty Regional Hospital*, located in the state of Guanajuato; the Government intends to bid the Guanajuato Specialty Regional Hospital shortly.
- *Guerrero Specialty Regional Hospital*, located in the state of Guerrero; the Government intends to bid the Guerrero Specialty Regional Hospital shortly.
- *Chihuahua Specialty Regional Hospital*, located in the state of Chihuahua; the Government intends to bid the Chihuahua Specialty Regional Hospital shortly.
- *Sinaloa Specialty Regional Hospital*, located in the state of Sinaloa; the Government intends to bid the Sinaloa Specialty Regional Hospital shortly.
- *Coahuila Specialty Regional Hospital*, located in the state of Coahuila; the Government intends to bid the Coahuila Specialty Regional Hospital shortly.

<sup>63</sup> With respect to the amounts in US dollars, please refer to footnote 6.

<sup>64</sup> SCT presentation entitled: "Private Service Contracts in Highways" dated January, 2007, available at <http://uac.sct.gob.mx/>. Date of consultation: January 11, 2007.

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